

**CEED  
PECTATIONS WITH  
TRAORDINARY  
PERIENCES**

What today's consumers  
want isn't what you think

**WHAT** do customers want?

**HOW** much do they value price versus good service?

**HOW** does trust (or the lack of it) affect growth?

The answers to these questions are more important today to a company's growth than in the past. They are also changing fast, with the potential to upend the profitability of almost every major company in the market.

**WHAT  
ABOUT  
YOURS**



In the digital age, it's become more apparent that companies understand that their future growth depends on their ability to deliver high-quality, personalized customer experiences (CX). For many companies, however, CX investments are not generating the growth or competitive advantage they envisioned. Why? Customers' expectations are simply evolving far faster than companies' abilities to address them.

Our research reveals there continues to be a tremendous opportunity for companies to set themselves apart in the field of CX. But, contrary to popular wisdom, competitive advantage will no longer come from meeting customer demands. To thrive in the years ahead, companies must exceed those demands by a significant margin.

**In June 2017,  
Accenture Strategy  
surveyed nearly**

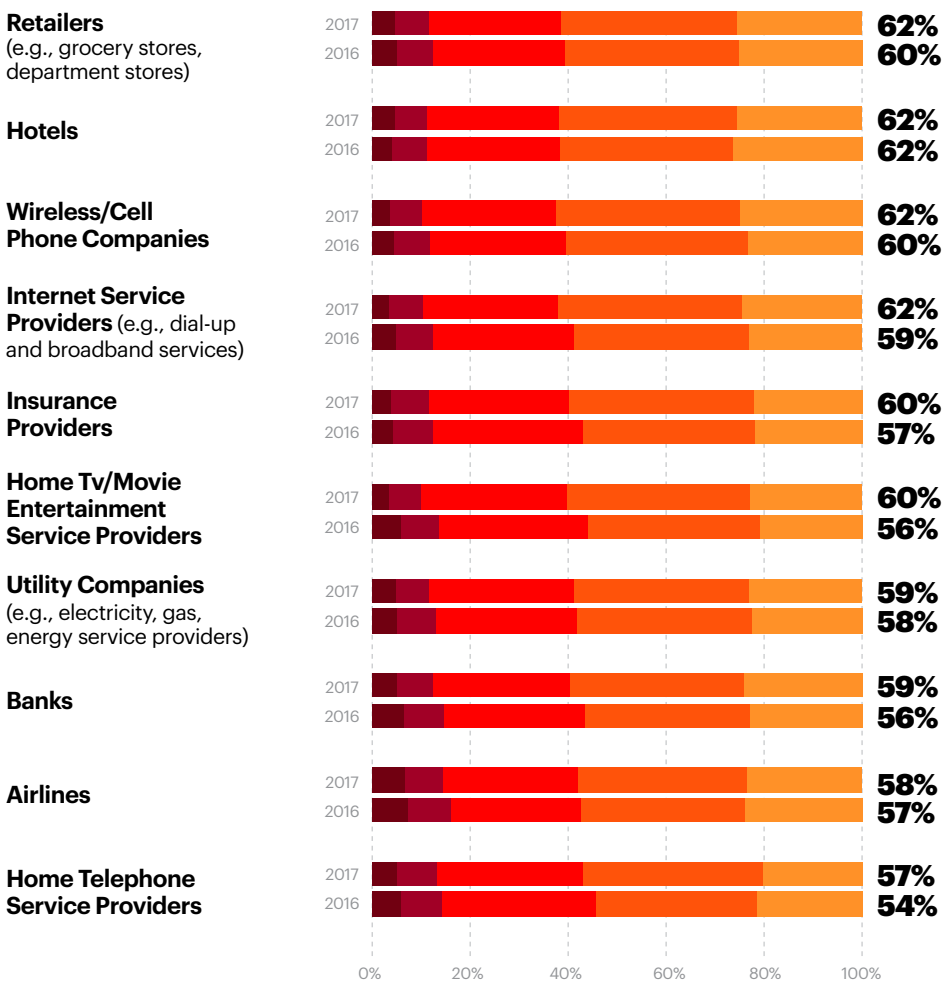
**25,000  
CONSUMERS IN  
33 COUNTRIES**

