INSIGHTS TO CONQUER THE OMNI-CHANNEL IMPERATIVE

KEEP ME INDEX
WE LIVE IN A WORLD OF CONSTANTLY EVOLVING CUSTOMER EXPECTATIONS.

Today, customers have more information than ever at their fingertips and therefore have more control of when, where and how they interact with brands, from shopping and purchasing, to usage and issue resolution. They look for consistency regardless of channel, want immediate satisfaction, and expect interactions to be simple and easy.
THEY ARE, IN FACT, DEMANDING A TRULY “OMNI-CHANNEL” EXPERIENCE—WHICH IS A CONTINUOUS EXPERIENCE ACROSS BRANDS, FORMATS AND DEVICES, ENABLED BY HUMAN, DIGITAL AND PHYSICAL CHANNELS.

In this new world, competition for loyalty is steeper than ever and brands that endeavor to respond to evolving customer requirements and deliver on the Omni-Channel promise will likely win happier, more profitable customers at a lower cost. While there is a clear linkage between the potential cost and revenue benefits that an Omni-Channel experience can deliver, the linkage to loyalty has always been more difficult to define.
In an effort to understand what truly drives loyalty and how a brand can impact their customers’ emotional connectedness, Accenture embarked on new research designed to establish a brand-specific measurement of customer loyalty (called the Keep Me Index (KMI)). The research uncovered relevant, actionable customer insights and industry trends related to brand loyalty and the importance of an Omni-Channel experience.

Similar to a human relationship, KMI seeks to understand the emotional connection between a customer and brand and the impact of that connection on loyalty. First, it looks at customer sentiment to understand what customers are thinking and feeling about a particular brand. Specifically, sentiment explored customers’ Instinct, Dependence, Trust and Perception of each brand. Then it looks at the Voice of the Customer (VOC) to determine if and how frequently customers are projecting their positive or negative thoughts and feelings on others through verbal, written or social communication.

To calculate KMI, each component is scored individually and weighted into a single composite score which seeks to enhance the correlation between KMI and a customer’s likelihood to stay with a brand for the next 12 months (loyalty.) Scores for each component are indexed to show the average positive or negative emotional connection between customers and brands.

The initial scope of the KMI research was focused specifically at the communications industry and surveyed more than 5,600 U.S. customers who subscribe to and regularly interact with North America brands spanning three industry segments—wireless service providers, cable & satellite providers and digital disruptors (such as Amazon Prime™, Hulu™, Netflix™ and Uber™).
KMI seeks to understand the emotional connection between a customer and brand and the impact of that connection on loyalty.

**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 they are 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?

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

**VOICE OF THE CUSTOMER** Do you talk about the brand? Is your tone positive or negative?

**IS THERE A CONNECTION TO LOYALTY?**

Accenture developed a proprietary algorithm that seeks to enhance the correlation between KMI and Loyalty (as defined by a customer’s likelihood to stay with a brand for the next 12 months).
OVERALL, THE RESEARCH UNCOVERED 8 FINDINGS that provide insight into specific areas brands can actionably address to seek to strengthen the relationship they have with their customers and help improve their loyalty.
1. **Disruptors**
   Rule Experience

2. **Trust**
   Is the New Currency

3. **Make Your**
   **Product**
   Your Best Product

4. **The Last**
   Interaction
   Matters

5. **Be a Valued**
   Asset
   Not Just Another Utility

6. **Give Them a**
   **Real**
   Reason to Stay

7. **The Power of**
   Positivity

8. **Create Your**
   Halo Effect
Digital Disruptors appear to be doing something right. Customers’ emotional connectedness with these brands is higher than it is with Wireless and Cable/Satellite brands. Digital Disruptors have the highest composite scores for KMI, as well as for each component that comprises KMI (Instinct, Dependence, Trust, Perception and Voice of the Customer), meaning customers have a stronger brand affinity and are more likely to stay loyal to these digital companies for the next 12 months than customers of the traditional service providers. Cable/Satellite brands trail Wireless and Digital Disruptors across all components.

KMI and Loyalty appear to be correlated. As KMI increases towards the highest value (100%), so does loyalty. But the reverse is also true: As KMI decreases (minimum -100%), there is a greater likelihood of customer churn. Companies whose KMI is between -39% and 18% find themselves in what we call “The Danger Zone.” On average, customers within this zone are questioning their likeliness to stay with their current provider and are likely to leave if a viable alternative comes their way. According to Accenture research, Cable/Satellite providers are the most frequent brand segment found in “The Danger Zone.”

**SO WHAT?** To avoid The Danger Zone, companies must seek to understand the composition of their own KMI and actively target investments in the areas that are currently negatively impacting their customers’ sentiment and voice.

