

I'm Taking My Business Elsewhere

A new survey indicates that despite the steady growth of CRM, customer service is still a weak point that drives consumers to competitors; retail leads the poor-service pack.

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U.S. consumers are sick and tired of poor customer service, and they're taking their business elsewhere because of it. According to a new study by Accenture, poor customer service has caused nearly half of U.S. consumers to switch service providers over the past year. Forty-seven percent of the 1,000 U.S. consumers Accenture surveyed have stopped doing business with a company within the past year, despite continued investment in CRM technology by U.S. industries.

The Accenture survey covered a wide range of industries, including retail, ISPs, banks, telecom service providers, wireless/cell phone companies, cable/satellite TV providers, hotels, airlines, and insurance, and utility companies.

Retailers caught the most flak from customers, with 18 percent of respondents reporting they have halted business with a specific retailer due to poor service. Internet service providers followed retailers (15 percent), then banks (14 percent), telephone service providers (12 percent), wireless/cell phone companies (11 percent), and cable/satellite TV service providers (10 percent). Insurance and utility companies suffered the fewest customer defections just 3 percent of respondents.

These poor customer service numbers come during a period when investments in CRM technology are at an all time high. Despite the continued development and use of automated phone services, such as IVR, only 15 percent of respondents said they were satisfied or very satisfied with these self service options. By contrast, six out of 10 said they were satisfied with personal services, followed by 57 percent who responded similarly about live phone service, as did 40 percent of consumers regarding email services and 31 percent about the use of online chat.

The survey also identified different reactions to customer service based on gender and age. Overall, younger consumers--those under the age of 40--are the least likely to be loyal and more likely than those over the age of 55 to switch companies. Besides age, women are more likely than men to ask to speak with a supervisor when dealing with a bad customer service experience over the phone, while men are more likely to simply hang up and call back. Women are more likely than men to complain about repeating their information to multiple service representatives (75 percent vs. 64 percent). More women than men also said a CSR's manner and approach is important

(30 percent vs. 23 percent).

"There are vast differences between ages and genders that companies have to realize," says Robert Wollan, global managing partner of the customer contact transformation practice at Accenture. He says that often, companies will focus their CRM initiatives around a single customer experience within a single channel--good for some, but, "That [strategy] might not be perfect for everybody."

To rectify these problems, Wollan says the next wave of CRM investments will be driven not by the "need to have," such as in the late 1990s, or by the "need to cut costs," as in 2000, but by a need to improve the customer experience by adjusting to their interactions and demands. "Companies will focus on translating their existing service technology investments into satisfying experiences that keep customers coming back."