**to understand how  
their preferences,  
beliefs and behaviors  
are evolving—and  
how companies can  
capitalize on changing  
consumer sentiments  
to achieve new levels  
of growth.**

# cX MARKS THE SPOT

Accenture Strategy's most recent Global Consumer Pulse Research has found that participation in loyalty programs has increased by one or two percentage points over the past year in all industries. Additionally, the perceived effectiveness of those programs—defined as the degree to which loyalty programs persuade customers to stick with a particular company—is on the rise. A 2 to 3 percent improvement over last year is the norm (see Figure 1).

FIGURE 1. **THE PERCEIVED EFFECTIVENESS OF LOYALTY PROGRAMS IS UP IN ALMOST ALL SECTORS**



**2-3%**  
improvement over last year is the norm

**KEY**  
 ■ not at all 1  
 ■ 2  
 ■ 3  
 ■ 4  
 ■ very much 5

Base: All Respondents who said they participated in a loyalty program (sample size varies across industries)

A similar story has unfolded in the area of customer satisfaction. Across nearly every dimension of customer service—from multichannel access to response times—satisfaction ratings have increased by 1 percent. These improvements matter. Research has shown that customers with better experiences spend 140 percent more than those customers with the worst experiences.<sup>1</sup>

**Unfortunately, the modest gains in the areas of loyalty and satisfaction were offset by falling or stagnant performance in other areas. For example:**



61 percent of customers globally—and 78 percent in emerging markets—switched companies in at least one industry due to poor service in 2017. While this figure is consistent with reports of switching in 2016, it is two percentage points higher than what we found when we launched our Global Consumer Pulse Research 10 years ago.



Customer frustration with marketing and sales practices increased by an average of 2.8 percent across every category. Failing to deliver on promises, being difficult to work with, and mishandling personal information are the top three sources of discontent.



Customer satisfaction with various service channels, including online chat, phone support and in-store help has remained remarkably consistent. One channel of support—automated voice systems—actually became less satisfactory over the past year, declining by 2 percent.



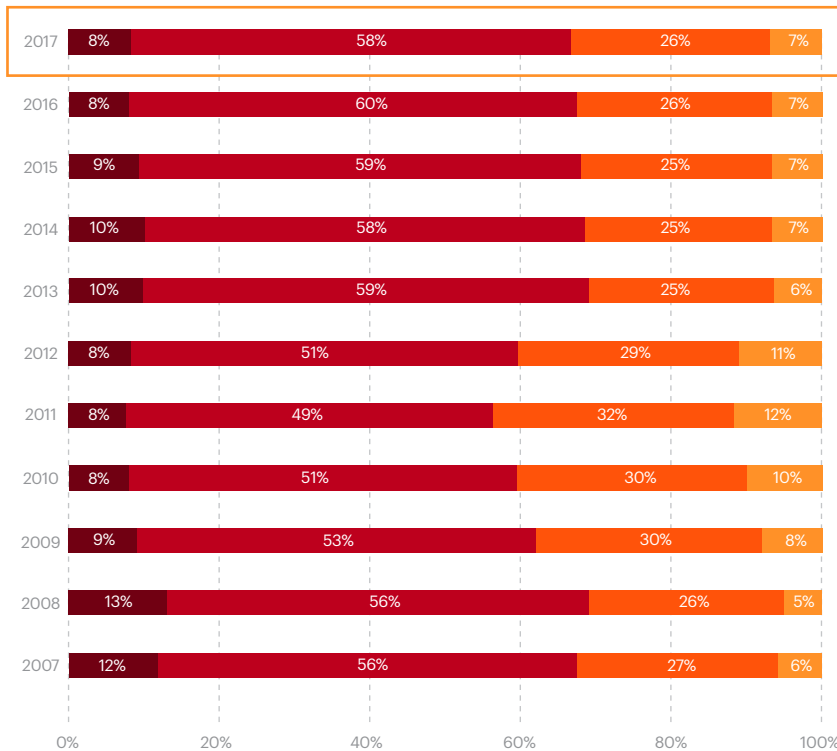
Perhaps most tellingly, 23 percent of customers trust companies much less today than they did five years ago. This can have significant repercussions. In the US alone, 41 percent of customers who switched providers did so because of an issue of trust.

