consulting | technology | outsourcing

Promises, Promises: Easily Made, Easily Broken

What companies are saying versus actually doing—
and how customers are responding

High performance. Delivered.

Companies make promises to their customers throughout the relationship life cycle—from marketing through sales to service. These promises range from explicit pledges to deliver products and/or services in a certain timeframe, to more general statements to respond promptly to customer inquiries. In fact, promises are the foundation upon which a company's brand image and relationship with customers is built. Admittedly most companies make them in good faith to entice people to become customers—and convince them to remain so for the long term.

But in spite of companies' good intentions and plans to follow through, a recent Accenture survey finds that an alarmingly high number of customers believe that companies regularly fail to keep their promises. According to the Accenture Broken Promises survey, a high proportion of Americans (40 percent) say the companies with which they do business made a promise to them in the past year and failed to keep it. Equally surprising, more than one-half (54 percent) of customers report that companies have broken multiple promises, and believe they are often unaware that this is happening.

Findings like these lead to serious questions: What kind of promises are companies breaking? Which industries are most affected? Do broken promises raise customers' propensity to switch companies? More importantly, what can companies do to mend a customer relationship if a promise is broken? And what can they do to avoid broken promises altogether to maintain existing customers and drive new growth?

About the Accenture Broken Promises survey

Accenture conducted a research effort in 2012 to understand how American consumers feel about the promises their companies make, keep and sometimes break across three critical areas: product/service, customer service and contractual. Via an online survey, 3,032 adults of varying ages, incomes, educations and professions shared their views and experiences. This analysis sheds light on the biggest areas of concern for companies across multiple industries (travel and tourism, telecommunications, automotive, health care, consumer goods retailers, government agencies, retail banking/insurance, and gas and electric). It also recommends strategies that companies can adopt to help keep the promises they make.[1]

Complementary Accenture research efforts

The impetus for the Accenture Broken Promises survey came from a particular finding in the 2012 Accenture Global Consumer Pulse research related to the growing percentage of respondents who are dissatisfied when companies promise one thing but deliver another (see Figure 8). The Pulse survey is conducted annually across more than 12,000 consumers in 32 countries to measure consumer dynamics and changing buying behaviors. To further explore the broken promises phenomenon and help companies understand the impacts from a sales and service perspective, we commissioned the supplementary Broken Promises research effort.

In 2012, Accenture also conducted primary Customer Tolerance research to understand what level of service breaches customers will endure before their loyalty is irreparably damaged.[3] The goal is to help companies make better decisions about which service attributes to emphasize (e.g., first-call resolution, overall wait time, number of handoffs). To learn more, see How Data-Driven Insights Optimize the Service Experience.

Key findings

According to the survey, broken promises permeate customers' relationships with companies. Nearly three-quarters (70 percent) of respondents say a company promised them something in the past year, and upwards of 40 percent say that promises were broken. The most commonly cited promises pertain to on-time delivery of goods and services, followed by commitments to no hidden fees or costs. Slow response to customer problems and cumbersome service processes are additional areas of concern (see Figure 1).

Unfortunately, when a company is seen to break a promise, it tends to break more than one. Two out of three respondents say the same company broke their promise two times or more. If this happens, it appears that customers are more prone to see the company as a habitual promise-breaker. Indeed, people are much more likely to claim they encounter multiple broken promises than just a single instance (see Figure 2).

When a company breaks a product or service promise at any point in the customers' life cycle, the net effect can be cancelled orders, an upsurge in calls or chat requests, or other inquiries to customer service. This increases the demands on a service organization that is already struggling with its own set of promises.

Figure 1: Survey respondents say that companies have broken promises across a number of sales and service areas.