**FIGURE 1** Average KMI, Loyalty and KMI component scores
Trust plays a significant role in the calculation of KMI and contributes to customer stickiness. As such, it’s promising to see that all three brand segments (Digital Disruptors, Wireless and Cable/Satellite) scored highest on Trust vs. all other KMI components. Interestingly, it wasn’t the protection of personal data that most impacted trust or distrust in brands (although it did appear on the list). Instead, critical basics such as service reliability and affordability were the most prominent reasons for either trusting or distrusting a brand.

**SO WHAT?** It’s simple: Customers want a service they can depend on and want to feel that they are getting value for the price they pay. To maintain trust, brands must seek to provide a trustworthy, reliable, consistent product at the right price point that is aligned with customer requirements or risk losing customers to a competitor.

**FIGURE 2** Left: Reasons for low perception (Traditional) / Right: Reasons for high perception (Top Disruptors)

**Top Reasons For TRUST**

- Provides reliable service: 40%
- Offers affordable options: 17%
- Knows me on a personal level: 6%
- Listens/addresses needs fast: 8%
- Innovative/new tech or services: 9%
- Communicates effectively & truthfully: 7%
- Protects personal data: 6%
- Positive brand rep: 8%
- Other: 1%

**Top Reasons For DISTRUST**

- Lack of affordable options: 30%
- Unreliable service: 17%
- Aggressive upselling, too many/irrelevant commercials: 10%
- Inconsistent or lack of communication: 8%
- Doesn’t listen or address needs quickly: 7%
- Negative brand rep: 6%
- Not innovative/stale solutions and tech: 9%
- Doesn’t know me personally: 3%
- Lack of community involvement: 11%
- Other: 6%

*Source: Keep Me Index Research*
The most influential components of sentiment and loyalty all relate back to products. Specifically, Trust is largely driven by product reliability and affordability, and Perception—a measure of customers’ happiness with quality of a product for the price—also has a significant impact on sentiment, KMI and, ultimately, loyalty.

Digital Disruptor perception scores rank consistently higher than Wireless and Cable/Satellite brands. In fact, the lowest Disruptor perception score (65%) is still higher than the top Wireless (63%) and the Cable/Satellite (56%) perception scores. According to the research, the product is at the core of negative perception: too expensive, unreliable or poor quality service/product, limited choices, or inability to customize service options. By contrast, the top reasons Digital Disruptors’ customers are happy extend beyond the product to include perceived value in the experience and innovative services these brands provide.

**FIGURE 3** Top reasons customers are Unhappy or Happy with services

<table>
<thead>
<tr>
<th>Top reasons customers are <strong>UNHAPPY</strong> with wireless and cable/satellite are related to the product</th>
</tr>
</thead>
<tbody>
<tr>
<td>45% Too expensive</td>
</tr>
<tr>
<td>33% Unreliable/poor quality</td>
</tr>
<tr>
<td>10% Lack of price transparency/sneaky</td>
</tr>
<tr>
<td>5% Must pay for unwanted services/limited choice/no personalization</td>
</tr>
<tr>
<td>5% Poor customer service/issue unresolved</td>
</tr>
<tr>
<td>5% Other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top reasons customers are <strong>HAPPY</strong> with disruptor services go beyond the product</th>
</tr>
</thead>
<tbody>
<tr>
<td>19% Never a problem/always satisfied</td>
</tr>
<tr>
<td>19% Meets my personal needs</td>
</tr>
<tr>
<td>17% Fixes issues fast/reliable/accountable</td>
</tr>
<tr>
<td>17% Reasonable/competitive prices</td>
</tr>
<tr>
<td>12% #1 choice/best service available</td>
</tr>
<tr>
<td>10% Free, fast shipping</td>
</tr>
<tr>
<td>6% Other</td>
</tr>
</tbody>
</table>

**SOURCE:** Keep Me Index Research
Even highly reliable products do not fully negate the need for customer interactions—nor should they. Throughout the customer lifecycle, there are particular moments during which customers will need and want to interact (including new purchases, upgrades, service issues and payment issues) and it is imperative that during these interactions, companies are adequately addressing customer needs in their channel of choice.

During these important interactions, companies must seek to provide experiences that make customers feel happy, confident, excited, hopeful. In fact, the KMI research demonstrated a strong correlation between the way the last interaction made a customer feel and their instinct towards a brand. What’s more? That correlation remains strong for six months after the last interaction. That means a negative interaction—poor customer service, an unresolved issue or a painful process—can remain influential on a customer’s thoughts, feelings, and what they say to others for six months. That’s a tough consequence for one defining moment. By contrast, a positive interaction has the same type of lasting impression and moments of delight can also influence customers’ sentiment toward a brand.