While our survey findings suggest that CX investments pay off more in some areas (e.g., loyalty programs) than in others (e.g., interactive voice response systems), we believe investments in virtually all areas of CX are worthwhile. That's because even if CX investments are not translating into revenue gains, they are likely helping to prevent further erosion of customer satisfaction and loyalty. The problem, therefore, is not that companies are investing in the wrong things. More likely, it is that their CX improvements are simply not keeping pace with customer expectations.

# SATISFACTION **(IS NEVER)** GUARANTEED

We've witnessed the trend of rising customer expectations for years. Our 2017 research confirms it shows no signs of slowing (see Figure 2). For the past five years, approximately one-third of customers have indicated that their expectations for service and support are greater than they were the prior year. In emerging markets, expectations are even higher—and growing. In 2017, 53 percent of emerging market consumers had higher expectations. That's up 8 percentage points since 2012.

FIGURE 2. **CHANGES IN CUSTOMER SERVICE EXPECTATIONS (2007 – 2017)**



In 2017,  
**53%**  
of emerging market consumers had higher expectations. That's up 8 percentage points since 2012.

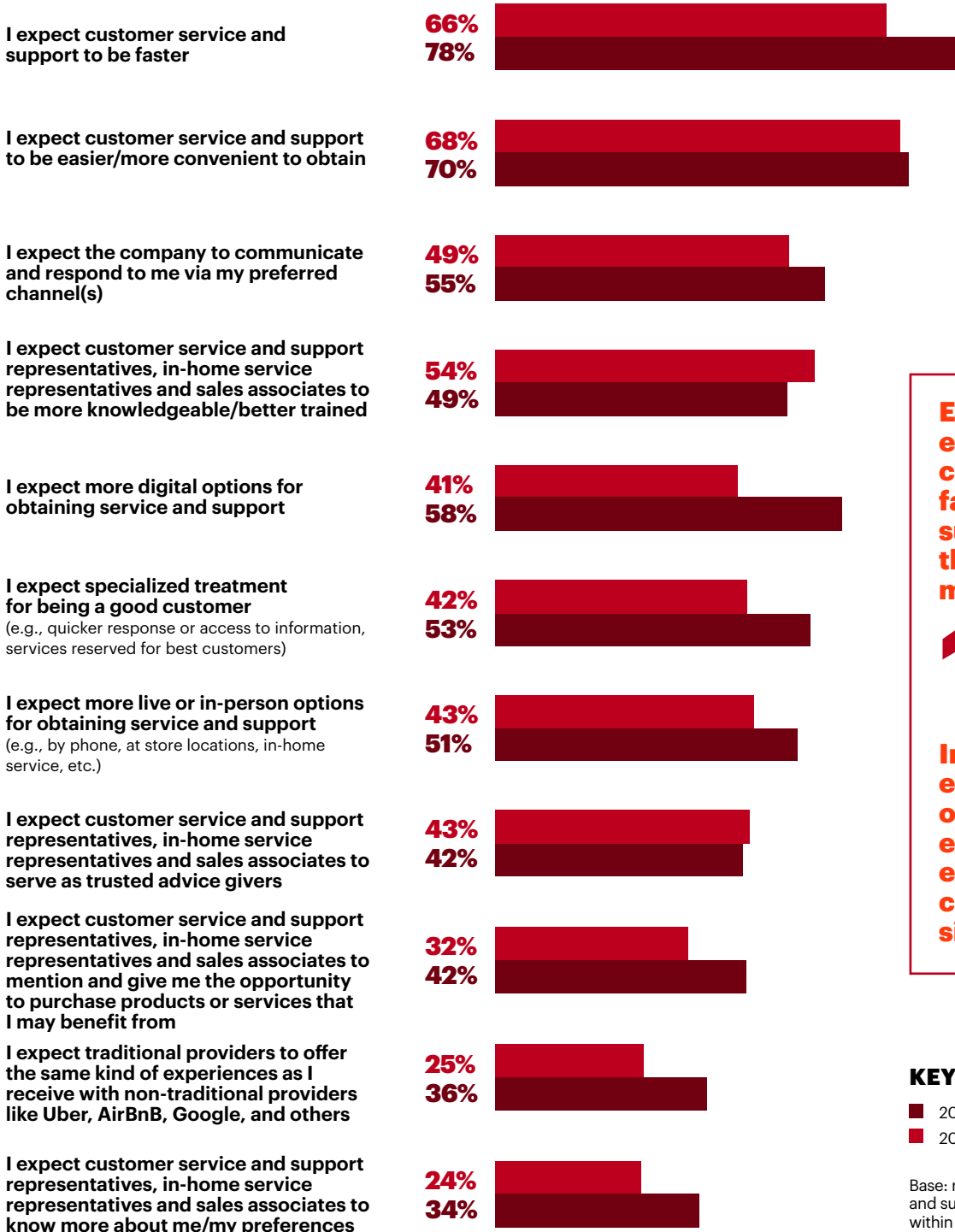
**KEY**

- much / slightly lower
- the same
- slightly higher
- much higher

Base: All Respondents (n=24877)

The specific experiences customers expect have remained fairly consistent for years (see Figure 3). Topping the list is speed, followed by convenience. Emerging market consumers are particularly impatient.

FIGURE 3. **REASONS FOR INCREASED CUSTOMER EXPECTATIONS**



**Expectations among emerging market consumers for faster customer support exceeds that of their mature market peers by**

**12 PERCENTAGE POINTS**

**In fact, in almost every category of service, the expectations of emerging market consumers are significantly higher.**

**KEY**  
 ■ 2017 Emerging  
 ■ 2017 Mature

Base: respondents whose customer service and support expectations have increased within the past year (n=8275)