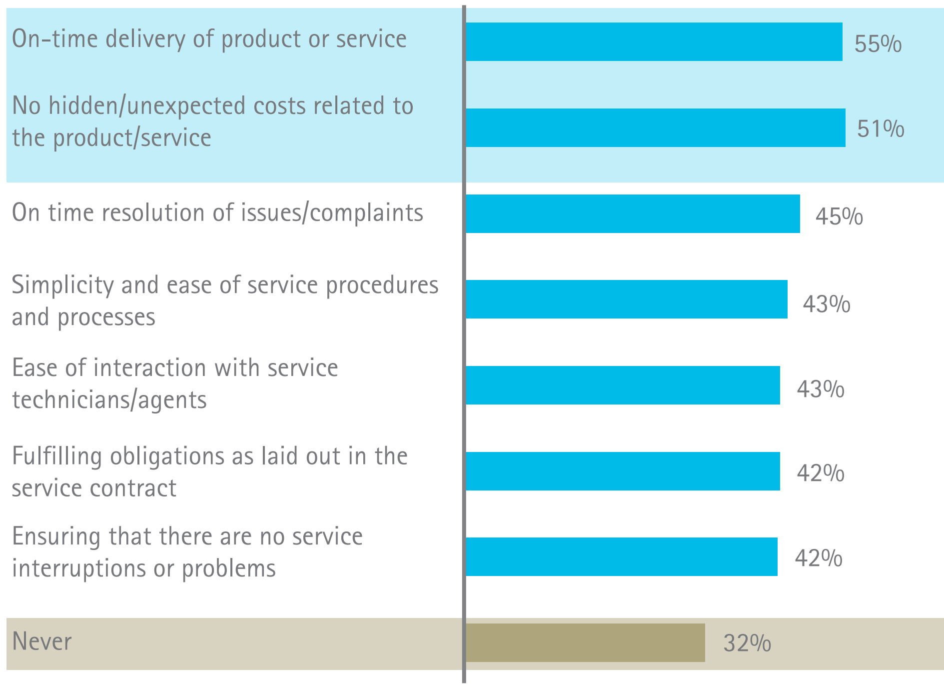
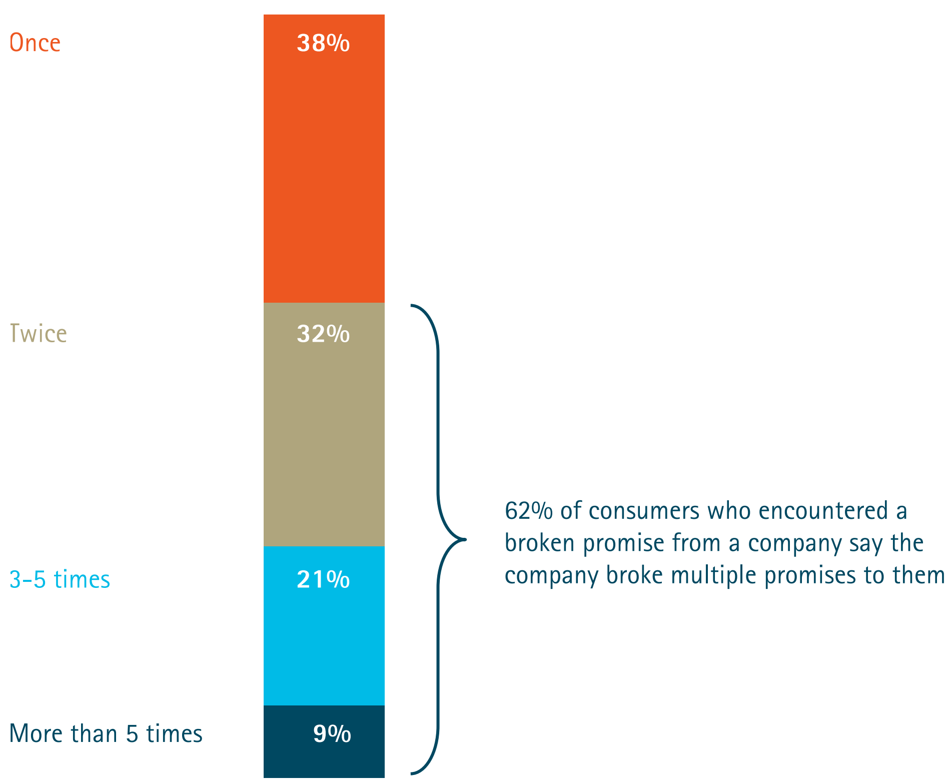


Figure 2: Customers believe companies tend to break more than one promise.

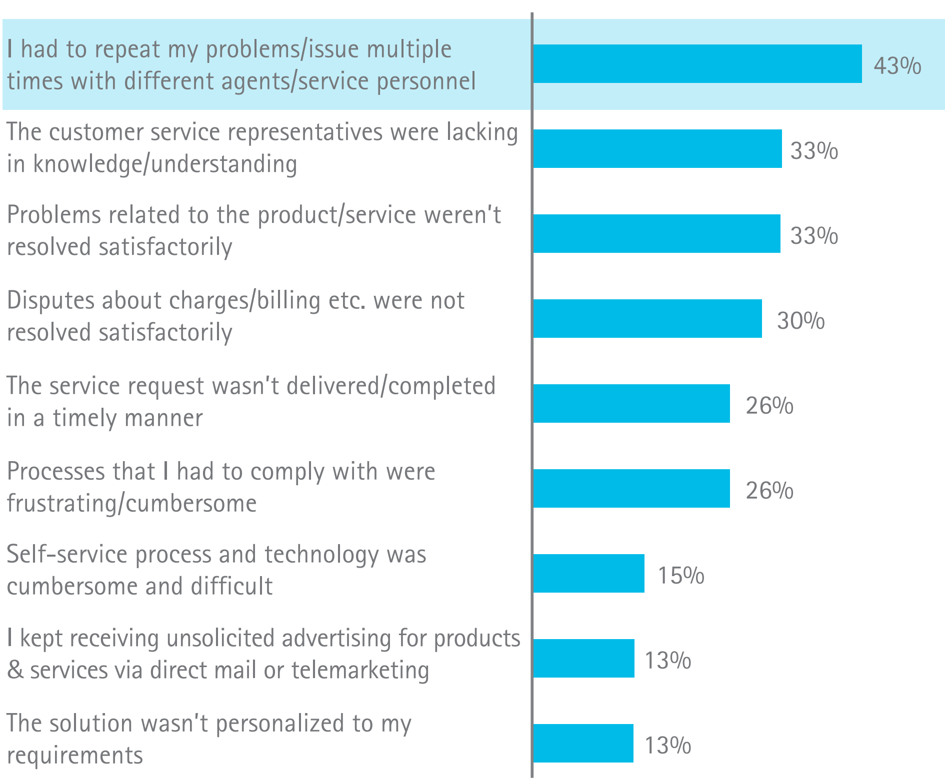


According to the survey, the top customer frustration for service has to do with repeating information about a problem to different agents, which can be a strong indication that the company is not listening or operating as promised. This is followed by issues like dealing with customer service agents who are not equipped with the knowledge they need to resolve issues, failing to fix problems with products and not adequately taking care of billing disputes—all of which further contribute to customers' feelings that promises are being carelessly broken (see Figure 3).

