5 Ways **"Good Enough"** Customer Experiences Can Hurt Your Business

Why now is the time to invest in retaining your most loyal customers
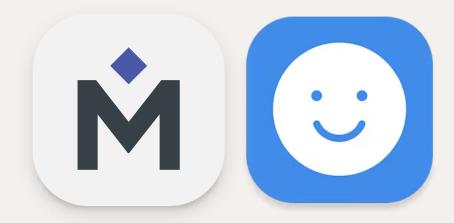
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When margins are tight and every penny counts, there's one tried-and-true growth strategy that businesses can leverage:

The loyalty and repeat business of current customers.

Customer experience is a complex web that connects every digital and human interaction with your company. But when customer experience isn't well-analyzed and prioritized, big problems that damage customer retention can go unnoticed and unaddressed. Instead of chasing after new customers, businesses that invest in improving customer experience can nurture their loyal base while finding new ways to elevate operations, innovate products, create an empowering workplace, and grow sales.

Are you operating with a customer experience status quo mindset? Here are five reasons "good enough" customer experience can hold your business back and how you can instead build customer-centric excellence throughout your organization.

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Limiting factor #1
Disjointed service experiences disappoint customers

Convenience is a key priority for customers, and innovations in buying experiences and customer service communication channels show that businesses are listening. However, with every new method of buying or seeking support comes the challenge of disjointed experiences.

The rise of convenience for B2C and B2B customers has led to a rise in complexity for the companies managing all of these channels. Siloed experiences can lead to recurring customer experience issues that aren't elevated to the right team for a fix, or send customers on labyrinthine service quests across multiple departments.

60% of customers say it often feels like they're communicating with separate departments, not one company.[1]

83% of customers expect to solve complex problems by speaking to one person, but 53% say most support interactions are fragmented.[2]

[1] Salesforce, State of the Connected Consumer, 5th edition, 2022
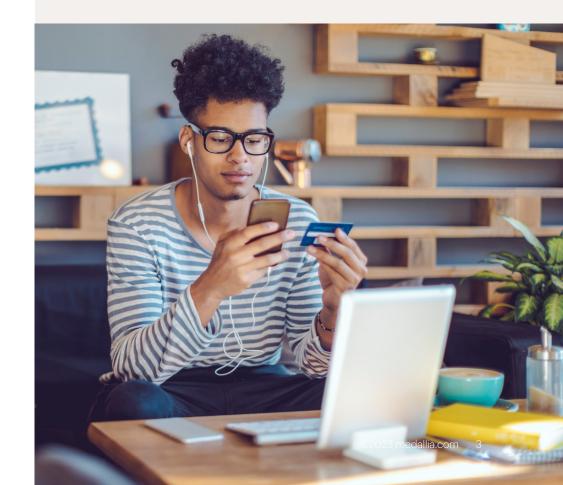[2] ibid
[3] ibid

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The fix

To reduce frustrating and growth-limiting customer experience silos, organizations must empower teams across the organization with accessible, actionable analytics that help them spot and solve friction in the customer experience.

83% of customers say they're more loyal to companies that provide consistency across departments.[3]

Limiting factor #2
New customer acquisition draws resources away from retention efforts

Particularly during economic downturns, it's imperative to drive the most value from every resource you have on hand and every dollar you invest into operations and growth.

With the cost of acquiring new customers on the rise, it makes more sense to approach growth with a resourceful and prudent mindset. Every dollar and hour of labor you invest in attracting new customers is money and time that could be spent on efforts to improve customer experience, which pays dividends in repeat sales and operational efficiencies that will serve the business today and well into the future. Plus, you can leverage what you already have: loyal customers and eager employees who are ready to be empowered to delight customers.

222% In 2013, merchants lost on average $9 for every new customer acquired, but today merchants lose $29, a 222% rise.[4]

36% In 2013, a repeat sale generated $28 for merchants on average; today, this has increased to $39 — an increase of 36%.[5]

[4] SimplicityDX, The State of Social Commerce, 2022
[5] ibid
[6] Salesforce, State of the Connected Consumer, 5th edition, 2022
[7] ibid

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The fix

Invest in customer experience technology with a good ROI to drive value from the building blocks that you've already got — unmined, unstructured, and siloed customer experience data and the frontline wisdom of your employees.

94% of customers say a positive customer service experience makes them more likely to purchase again.[6]

80% of customers say they'll forgive a company for a mistake after receiving excellent customer service.[7]

Limiting factor #3
Customers drop your brand due to poor customer experience

Consumers have an emotional connection to their favorite brands, and when they have a poor experience, it can feel like a personal betrayal. And in inflationary times, when budgets are tight and myriad competitors exist, few will stick around after receiving poor service, a delayed shipment, a customer service runaround, or a flawed product — especially when it happens more than once.

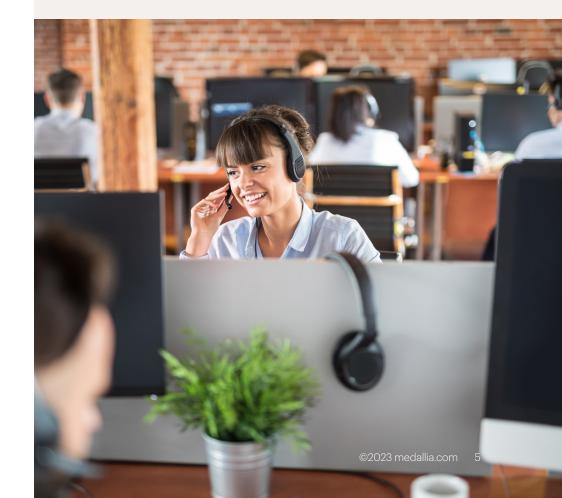**62%** of customers feel an emotional connection to the brands they buy from most.