The good news is that companies' efforts to meet customer expectations are paying off. Satisfaction levels among customers rose in 2017 across nearly all dimensions of service—from return policies to multichannel service options to company response times. The bad news is that these satisfaction levels increased by an almost negligible 1 percent. The only category in which customer satisfaction grew by more (from 51 to 53 percent) involved companies matching their service experiences to the promises they made at the time of purchase.

Our comprehensive analyses of consumer sentiment and behavior revealed a stark reality. The fact that so many customers place higher expectations on companies year after year makes it tremendously challenging for individual companies to get ahead. Companies invest in CX initiatives to engage customers, strengthen relationships and ultimately grow their businesses. However, all too often their investments are simply perpetuating an endless game of catch-up, trying to satisfy a customer base that may never be fully satisfied. In many instances, companies are finding themselves in a catch-22: the more they do to satisfy their customers, the more demanding those customers become. Companies give an inch; customers want a mile.





# THREE CX OPPORTUNITIES

In an environment characterized by steadily rising customer expectations, it is unlikely that companies will be able to be all things to all customers. Nor should they try. A more focused approach to customer engagement and retention can deliver the investment returns that elude so many companies today. For example, subscription services have the potential to appeal to a select and growing group of customers. Replenishment subscriptions through which companies automatically deliver products customers regularly use on a consistent schedule, “surprise me” subscriptions that have company experts pick products they think customers might enjoy, and “smart re-ordering” services activated when appliances sense they are running low on supplies hold particular potential (see sidebar).

Our research suggests that three large, distinct and relatively untapped pockets of CX value exist. By concentrating on one or more of these areas, companies will be more likely to crack the CX code and deliver experiences that are highly satisfying, convenient, unique and frustration-free.