To close the loophole, customer service should work to identify the underlying root causes of product or service broken promises when they intercept customer inquiries and complaints, as well as a process to share that information with marketing and sales to more proactively address the causes in the future.

This concept of delivering a seamless experience is derived from Accenture's broader view into the rapidly changing world of consumers and the impact on their buying behaviors. Today's consumers are constantly on the go, well connected via technology and have increasingly higher expectations. As such, the buying process has changed from a linear and predictable approach to one that is dynamic, accessible and continuous—what we the non-stop customer experience. As a result, customers can more easily compare a company's promise versus delivery, as well as how the overall experience matches up to their expectations. This ability to compare is amplified through social media as customers' opinions about a company also can be influenced by how well the company is delivering on promises to other customers. For these reasons, keeping promises along the marketing, sales and service continuum matters greatly in terms of both customer retention and profitable growth.[2]

Figure 3: Customer service inefficiencies, such as repeating personal information to multiple agents, are key indicators of broken promises.



Industry-specific findings

As previously mentioned, 70 percent of respondents say they were made a promise by a company. And three-quarters of those customers cite a specific industry in which a promise was broken. Telecommunications companies are the most commonly mentioned, followed by consumer goods retailers, and retail banking or insurance providers (see Figure 4). However, when it comes to breaking multiple promises, healthcare and automotive companies were the dubious leaders. Clearly, customers' ability to recall specific instances of service failures is acute, and it affects their overall view of the company.

What is interesting, however, is the range of issues across industries that prompt feelings of broken promises. While the top offender across most industries is repeating the nature of a problem to multiple agents, the reasons differ greatly after that. For instance, customers express the highest amount of frustration with telecommunications companies that have unprepared customer service representatives, and with retail banking and insurance companies that fail to satisfactorily resolve problems with products or services. Likewise, customers cite discontent with government agencies that require them to jump through too many hoops, and with gas and electric utilities about disputes related to charges or billing (see Figure 5).

Figure 4: When it comes to broken promises, customers most frequently cited the telecommunications industry.