71% of consumers have switched brands at least once in the last year, with 48% doing so due to customer service.[8]

[8] ibid
[9] ibid

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The fix

By demolishing silos and improving customer experience holistically to provide convenient, friendly, and reliable experiences, you can tap into your customers' natural instincts for staying true to their favorite businesses.

96% of customers say excellent customer service builds trust.[9]

Limiting factor #4
Negative reviews have an outsized effect

We've all sought out one-star reviews for a product, app, or restaurant. When flooded with options, it's easier to narrow our buying choices by learning what went wrong (and *how* wrong) than to differentiate products, services, and businesses by their positive aspects. In this way, a few negative reviews can have far more impact than dozens of great reviews. And according to PowerReviews, ranking and reviews are the most important factors impacting purchase decisions — above price, free shipping, brand, and personal recommendations.[10]

99.9% of consumers say they read reviews when shopping online at least sometimes.[11]

57% of consumers read reviews while shopping in physical stores.[12]

96% of consumers specifically look for negative reviews at least sometimes, and half (52%) specifically seek out one-star reviews.[13]

[10] PowerReviews, Survey: The Ever-Growing Power of Reviews, 2021
[11] ibid
[12] ibid
[13] ibid
[14] Salesforce, State of the Connected Consumer, 4th edition, 2021
[15] PowerReviews, "What Motivates Shoppers to Write Reviews in 2023?," 2023

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The fix

While you can't jump into a time machine to prevent past negative reviews, you can use customer experience technology to analyze them to identify weak spots, prioritize fixes, and improve your future rankings. At the same time, a customer experience platform that can automate interactions can encourage happy customers to leave positive reviews.

82% of customers have recommended a company based on excellent customer service.[14]

92% of consumers say a great experience would motivate them to leave a review.[15]

Limiting factor #5
Companies with poor customer experience miss out on growth opportunities

Beyond the more obvious consequences of poor customer experience — damaged customer loyalty, bad word of mouth, poor reviews — there are deep opportunity losses associated with not moving to a customer-centric operational model. Companies that go all in on customer experience improvements by investing time and tech funds, prioritizing cultural change, and working to eliminate customer experience silos see higher growth.

26x — Customer experience leaders are 26x more likely than laggards to experience revenue growth of 20%+ over the past fiscal year.[16]

2.8x — Customer experience leaders are 2.8x more likely than laggards to meet financial targets and be viewed as a great place to work.[17]
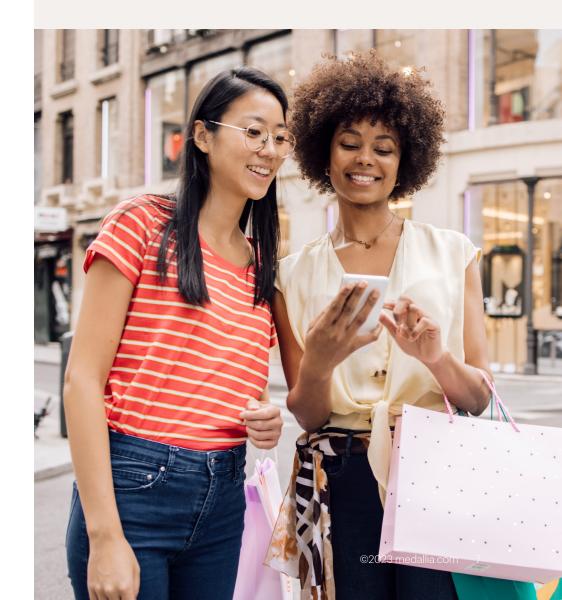
10x+ — Companies that involve their service organization in the development of new products see 10x+ higher revenue growth.[18]

[16] Medallia, Uncovering the Secrets Behind a Successful Customer Experience Program, 2022
[17] ibid
[18] Accenture, End-to-Endless Customer Service, 2022

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The fix

Becoming a customer-centric organization that leads, rather than lags, on customer experience requires the type of institutional transformation that starts with leadership. To upend the status quo, investments must be prioritized, silos dismantled, and every employee empowered.

8 ways to move from status quo to customer experience leader

Organizations that lead in customer experience and see growth from repeat customers are able to innovate and transform experiences by:

01 Capturing more customer signals, such as customer service calls, chat logs, external reviews, and social media mentions

02 Analyzing customer data more deeply and more often

03 Democratizing role-relevant customer experience data and empowering employees to take action

04 Eliminating silos between digital and human interactions for consistent experiences

05 Using customer feedback to fuel product innovation

06 Automating personalized experiences, frequent direct engagements, multiple feedback loops, and quick responses

07 Having clear internal accountability for customer-centric objectives

08 Providing easy ways for employees to contribute ideas

2-3x Customer experience leaders plan to invest 2-3x as much in customer-related technology across the board compared to laggards.[19]

2x Leaders are twice as likely to have clear internal accountability for customer experience improvements and have a process for employees to share ideas.[20]

[19] Medallia, Uncovering the Secrets Behind a Successful Customer Experience Program, 2022
[20] ibid
[21] IDC and Medallia, The Business Value of Medallia Experience Cloud, 2021

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Don't accept the status quo. Become a customer-centric leader.

Medallia can provide the customer experience management technology foundation that will help your company drive customer retention, build repeat sales, and become a customer experience leader. With Medallia's customer experience management platform, you can achieve up to **$27.39m in value and an ROI of 732% over three years.**[21]

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