## THE SUBSCRIPTION PRESCRIPTION

Our research revealed a specific CX opportunity for companies able to offer their products via subscription services:



**1/3 of customers are in favor of the trend toward subscription services**

**Interest in replenishment and “surprise me” subscriptions has grown by**

**1%**  
over last year

**37%**

**of customers are likely to use “smart reordering” as a dominant or secondary way of purchasing household products. This is up from 33 percent in 2016**

**Customers in emerging markets are particularly interested, with approximately**

**2X**

**as many as in mature markets ranking replenishment and “surprise me” services as one of their top two shopping methods.**

## OPPORTUNITY 1

# MINIMIZE SWITCHING

In 2017, more than half (53 percent) of customers in mature markets switched away from at least one of their providers. In emerging markets, the figure is 25 percent higher. Poor experiences are one of the main reasons customers leave. After having a bad customer experience, 46 percent of customers shifted a portion of their spending to another provider. And 47 percent immediately stopped doing business with that company. Accenture Strategy has valued this global switching economy at \$6.6 trillion in 2017. In the US alone, \$756 billion in lost revenue is at stake.<sup>2</sup>

Smart companies—particularly those in the retail, Internet service and banking sectors, which have the highest rates of switching—see the value in preventing customer defection. Forty-six percent of customers claimed their provider has, in fact, taken action at some point over the past three years to keep them. Nearly two-thirds (65 percent) stayed precisely because of those actions. Additionally, 81 percent of customers who switched say their provider could have done something to keep them. For two-thirds (67 percent), first-call resolution to their product or service issue would have incited them to stay.

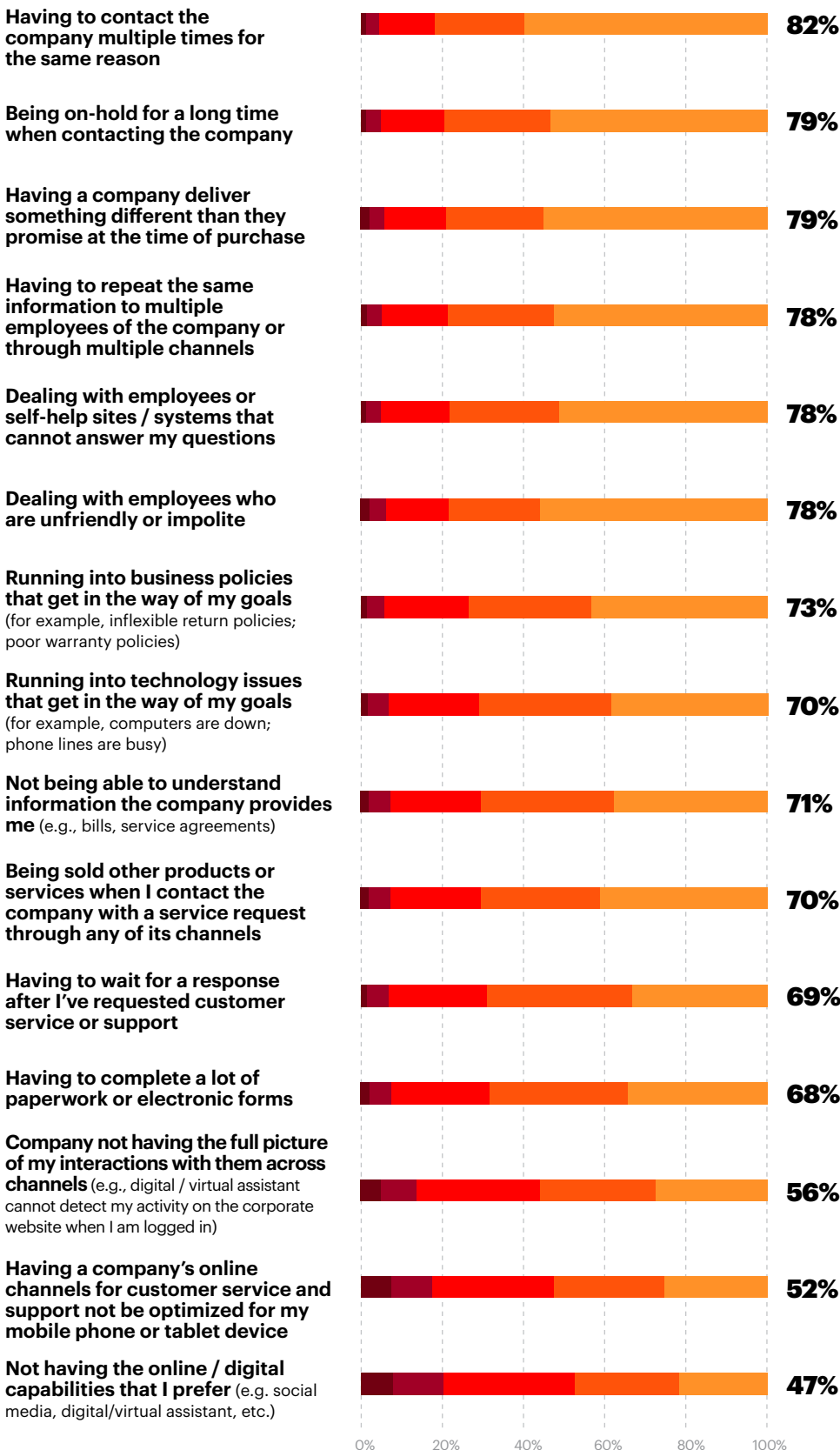
Clearly, preventive actions work. But what, exactly, should companies do to create experiences that will keep customers engaged? Digging deeper into the characteristics of poor experiences, we found that the top three sources of customers frustration included having to contact the company multiple times for the same reason (cited by 60 percent of respondents), dealing with unfriendly or impolite employees (56 percent), and failure to deliver on promises made at the time of purchase (55 percent). Interestingly, there is remarkably little change over the past three years in terms of the things companies do to frustrate their customers with regard to customer service. Mitigating these and other frustrations (see Figure 4) will go far to create the CX customers now demand.