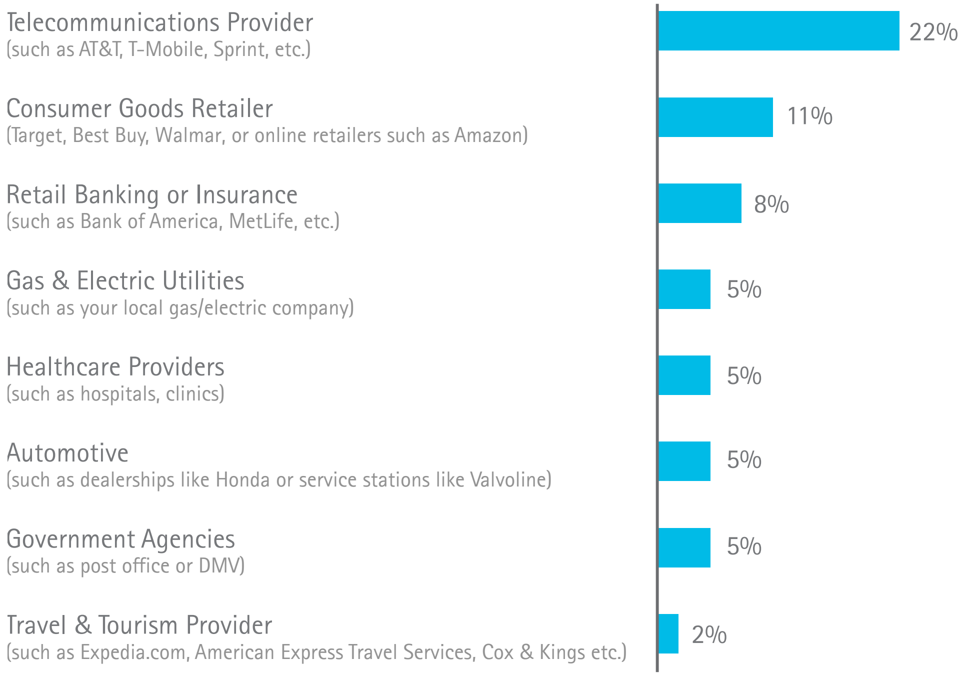
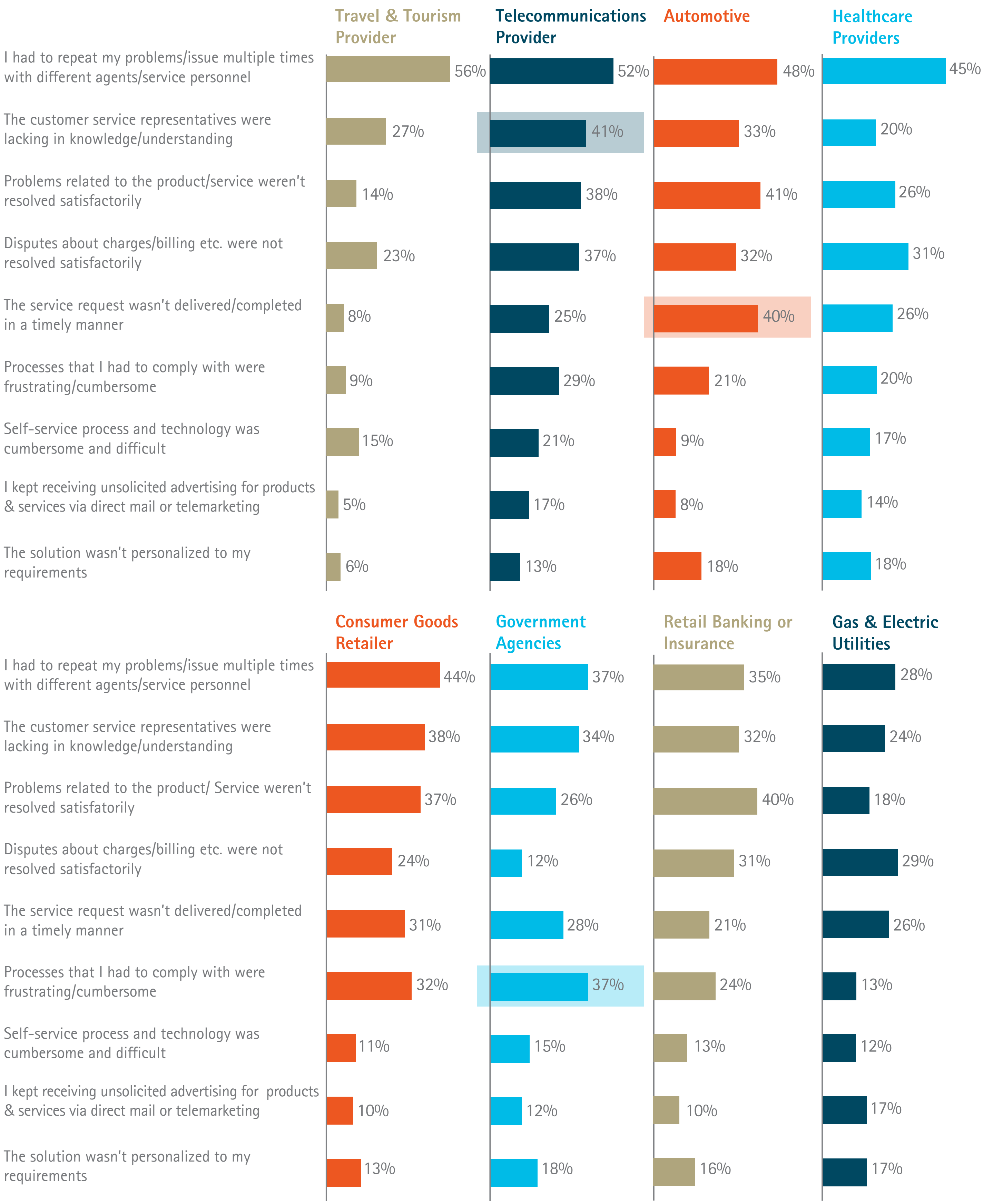
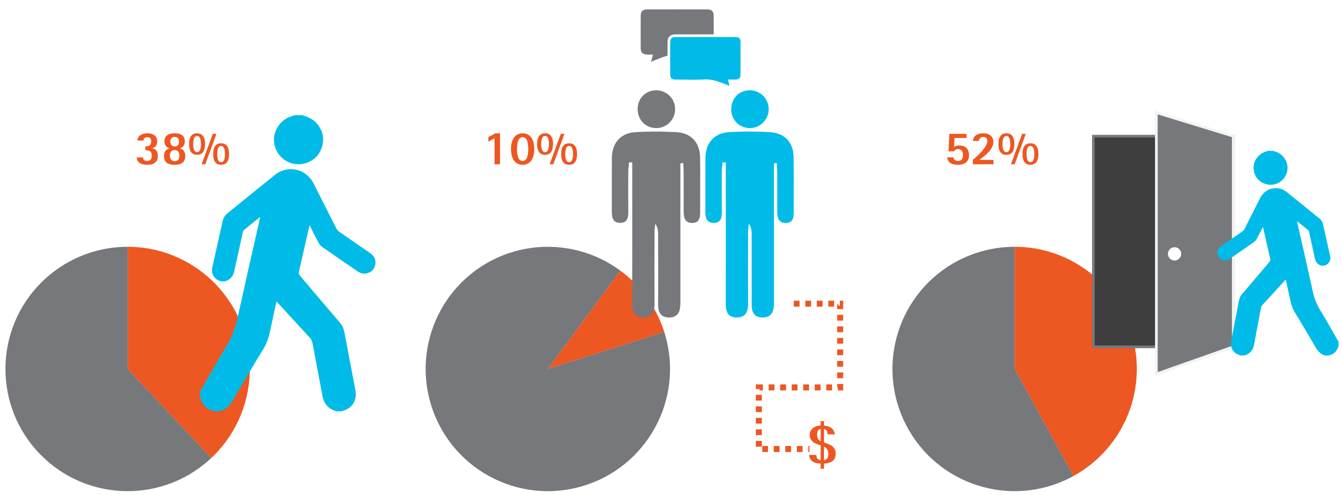


Figure 5: For the most part, the types of broken promises varied across industries.



