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2011 Customer Experience Impact Report

Getting to the Heart of the Consumer and Brand Relationship

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Today, consumers call the shots. With globalization and the internet providing nearly unlimited choices, power has shifted from corporations to consumers. This shift makes it nearly impossible for companies to sustain differentiation based solely on price or product. The only option that remains is the customer experience.

Consumers want personal and engaging experiences that develop into relationships. Much like the trials and rewards of personal relationships, when done right, brand relationships can grow into lifetime commitments. When done wrong, they can lead to painful breakups.

The 2011 Customer Experience Impact (CEI) Report explores the relationship between consumers and brands. Based on a survey* commissioned by RightNow (acquired by Oracle in March 2012) and conducted by Harris Interactive, the report reveals facts about what consumers are looking for from a brand, how quickly they will dump a favorite brand, and their tendency to seek retribution after a breakup. It also showed the following:

- 86 percent of consumers will pay more for a better customer experience.

- 89 percent of consumers began doing business with a competitor following a poor customer experience.

- 79 percent of consumers who shared complaints about poor customer experience online had their complaints ignored.

- 50 percent of consumers give a brand only one week to respond to a question before they stop doing business with them.

Courting the Customer

Why Consumers Commit to a Brand

When it comes to consumer expectations for great experiences, there are several tactics a brand can use to woo a customer. What makes a memorable experience that causes consumers to stick with a brand? According to the CEI survey, consumers want

- Friendly employees or customer service representatives (73 percent)
- The ability to easily find the information or help they need (55 percent)
- Personalized experiences (36 percent)
- Brands with a good reputation (33 percent)

Based on the survey responses, hiring and empowering the right staff is the most critical element to successfully courting consumers. Next, brands must ensure easy access to information and support. Brands also need to create personalized experiences; this includes knowing what customers have bought in the past and service issues they've raised, as well as sending appropriate, timely, and useful updates.

Loyalty Pays

Brands Benefit When Consumers Are Happy

Positive engagements create long-standing, loyal relationships, and this is so important to consumers that they are willing to pay for it. In fact, according to the CEI survey, 86 percent of consumers will pay more for a better customer experience.

Not just single organizations, but entire industries, stand to benefit and gain significant revenue by improving the customer experience. For example, by ensuring great customer experiences, the United States airline industry could have made an additional US$8.94 billion in 2010.[1] Wireless carriers could earn an additional US$14.65 billion each year through better customer experiences.[2]

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[1] Calculated based on the following data:

- Air Transport Association's average round-trip amount paid by domestic passengers, including the fare and any reservation change fees or baggage fees in 2010, equals US$337.97.
- Bureau of Transportation Statistics' number of 2010 passengers for U.S. flights on domestic airlines is 629.5 million.
- The 5 percent extra that consumers would pay for a better experience (US$16.90) on an average fare multiplied by 84 percent of the number of passengers on domestic airlines (528,780,000) equals US$8,936,382,000.

[2] Calculated based on the following data:

- The CTIA estimates that at the end of 2010, the U.S. had some 302.9 million mobile subscribers.
- JD Power estimates the average annual wireless phone bill to be US$1,152—5 percent of this is US$57.60.
- If 84 percent of all American subscribers (254,436,000) each paid an additional 5 percent (US$57.60) per year on an average bill, this amounts to US$14,655,513,600.

Breaking Up *Isn't* Hard to Do

When Expectations Are Not Met, Brands Get Dumped

With only 1 percent of consumers feeling that their expectations for a good customer experience are always met, it is easy to see why the relationship between brands and consumers often flames out. Poor experiences are due to unmet expectations, leading consumers to take their business elsewhere.

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Nothing Worse than a Consumer Scorned

They Tell Their Facebook Friends and Twitter Followers

After a poor customer experience, more than a quarter of consumers (26 percent) posted a negative comment on a social networking site like Facebook or Twitter for hundreds—even thousands—of their friends and followers to see. According to the CEI survey:

- 79 percent of consumers who shared complaints about poor customer experience online had their complaints ignored.

- Of the 21 percent who did get responses to complaints, more than half had positive reactions to the same company about which they were previously complaining.

A simple response can make a tremendous difference. By acknowledging complaints, organizations stand to win back frustrated customers. In the instances when an organization responded to a customer's negative comment, here's what happened:

- 46 percent of consumers were pleased.

- 22 percent posted a positive comment about the organization.

Keeping the Relationship Alive

How to Meet Consumer Expectations for Great Customer Experiences

For consumer organizations today, good customer experience is a competitive imperative. Understanding what customers want is the first step in creating exceptional experiences. When asked specifically how companies can better engage with consumers to spend more, respondents said the following:

- Improve the overall customer experience (54 percent).
- Make it easy to ask questions and access information before making a purchase (52 percent).
- Improve search functionality and overall Website usability (36 percent).

A Roadmap for Success

The CEI survey revealed several areas where brands have fallen short. Other consumer organizations can learn from these blunders:

- **Pick up the phone.** 58 percent of consumers noted that their expectations were not met because a company was unavailable by phone and e-mail.
- **Shake a leg.** 56 percent said companies are slow to resolve issues.
- **Get a clue.** 57 percent said companies are clueless; it sometimes feels like the consumer knows more about the company than the customer service agent.
- **Be friendly.** 51 percent said companies are impersonal; sometimes they can't even get the customer's name right.
- **Know your customer's interaction history.** 34 percent said companies are forgetful; they don't even remember a customer who has recently talked to a customer service agent.
- **Get social.** 16 percent said companies are antisocial; they are nowhere to be found on social networking sites.

As in years past, the CEI Report continues to indicate that exceptional customer experiences are essential to any consumer organization that needs to grow and sustain competitive differentiation in today's market. If brands deliver the experiences consumers want, consumers will reciprocate with long-lasting, fruitful relationships.

QUICK FACT

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