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In the US alone,  
**\$756  
BILLION**  
in lost revenue is at stake.

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FIGURE 4. **TACKLING THE MOST COMMON CUSTOMER SERVICE FRUSTRATIONS WILL CREATE A BETTER CX**



**There is remarkably little change over the past three years in terms of the things companies do to frustrate their customers with regard to customer service.**

**KEY**

- not frustrating at all 1
- 2
- 3
- 4
- extremely frustrating

Base: All Respondents (n=24877)

# WHO

## WILL BE LEFT?

**Younger customers, aged 18 to 34, are the most active switchers. Nearly two-thirds (64 percent) of customers in that age range in mature markets (and 82 percent in emerging markets) abandoned at least one provider in 2017.**

**We believe one reason younger customers are more comfortable switching has to do with their digital maturity. This generation grew up with the Internet and is now well versed in using online and social channels to scout new offers, compare prices, and conduct research on products and services. It is likely they will continue to use their digital prowess to switch for better deals and experiences as they age and their purchasing power grows.**

**For that reason, companies might want to consider targeting retention efforts on their younger customers. Doing so will not only allow them to retain revenue in the short-term, but also pave the way to sustainable future growth.**

## OPPORTUNITY 2

# LEAPFROG EXPECTATIONS WITH HYPER-RELEVANCE

Customers crave personalized experiences. Approximately half (49 percent) expect specialized treatment for being a good customer. And one-third of customers who abandoned a business relationship last year did so because personalization was lacking.

Companies largely base their personalization initiatives on a deep understanding of customers' routine behaviors, past transactions and fixed attributes, such as age or address. These insights make it possible for companies to meet their customers' growing demands. But they rarely enable companies to surpass expectations. And that's what success requires.

Some leading companies are catching on. They are taking personalization to the next, more differentiated, level with "hyper-relevant" CX. By focusing their energies on becoming hyper-relevant at speed and scale, these leaders are transitioning to what Accenture calls "living businesses." Such businesses build an acute and continuous understanding of their customers to meet their needs and expectations in real time and in response to their changing circumstances. With these insights, they are able to create innovative experiences and propositions that constantly evolve and always matter. A living business can be so extraordinarily responsive because it's a vital, living organism. Not a static organization.