The impact of broken promises

So why should companies care about broken promises? Most critically, they cause unneeded and undesired erosion of the customer base. According to the Broken Promises research, 90 percent of customers who encounter a broken promise ultimately switch companies or seriously consider doing so:



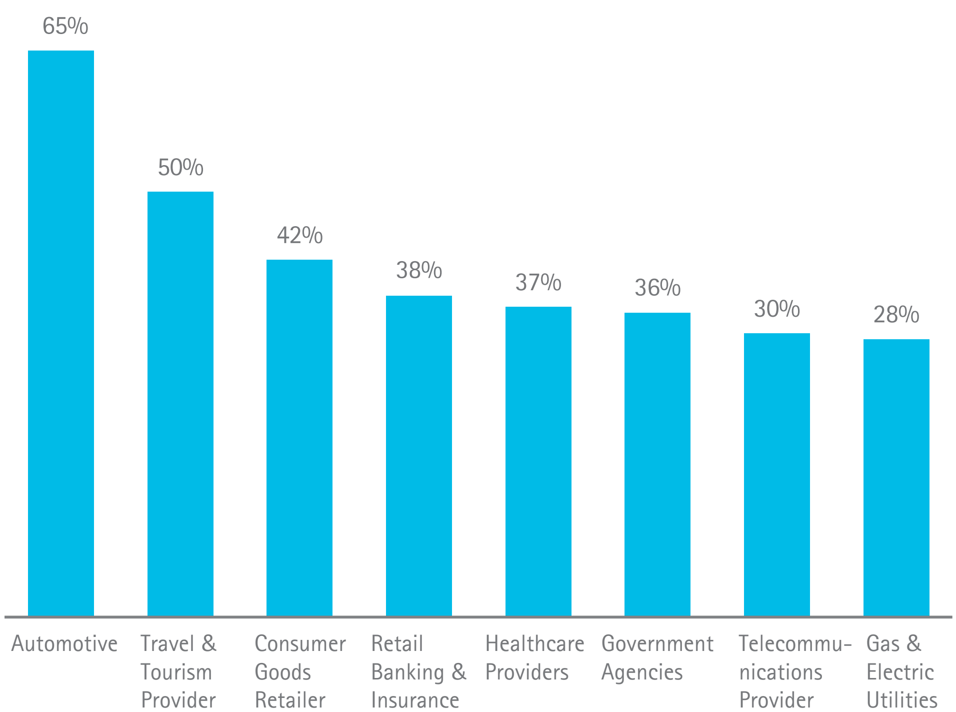
38% of those who experience a broken promise switch soon after.

Ten percent keep working with the company but move some of their spending to another company within the category.

Forty-two percent consider switching—opening the door to an eventual defection.

From an industry perspective, survey respondents are most likely to immediately switch companies in the automotive industry, followed by travel and tourism providers, and consumer goods retailers (see Figure 6).

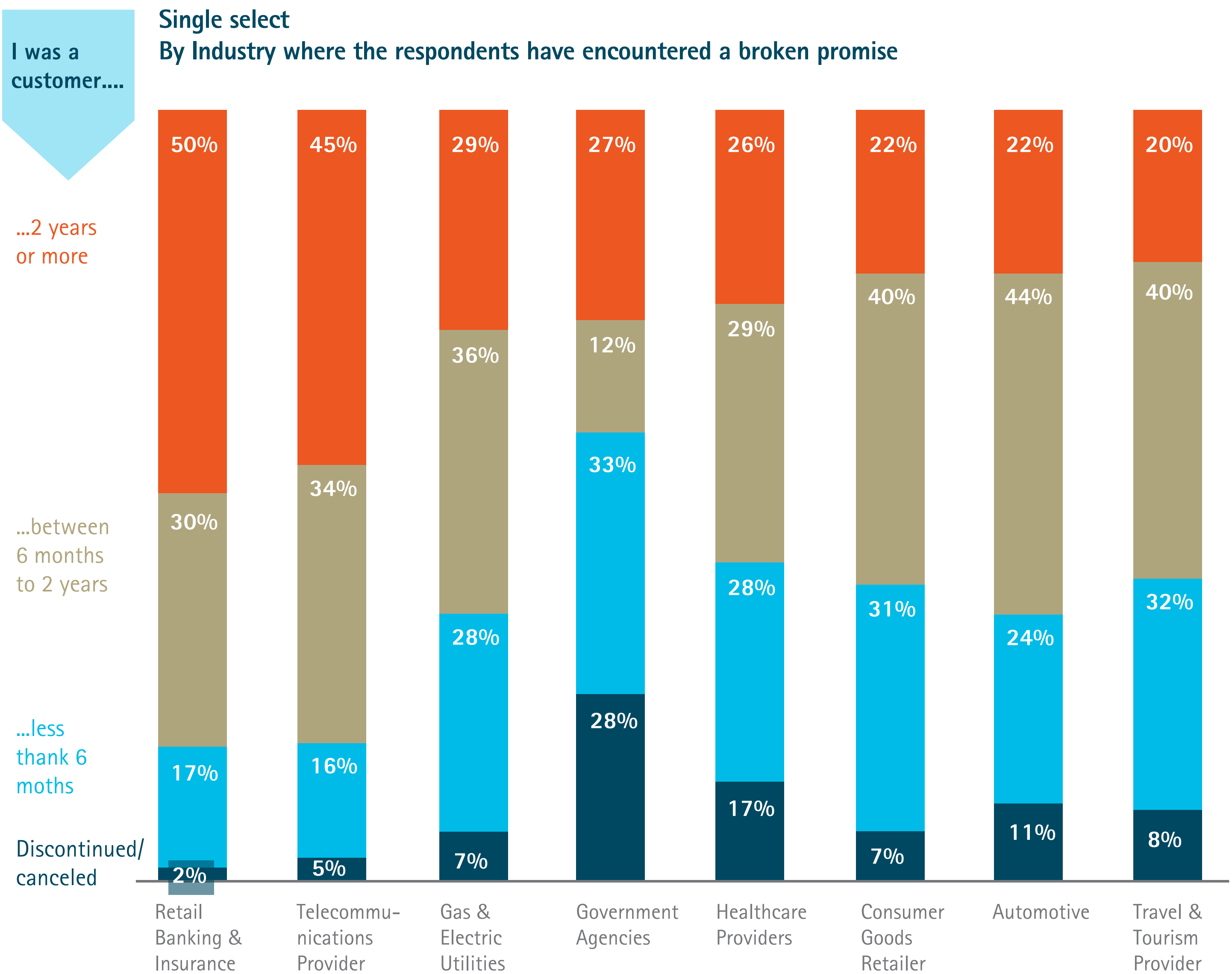
Figure 6: Percentage of survey respondents who encountered a broken promise and subsequently switched companies.