**SO WHAT?** When customers do reach out, we must seek to cover the basics—endeavoring to solve customer issues and requests easily, quickly and with continuity across channels. That said, there is also an (often untapped) opportunity to proactively stimulate positive interactions with customers to help reinforce positive sentiment over time. Proactively reaching out to customers in a personal, individualized way (with helpful tips, loyalty thank you’s and relevant offers in their channels of choice) can be a tactic to delight them and keep them happy and loyal.

**FIGURE 4** Strong and lasting correlation between the last interaction and instinct

**SOURCE:** Keep Me Index Research
Word association can reveal a lot about how individuals think about a brand by highlighting the characteristics and emotions they instinctively link to the brand. KMI research shows that Digital Disruptors lead the way contributing to create a positive, emotional connection with their customers. Positively descriptive words (“convenient,” “awesome,” “variety”) were used frequently to characterize Digital Disruptors. Meanwhile, customers associate their Cable/Satellite and Wireless providers with more negative or emotionless utility-sounding words and phrases (“service provider,” “cable,” “expensive,” “horrible.”)

This emphasizes the importance of creating a brand proposition that seeks to shift customers from seeing the company as purely a utility toward seeing the company as a value-add part of their lives—going beyond basic service and seeking to provide something that customers can’t imagine living without and becoming a connected part of their daily experience.

**SO WHAT?** Traditional companies must constantly be thinking about how to build rich experiences for their customers—anticipating their needs, desires and the places that they can expand from their existing products and services. Particularly in the communications industry where traditional offerings are becoming increasingly commoditized, emerging leaders are making their mark on customers and on the industry by opening up or expanding into new areas to meet customer demand. Many companies (across industries) are accomplishing this growth inorganically through acquisitions or by introducing strategic ecosystem collaborations in order to evolve their identity, bringing new value-add products and services to customers at pace.

**FIGURE 5** The most popular words and phrases instinctively provided by customers upon seeing the brand name (by industry).

**DISRUPTORS**

- **MOVIES**
  - Convenient
  - Streaming
  - Affordable
  - Variety
  - Shows
  - Great

- **RELIABLE**
  - Cell Phone
  - Good service
  - Expensive
  - Quality
  - Service provider
  - Good

- **EXPENSIVE**
  - Cable
  - Good
  - TV
  - Internet
  - Quality
  - Fast
  - Horrible

**WIRELESS**

- **POSITIVE**
  - Reliable
  - Streaming
  - Affordable
  - Variety
  - Awesome
  - Great

- **UTILITY-BASED**
  - Cell Phone
  - Good service
  - Expensive
  - Quality
  - Phone
  - Affordable
  - Good

- **NEGATIVE**
  - Cable
  - Good
  - TV
  - Internet
  - Quality
  - Fast
  - Horrible

**CABLE/SATELLITE**

- **POSITIVE**
  - Cable
  - Great
  - Reliable
  - TV
  - Internet
  - Quality
  - Fast
  - Bundle

- **UTILITY-BASED**
  - Cell Phone
  - Good service
  - Expensive
  - Quality
  - Phone
  - Affordable
  - Good

- **NEGATIVE**
  - Cable
  - Good
  - TV
  - Internet
  - Quality
  - Fast
  - Horrible

SOURCE: Keep Me Index Research
Loyalty results from the KMI research are positive in many ways—showing that more than half of Wireless and Cable/Satellite customers are likely to stay with their current provider for the next 12 months. However, the reasons aren’t so uplifting—many indicating they will likely stay because they feel like they have to (locked in a contract, no other option, change is too hard), not because they want to. This lack of positive connection to the brand makes Wireless and Cable/Satellite customers susceptible to alternatives that make switching easy and appealing—which in today’s growing switching economy presents significant risk.

There is opportunity for Wireless and Cable/Satellite providers to create a sense of connection that goes beyond complacency by educating customers about their full scope of service potential. For example, one of the top reasons that customers of traditional Cable/Satellite providers also subscribe to over-the-top (OTT) streaming video services is NOT because of exclusive content, as one might hypothesize. Instead, nearly 60% cite accessibility-related reasons. Why is this interesting? Because people are paying OTT’s for features they already get from their Cable/Satellite provider, suggesting a lack of awareness that traditional providers offer similar anywhere, anytime flexible viewing options.

**SO WHAT?** As traditional brands work to innovate and evolve their products, there must be equal focus across product development and product deployment. The “last mile” to the customer is often where brands fail—not doing enough to help raise customer awareness of innovative advances so they can contribute to generate the full benefit of their investments through customer adoption and appreciation.