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**Approximately half**

**49%**

**expect specialized treatment  
for being a good customer.**

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## The hyper-relevance that characterizes living businesses requires two things:

**1** The first is more personalized and contextual data. A significant segment of customers is willing to share that sort of information if they receive something in return. In fact, nearly 30 percent of customers now expect companies with which they engage to know more about them than ever before. Further, predictive analytics, artificial intelligence (AI), machine learning and extended ecosystems of partners make it possible for companies to capture real-time snapshots of customers and achieve new levels of insight to keep them engaged.

**2** The second hyper-relevant requirement is digital trust. Our research found that personalization that is built on trust is critically important to 43 percent of customers. Nearly half (49 percent) of younger customers aged 18 to 34 feel the same way. Further, 88 percent of customers find a company that can personalize their experience without compromising trust to be much more appealing and relevant to their needs. Such trust is built up over a series of interactions. Yet, it can be shattered in seconds.

To secure the data they need and create and sustain the trust that underpins hyper-relevance, companies would be wise to redouble their investments in data mining and data security. By eliminating trust barriers with new practices, controls and governance structures, companies can use data in new and exciting ways to deliver the experiences that customers demand—and even some they don't yet realize they desire.

To learn more about how companies are taking personalization to the next level, see ["Put Your Trust in Hyper-Relevance."](#)

## OPPORTUNITY 3

# TAKE ADVANTAGE OF THE AI TIPPING POINT

The third area of opportunity for companies looking to supercharge the customer experience, achieve hyper-relevance and become a living business lies in the world of artificial intelligence (AI). Customers are beginning to view AI technologies as valuable tools through which answers, support or more convenient transactions can be delivered.

**50%** of customers no longer care if they are interacting with humans or AI-enabled technologies.

**44%** of consumers use some type of virtual assistant; 22 percent do so daily. Eighty-six percent are satisfied with the experiences their virtual assistants provide.

**17%** of consumers who do not yet own a digital assistant device are likely to purchase one in the next year.

**27%** of customers older than 55 believe intelligent interfaces such as chatbots improve CX. But, for 18-34 year olds, nearly half (48 percent) believe such new technologies can change CX for the better.

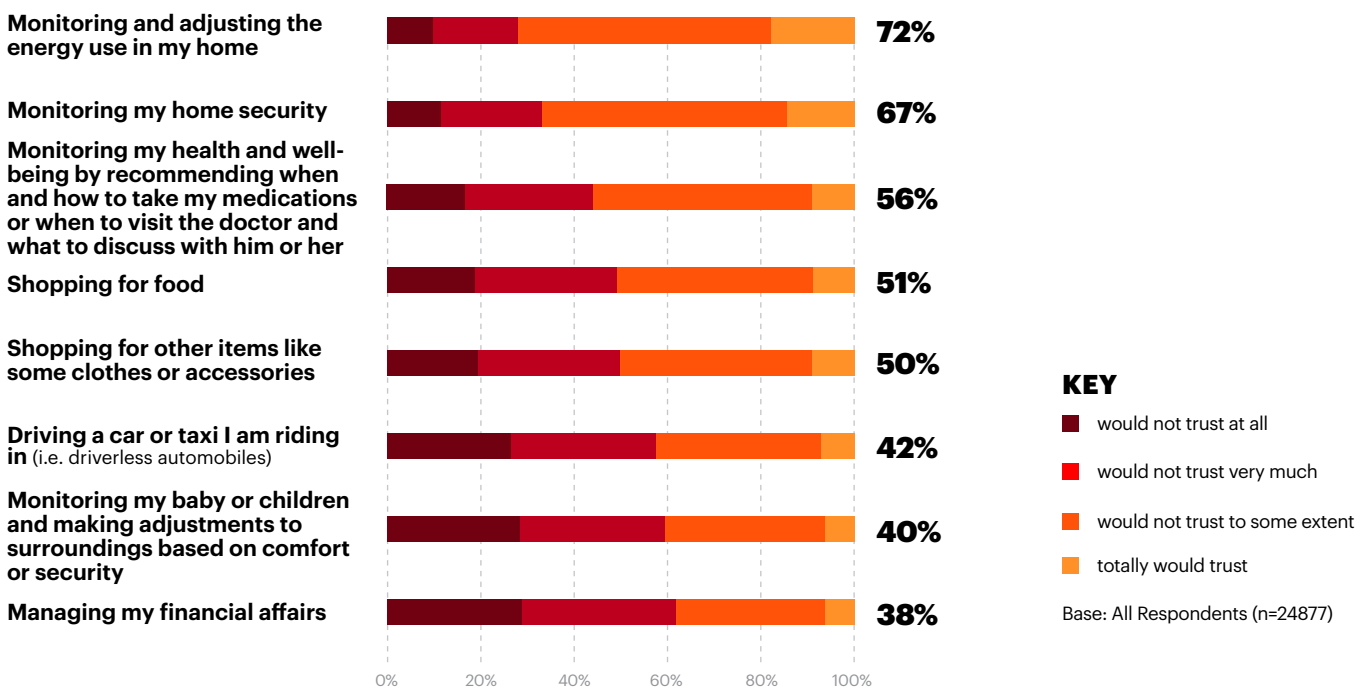
Companies can seize upon customers' growing AI acceptance to transform CX with fast, highly relevant virtual support. Along the way, they can eliminate channel noise and service inconsistency. As described in Accenture Strategy's "What's your company's AI IQ?," this shift will involve moving beyond conventional AI uses such as issue resolution and personal shopping to the combination of human skills, AI capabilities and analytics that make proactive consultation