Interestingly enough, we see a wide variance across industries about the length of time customers stay with a company before switching (see Figure 7). Based on Accenture experience, we assert that loyalty is not a strong enough hold on customers if a promise is not kept. And we recommend that companies investigate why customers are defecting in these specific timeframes and prepare to counteract the potential churn.

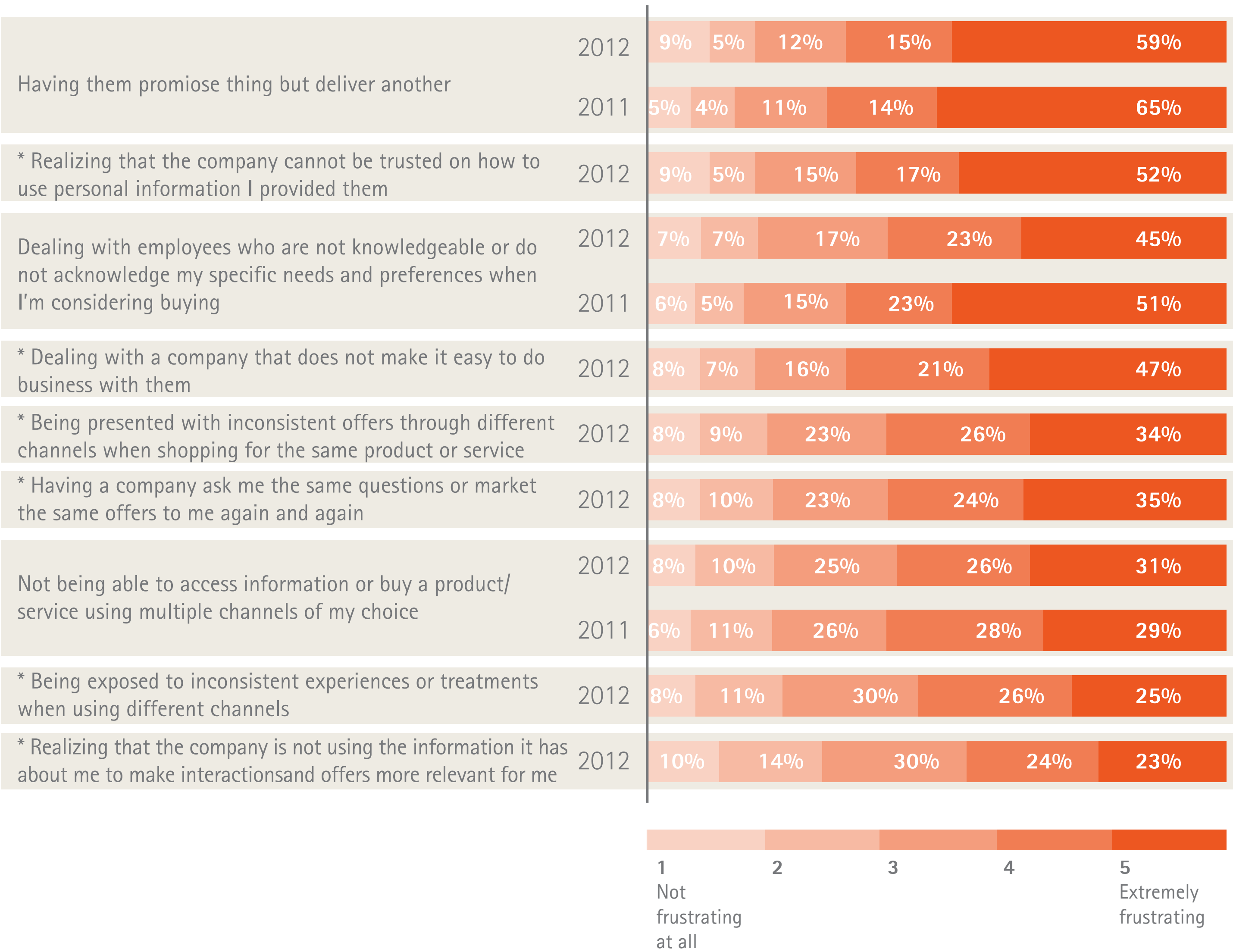
For example, as Figure 7 shows, retail banking and telecommunications companies are most apt to lose their longer-term customers over broken promises, with customers saying they had been with the companies for two years or more before they stopped using the services or products. Accenture concludes that the customers who do switch may do so because contracts expire, and it also is relatively easy to change companies in these highly competitive and regulated industries.

Figure 7: Length of time customers were with a company before they stopped using the products or services.



Taken as a whole, these findings indicate that customers are switching companies with great regularity, and virtually nothing contributes to dissatisfaction and switching more than the perception that companies have reneged on a promise. This finding is reinforced by the annual Accenture Global Consumer Pulse survey, which measures consumer dynamics and buying behaviors. Seventy-five percent of the 12,000+ respondents noted their frustration when companies fail to deliver—or deliver something different from what was promised (see Figure 8). Both are powerful incentives for customers to switch companies.

Figure 8: Accenture Global Consumer Pulse survey respondents' principal frustrations with respect to the prospecting/buying/service experience.



