



Customer Experience Report **NORTH AMERICA** **2010**

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When you have a bad experience, you don't go back.

This has been a mainstay result from the Customer Experience Impact Report (CEI). The fifth annual report cited that 82% of consumers have stopped doing business with a company as a result of a negative experience. What is different from years past is that companies now understand this phenomenon and have seen the impact that a negative experience can have on its reputation and bottom line (heard of “[United Breaks Guitars](#)” anyone?). Companies invest in customer service to avoid bad experiences, but what is the impact of a positive one?

The 2010 Customer Experience Impact Report, commissioned by RightNow and conducted by Harris Interactive®, unveiled some significant results on how much consumers are willing to spend to ensure a superior customer experience and the overall influence customer experience has on a company's top and bottom line.

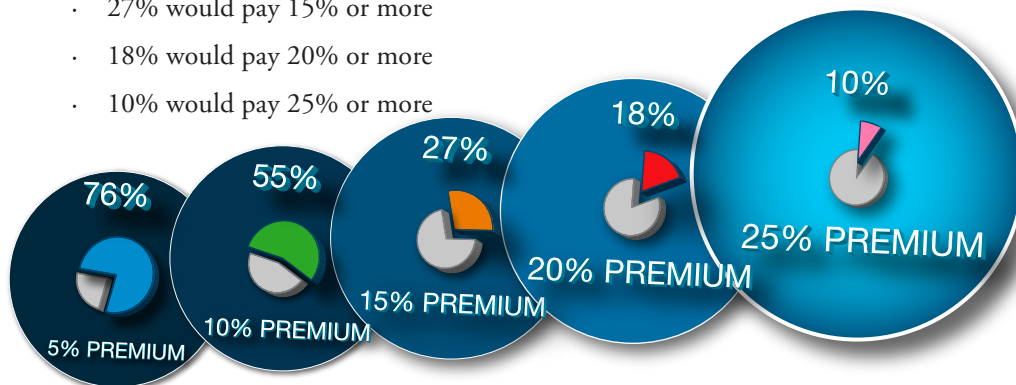
CONSUMERS WILL PAY MORE FOR A GREAT CUSTOMER EXPERIENCE

Coming out of a recession, consumers are being more thoughtful about how they are spending their money; however, research shows that a *great experience not only influences where they chose to buy...*

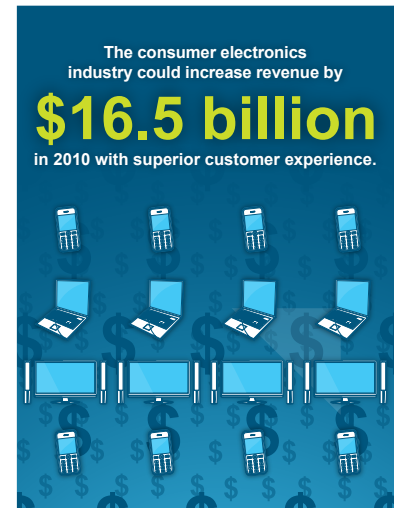
- 55% became a customer of a company because of their reputation for great customer service
- 40% began purchasing from a competitive brand simply because of their reputation for great customer service

...but also how much they chose to spend! 85% of consumers said they would be willing to pay more over the standard price in order to ensure a superior customer experience.

- 76% would pay 5% or more
- 55% would pay 10% or more
- 27% would pay 15% or more
- 18% would pay 20% or more
- 10% would pay 25% or more



And these numbers stack up to make quite an impact. For example, the US airline industry could make an additional \$10.6 billion in revenue this year if they could guarantee a superior customer experience¹. That is more than five times the predicted deficit that plagues the industry today. In an industry that is struggling to recover, customer service could have a very positive influence on individual airlines and the industry as a whole.



WORD OF MOUTH IS MIGHTIER THAN THE SWORD

Consumers aren't only demonstrating their power with their wallets, but they are influencing those around them as well. Whether a consumer has a positive or negative experience, their friends, family, colleagues and networks are sure to hear about it and what they are saying carries weight.

Customer service is the most influential thing a company can do to increase customer advocacy. 55% (up from 53% in 2009) of consumers recommend a company because of its customer service, compared to products at 49% and price at 42%.