and decision-making possible. An AI solution that develops recipes based on current kitchen contents, automatically orders and pays for other ingredients that might be needed, and updates the family on the status of dinner has the potential to change mealtime forever.<sup>3</sup> There’s no reason AI couldn’t transform other aspects of people’s lives, as well.

The first step for a company wanting to use AI as a key CX enabler involves identifying the functional areas in which AI can add the most value and the activities within that area that consumers are willing to cede to machines. Our research revealed some of the possibilities (see Figure 5). For example, 72 percent of consumers are open to having AI tools monitor and adjust energy in their home. But only 38 percent would trust AI to manage their financial affairs. Understanding these sentiments will help companies zero in on the right opportunities—and minimize wasteful investments in AI programs that consumers are simply not ready to accept.

FIGURE 5. **THE WILLINGNESS OF CONSUMERS TO TRUST AI TO MANAGE SELECTED APPLICATIONS**



# THE **AI** TRUST DILEMMA

**More than 40 percent of consumers cite at least one reason for not trusting digital assistants. The reasons range from a preference for human validation to concerns that digital assistants might learn too much about them. Companies must take these concerns into consideration and address or mitigate them when developing AI-enabled experiences.**




# THE MORE THINGS **CHANGE,** THE MORE THEY **STAY THE SAME**

For all the investments companies have made to improve CX, many aspects of customer sentiment and frustration have changed very little over the years. The sources of customer frustrations, the importance of various dimensions of service, customers' satisfaction with various service channels, and their rationales for switching from one provider to another have all remained remarkably consistent.

It's time to break through the CX stagnation. This requires more than meeting customers' expectations. It calls for exceeding customer demands by a significant margin. We believe a focus on switching mitigation, hyper-relevance and AI can re-energize CX and set companies on a course to sustainable competitive advantage and growth.

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## NOTES

- <sup>1</sup> Peter Kriss, “The Value of Customer Experience, Quantified” *Harvard Business Review*, August 1, 2014.
- <sup>2</sup> Accenture Strategy analysis, 2017.
- <sup>3</sup> Accenture Strategy, “What’s Your Company’s AI IQ?” 2017.

## ABOUT THE RESEARCH

In 2017, Accenture Strategy once again conducted its Global Consumer Pulse research to gain an understanding of global consumers’ preferences, beliefs and behaviors. The goal was to identify how consumer sentiment is evolving – and how companies can capitalize on that evolution to achieve new levels of growth. Our Internet survey of 24,877 end consumers in 33 countries was conducted between June 1 and July 30, 2017. Respondents were asked to evaluate 11 industry sectors (up to four industries per respondent).

## ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world’s largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 425,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at [www.accenture.com](http://www.accenture.com).

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