In addition, the connection between promises and churn is twofold. Customers defect due to breaches of promise, but they may also be drawn away by the promise of better offerings elsewhere—even if in reality the next company's capacity to keep its promises is just as poor. Either way, the real method for companies to differentiate themselves and retain customers is to fix promise breakpoints, and then work diligently to keep future promises.

Customer satisfaction is another cause and effect of the broken promises phenomenon. If considering the impact on a company's cost to serve, service breakdowns invariably raise interaction volumes across all channels and prolong these interactions with the company. In addition, they promote escalation, drawing supervisors or external parties into the fray. Disgruntled customers may even seek to contact top customer care executives through avenues like social media. All in all, companies that fail to keep their promises pay more to keep customers satisfied—if they keep their customers at all.

Yet another byproduct of broken promises relates to loss of revenue, including the ability to up-sell and cross-sell. Suspicious customers—even if they stay with a company—are less likely to respond to new revenue-enhancing offers. Bad experiences or interactions within one channel can also create losses in a different channel, which may impact revenue or induce a customer to make a partial switch to another company. For example, a customer who has a poor experience while depositing a check at a bank branch might subsequently cancel his credit card or line of credit with the bank. Cross-channel issues also affect cost to serve. An unproductive online care experience can result in a phone call to a customer service representative. All of this bogs down multiple company resources in handling one unhappy customer.

How to make and keep promises

Clearly, broken promises are common and have significant implications. For this reason, companies that become known as "promise keepers" hold a variety of trump cards, starting with enhancing their brand image. These companies are more likely to retain the customers they have and capture more new customers. Their costs to serve may be lower, and they are more likely to achieve better results with existing sales and marketing spend. They cultivate good public relations with various customer segments. And their customers are most likely high-value ambassadors for the company's products and services.

Here are some ways companies can become better promise makers and keepers:

Ace the basics: Strengthen the human performance model, align customer service processes and implement the appropriate enabling technology—all in support of the strategy to deliver the right customer experience by design. It is important to focus on the people and process components first, and then to select the technology that will deliver these; companies that get distracted by the newest "bright and shiny" technology platform will most likely fail to make a positive impact.

Suggestions for acing the basics include:

People: Starting with leadership and cascading down, build a service culture in which every customer service representative feels accountable for the customer experience. Make sure each individual understands what it means to embrace and deliver a service-focused response. Align performance measures and compensation to the service culture to drive the right behaviors.

Processes: Create a 360-degree view of each customer, augment it as customers share information, and use the insights to make every customer interaction easier and more relevant. Empower friendly, knowledgeable customer service representatives with the processes to resolve customer issues promptly and use appropriate offers to salvage the relationship if promises are broken. Provide an optimized mix of channels and confirm smooth consistent treatment across them, regardless of which service categories the customer chooses. Some customers are more digitally inclined, relying mostly on social media, mobile devices and online channels; others are more traditional, shopping in physical stores and preferring to speak directly with call center representatives.

Technology: Leverage technology to meet customers' expectations across multiple channels, from knowing who is contacting the company to request service, to transferring them to the right agent the first time.

If companies cannot improve performance in these rudimentary areas, it is unlikely they will get very far with other, more sophisticated initiatives.

Listen and take action: Right now, companies are talking to potentially thousands of their customers. One of two things is happening… either those interactions are enhancing their respective brands or diminishing them. Unfortunately, too many companies do not listen well. To counteract this, some companies use customer satisfaction surveys, although nowadays their life cycles may be too slow to prevent the disruptions that cause customers to defect. Increasingly, we see a cross-channel analytics approach being adopted: speech and text analytics in combination with social media monitoring tools (looking at customer satisfaction, not only brand perception) to enhance how companies are measuring the voice of the customer (VoC). Bottom line, companies should listen through comprehensive VoC practices and take action based on what they learn.

Part of listening's power is the PR value companies get from responding. People like feedback to their feedback—as long as the response addresses their problem directly, and is followed with a relevant and effective offer that a particular customer segment values. Based on our findings from the Accenture Customer Tolerance survey in 2012, offers might include discounts, fee waivers, special benefits, or other complementary products or services. The best recovery offers are customized to the service/product context and industry.

In addition to acknowledging customer input, it is important to do something with it. When companies fail to act on information, they are not only wasting money; they have set the expectation with the customer that they value feedback, but then disappoint by not doing anything in response.

Take advantage of analytics: New analytic techniques can help companies understand underlying customer intentions and suggest the next best action. Real-time decisioning or next-best-action capabilities analyze service patterns and recommend products, features or plans that may be both better for the customer and more profitable. For example, if a cellular customer regularly texts over a set threshold per month, the company could automatically offer an unlimited plan that would save money. This demonstrates use of customer insight to recommend the most relevant products and services to help customers. The more companies provide these types of value-added services, the more satisfied customers will become, and the more profitable the companies will be.

Recognize and reward customers: Although many companies offer loyalty programs and rewards, they may not always be enough to neutralize a broken promise. Many customers also believe that upticks in the amount of business they do with a company creates an implied promise that the company will somehow show its gratitude. Acknowledging small increases in a customer's business shows that a company is paying attention and monitoring it promise-keeping efforts.

In terms of rewards, it is important to provide a relevant offer that matches what particular customers expect for their loyalty. For some customers, this could mean awarding additional loyalty points or financial benefits. In other cases, premium or elite customers may be looking for tickets to special sports or music events, a personalized thank you letter, access to an early product release, or participation in a company's innovation process.