**FIGURE 6** Reasons why Cable/Satellite customers say they pay for OTT

<table>
<thead>
<tr>
<th>Reason</th>
<th># of times reason was selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to content at anytime or any device</td>
<td>1400</td>
</tr>
<tr>
<td>Ability to binge-watch</td>
<td>1200</td>
</tr>
<tr>
<td>Streaming services offer more content, variety, and/or quantity</td>
<td>1000</td>
</tr>
<tr>
<td>Exclusive content</td>
<td>800</td>
</tr>
<tr>
<td>Easier to find and watch on-demand content</td>
<td>600</td>
</tr>
<tr>
<td>More cost-effective option(s)</td>
<td>400</td>
</tr>
<tr>
<td>Other</td>
<td>200</td>
</tr>
</tbody>
</table>

SOURCE: Keep Me Index Research
The Voice of the Customer (VOC) portion of KMI measures how often a customer projects their positive or negative thoughts onto others—verbally, written, or socially. The higher the frequency, the greater the impact (either positive or negative) to KMI. The research found that customers are more likely to be vocal about positive sentiment than negative sentiment. Across all brands, a solid majority of customers are talking positively. Furthermore, almost all customers who talk frequently and positively about a brand have high loyalty.

Interestingly, never talking about a brand does not necessarily imply disloyalty: 90% of respondents with high or medium loyalty never talk about a brand. This indicates an opportunity convert quietly loyal customers into brand champions.

**SO WHAT?** Accenture research shows that promoters deliver 2.6x the revenue of severe detractors and 1.4x the revenue of neutrals. Brands have the greatest opportunity to grow loyalty and revenue by focusing energy and investment on growing their advocate base—first, by acknowledging, rewarding and encouraging current advocates to share positive experiences, and second, by proactively investing to turn neutral customers into advocates.

**FIGURE 7** Tone of VOC—Opinions from customers who talk

<table>
<thead>
<tr>
<th>Tone Level</th>
<th>Very negative (0-1)</th>
<th>Negative (2-3)</th>
<th>Neutral (4-6)</th>
<th>Positive (7-8)</th>
<th>Very positive (9-10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disruptor</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Wireless</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cable/satellite</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Google’s™ wireless service, Project Fi™, was one of the highest scoring companies on KMI, which is ironic given that they run on the network of other wireless providers with lower customer loyalty. Digging deeper, the reasons for this positive sentiment actually extend well beyond product and price. One customer wrote, “The whole Google brand and their wireless service in particular is egalitarian, innovative and fun to use.”

Google has created a Halo Effect. Customers hold the brand on a pedestal. There is an emotional connection—an affinity—to their brand image, their innovative use of technology, their cool solutions, the breadth of their options, their customer relevance and the personalization of their experiences. The same trend holds true at the industry level. Digital Disruptors are creating their own Halo Effects – with a quarter of their customers selecting these differentiated services and experiences as the #1 reason for staying loyal and providing them with intangible value.

But it’s not just the Digital Natives who have created their own Halo Effects. Other brands that were not originally digital have made purposeful investments to create differentiated, innovative products and an end-to-end Omni-Channel experience. For example, Starbucks™—which started out as a single physical brick-and-mortar location selling coffee—has expanded its physical presence across the globe, forged strategic partnerships to evolve its innovative product set, pioneered mobile payments and ordering, used artificial intelligence and voice technology to enhance the recommendations and digital ordering, and demonstrated a strong philanthropic commitment. Starbucks has strategically looked across its organization to drive meaningful and lasting change, abiding by the mission statement to “inspire and nurture the human spirit—one person, one cup, and one neighborhood at a time.” Starbucks has created its own Halo Effect over time.

**SO WHAT?** Traditional brands that continue to simply invest in incremental change will likely struggle to compete in the new digital world. To truly change perception, brands must seek to stretch their thinking, step out of their comfort zones and challenge the status quo. Iterating is not enough. To create a Halo Effect, companies must be visionary—anticipating customer needs and proactively building experiences around them.

**FIGURE 8** Attributes associated to instinct
KMI research findings confirm that what leaders are getting right is not single-threaded. They are creating experiences that are truly centered on the customer, and they are thoughtfully connecting the dots across their organization from product to people to process to platforms in order to delight their customers and their employees.

Accenture’s perspective on the factors facilitating an Omni-Channel experience align to how these leaders are operating. The 7Ps of Omni-Channel outline the components of the end-to-end customer value chain and how they can be meaningfully paired together to drive sustainable cost, revenue and ultimately loyalty benefits. Companies that are successfully capturing loyalty have established a strong brand image with products and services that are reliable, relevant and worthy of the cost. They have created experiences that are personalized, continuous, consistent, and add value to the customer. Their employees are empowered to deliver the customer experience, and their organizations and operating models are aligned to the customer value chain. Lastly, they have strategically invested in platform technology and analytics allowing them to be flexible, agile, automated, insights-driven, and seamless.
The time is now! This is your opportunity to strategically plan for and invest in initiatives that help strengthen and expand the emotional connection you have with your customers.

**YOUR CUSTOMERS ARE SAYING “KEEP ME!”**

The question is...Are you creating lasting and meaningful experiences that make them want to stay?
ABOUT ACCENTURE

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