But those who have issues are also voicing their opinions and it can have a severe impact on a company's reputation and ultimately bottom line. Imagine the result of 66% of a company's frustrated customers on a mission to discourage others from buying from that company. Consumers aren't just complaining when something goes wrong, they are determined to have their presence felt by the company at fault:

- 79% of consumers that had a negative experience with a company told others about it
- 97% used word of mouth as their preferred method to share their experience

FAST FACT

55%

of consumers recommend a company because of its customer service

FAST FACT

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of consumers that had a negative experience with a company told others about it

¹ These calculations were done by RightNow based on the results from Harris Survey and predicted US Airline revenue for 2010 by the Bureau of Transportation Statics

The biggest reason for telling others?

- 85% wanted to warn others about the pitfalls of doing business with that company
- 66% wanted to discourage others from buying from that company
- 55% wanted to vent anger or disappointment
- 24% wanted to see if the company would take action to resolve their issue

However, all hope isn't lost if a company makes a misstep. In today's transparent environment, owning up to your mistake and taking action yields positive results.

92% of consumers said they would be willing to go back to a company after a negative experience if they

- Received a follow up apology/correction from a supervisor/head office (63%)
- Were offered a discount (52%)
- Or were offered proof of enhanced customer service (49%)

CUSTOMER SERVICE, THE SECRET WEAPON FOR DRIVING REVENUE

Companies spend billions on advertising and marketing, yet word of mouth remains the most powerful vehicle for influencing one's purchasing decisions. 76% of consumers said word of mouth most influenced their purchasing decisions, followed by customer reviews and online feedback at 49%, product review web sites at 41%, magazine articles at 23% and reputation on social networking sites like Facebook, Twitter and Youtube at 7%.

It's apparent that consumers are listening to what their friends are saying and it is influencing what and where they buy. The results beg the question of the impact companies could have on their bottom line if they prioritized customer experience investments above traditional sales and marketing spend.

When asked how companies can encourage consumers to spend more,

- 66% said improved customer service
- 61% said accessible information and availability for questions before making a purchase
- 23% said a tailored shopping experience

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FAST FACT

66%

of consumers said improved customer service would encourage increased spending

WHAT MAKES A GREAT EXPERIENCE?

Consumer expectations continue to rise, but their requests are reasonable and within reach. Put simply, consumers want easily accessible, accurate information to make well informed buying decisions. And they want to be respected, treated well, and have their issues resolved in a timely fashion.

Of those who decided to stop doing business with an organization,

- 73% was a reaction to rude staff
- 51% reacted to unknowledgeable staff
- 55% were because of issues that weren't resolved in a timely manner

Consumers expect to be able to engage with companies via several channels at their convenience. Most preferred engaging with a live phone agent at 77% or via email at 61%.

! And when they reach out, they would prefer a response—58% of respondents would like the company to respond if they left a comment on a social networking site like Facebook or Twitter.

- 42% expect a response within a day
- 39% within a week
- 7% within an hour
- 2% within a minute

! **But** only 22% of those who actually did leave a comment on a social networking site got a response.

Overall, this year's findings conclude that the impact of a customer's experience, whether positive or negative, can have a lasting affect on a company's brand and top and bottom line. Great customer service is no longer a "nice to have," but a critical component to the success of any business.

FAST FACT

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ABOUT RIGHTNOW

RightNow is helping rid the world of bad experiences one consumer interaction at a time, eight million times a day. RightNow CX, the customer experience suite, helps organizations deliver exceptional customer experiences across the web, social networks and contact centers, all delivered via the cloud. With more than ten billion customer interactions delivered, RightNow is the customer experience fabric for nearly 2000 organizations around the globe. To learn more about RightNow, go to www.rightnow.com.

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METHODOLOGY

This survey was conducted online within the United States between June 30-July 2, 2010 among 2,217 adults (aged 18 and over) by Harris Interactive on behalf of RightNow Technologies via its Quick Query omnibus product. 2009 data was collected online within the United States between September 11-15, 2009 among 2,295 adults. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Where appropriate, this data were also weighted to reflect the composition of the adult online population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the adult population. Because the sample is based on those who agreed to participate in the Harris Interactive panel, no estimates of theoretical sampling error can be calculated.