Align siloed departments: As part of the non-stop customer experience model mentioned above, the lines between marketing, sales and service must dissolve to help reduce churn and improve customer satisfaction. One of the key factors is to verify that the departments are aligned on and equally aware of the promises being made, since marketing or sales will likely imply promises that service has to keep, or vice versa.

Likewise, it is important to operationalize insights about customer segments and expectations. This could be accomplished in a number of ways. One option is to create a process for marketing to pass relevant customer information along to accelerate the sales cycle. Another multi-faceted option is to define specific treatment strategies for customer segments, train representatives on what the segments mean, equip them with access to the knowledge and workflow needed to provide quick and effective service, and finally measure the representatives on how well they serve assigned segments.

Accenture service strategy helps companies keep promises

Customer value is created or lost throughout the service life cycle. Accenture's five-part service strategy framework is vital as the core service-optimization sequence for companies to consider employing: 1. Identify and define the company's customer-service aspirations, capabilities and outcomes. 2. Figure out how to deliver on that vision. 3. Build the necessary execution capabilities. 4. Create the mechanisms to monitor how the company is doing and establish accountability. 5. Develop a program of continuous improvement.

The last item—a formal continuous improvement program—is particularly important because the better a customer is treated, the more he comes to expect. Plus, every interaction that a company has with its customer—every step in the continuum—affects the heath of the brand.

There are a number of promises that a company might be making—explicitly or implicitly—but failing to keep. Moreover, there is a significant cost to these realities.

Promise?	Reality?
Rapid problem resolution	Long issue resolution times via any channel (call, web, app)
Knowledgeable staff	Poorly trained and/or equipped customer service agents
Complete confidentiality	Customers feel they cannot trust a company with personal information because it might be sold to a third party
"We value your business"	Customers do not feel acknowledged or rewarded for high volumes of business
Easy to do business with	Contact and problem-resolution processes are cumbersome, drawn out or unclear
Ownership/accountability	Representatives do not or cannot complete the follow-up activities promised, causing repeat customer contacts and frustration

A promise is a promise

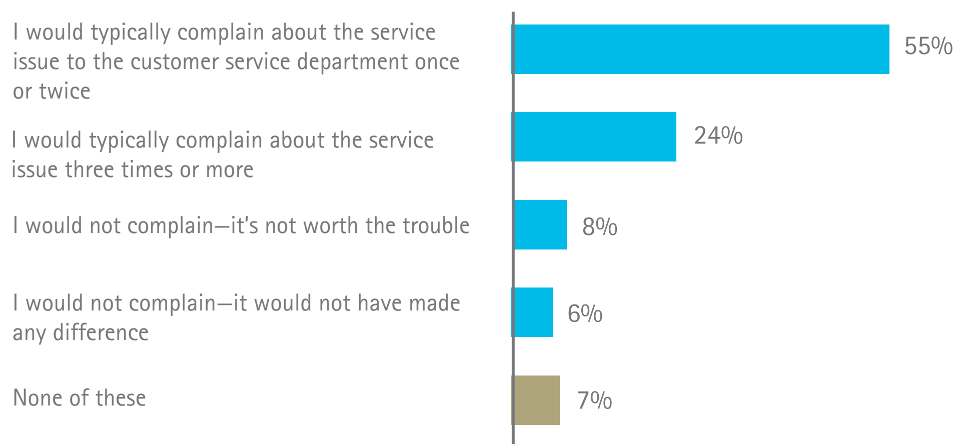
Clearly, the adage, "a promise must never be broken," has never been truer because nothing damages a company's standing with customers more than broken promises. Fortunately, most customers want to give organizations a chance to put things right. According to the survey, 79 percent of respondents will let a company know about their displeasure over a broken promise before deciding to switch. This gives companies a chance to prevent it (see Figure 9).

In the final analysis, the longer companies retain their customers, the less likely those customers are to switch companies, even when a broken promise has been encountered. In other words, the more companies keep their word, the more committed customers become.

Nevertheless, it is clear that a lot of customers are unhappy. In response to broken promises, some switch companies quickly; others simply begin the consideration process. The bottom line, however, is that switching is rarely the singular result of poor service. More often it is a function of myriad breakdowns that cross marketing, sales and service. Fixing these problems is not easy. But for most companies, figuring out what to promise, and then delivering on those commitments, is the right place to start.

In fact, it may be the one true way to keep customers satisfied.

Figure 9: Respondents who actually have experienced broken promises were asked "Which of the following actions would you likely take before making a decision to switch (or partially switch) to a new company?"



Authors

For more information about the Accenture Broken Promises results and implications for your sales and service organizations, please contact:

Dwayne Norton
dwayne.e.norton@accenture.com

Stephanie Helland
stephanie.a.helland@accenture.com

Greg Nye
gregory.s.nye@accenture.com

James McLaren
james.mclaren@accenture.com

References

1 Accenture Broken Promises survey, 2012

2 Accenture Global Consumer Pulse research, 2012

3 Accenture Customer Tolerance research, 2012

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 266,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

About Sales & Customer Service (CRM)

Sales & Customer Services (CRM) helps companies acquire, develop and retain more profitable customer relationships. We offer a broad range of innovative capabilities that address every aspect of the customer experience, including pricing strategy and profitability assessment, customer analytics, direct and indirect sales force execution, customer service, field support, customer contact operations, and retail/branch operations. We use these combinations of skills to help our clients accelerate growth, improve sales productivity and reduce customer-care costs—helping increase the value of their customer relationships and enhancing the economic value of their brands.