



# Setting the Standard in CX for B2B

Key practices that distinguish leading companies from laggards

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## Key insights

Recent research – including from [Accenture](#) and [Medallia](#) – has highlighted the central role of customer experience (CX) as a top business concern for B2B companies. But while B2B leaders believe that providing excellent CX is crucial to their ability to grow and to sustain strong financial performance, achieving it is complex. Customer experience in B2B organizations often involves diverse stakeholders to satisfy, customized and highly technical products and services to deliver, and long time horizons.

Some B2B organizations are navigating these challenges with great success, while others remain far behind. Based on a recent survey of US-based B2B professionals whose companies collect and use customer feedback, Medallia identified three groups according to the results of their CX programs: leaders, followers, and laggards. By analyzing variation in the scope and mechanics of their CX initiatives, we uncovered three key practices that most clearly differentiate the leaders from the rest of the pack:

- **Leaders leverage digital listening channels and focus on the digital experience.** Top-performing companies use their websites, mobile apps, and social media to collect data on a wide range of digital and other interactions their customers have with them.
- **Leaders use customer feedback to spur action across the organization.** B2B companies that get the best results from their CX programs take diverse action on the feedback they receive, especially by preparing for customer renewals / expansions, recognizing high-performing employees, and innovating on their products and services.
- **Leaders diversify CX accountability.** Leading B2B organizations share responsibility for CX decision-making and outcomes between a centralized team and other primary business units, and hold executives across departments accountable for the quality of their customers' experiences.

By adopting these and a handful of other practices that are common to CX leaders, B2B companies can join them in using customer experience as a strategic tool to propel growth and innovation.



# Leaders, followers, and laggards are on diverging trajectories

Various CX practices and capabilities can help B2B companies thrive and grow, but with limited time and budget, executives want to know which investments and decisions will have the biggest impact on the outcomes they care about. What differentiates the B2B organizations that achieve the best business results with their CX programs? To find out, Medallia surveyed 375 mid to senior level US-based B2B professionals about their companies' CX practices, use of customer feedback, and business performance.<sup>1</sup>

While we found that nine in ten B2B organizations collect client feedback, our survey also revealed great diversity in the results they are achieving with these data. We used this diversity to identify three groups of companies according to their performance on nine key business outcomes.

## Nine key business outcomes

### Customer feedback has helped us:

- 1 Enable customer renewals / expansions
- 2 Identify and recover at-risk customers / revenue at risk
- 3 Deepen and improve client relationships
- 4 Generate referrals and land new customers
- 5 Identify and carry through on upsell opportunities
- 6 Identify and implement operational improvements to reduce costs
- 7 Make improvements to existing products or services
- 8 Launch and sell new products or services
- 9 Improve customer-facing employee training





- **Leaders** use the feedback data they collect from their customers to achieve a broad array of impressive business results, including six or more of these outcomes in the last year. They represent about one of every five companies.
- **Followers** also see positive business results from their CX initiatives, but their achievements are narrower. This group saw two to five of the above outcomes in the past year, and includes three out of every five companies.
- **Laggards** realize few if any positive business results from their customer feedback, achieving at most one of the above outcomes in the last year. They include one out of every five companies.<sup>2</sup>

These three groups also vary in how they perform on other important business metrics (see Figure. 1). For instance, over the last year leaders are:

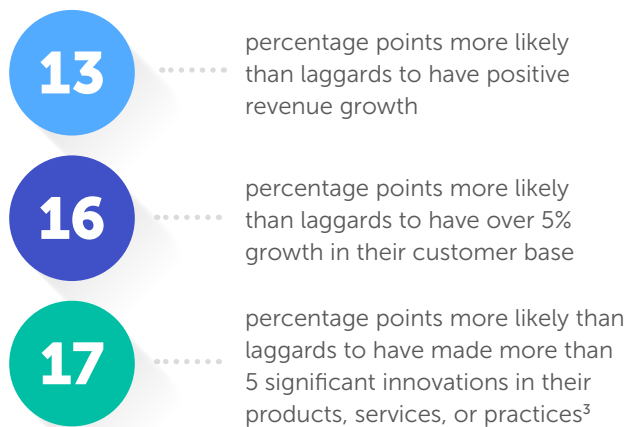
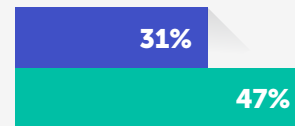


Fig. 1 **Leaders vs. laggards: key business trends**

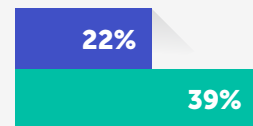
Positive revenue growth



> 5% customer growth



> 5 significant innovations



■ Laggards  
■ Leaders

Leaders, followers, and laggards can be found in every industry and among companies large and small. In fact, once an organization's key CX practices are accounted for, neither its primary industry, revenue, number of customers, business model (the mix of products vs. services it sells), or sales model (direct vs. distributor-led) predicts which group it falls into. Instead, our research uncovered three primary practices that most clearly distinguish CX leaders from everyone else.<sup>4</sup> In addition, there are a handful of secondary behaviors that leaders disproportionately engage in to further fuel their success.



# Leaders leverage digital listening channels and focus on the digital experience

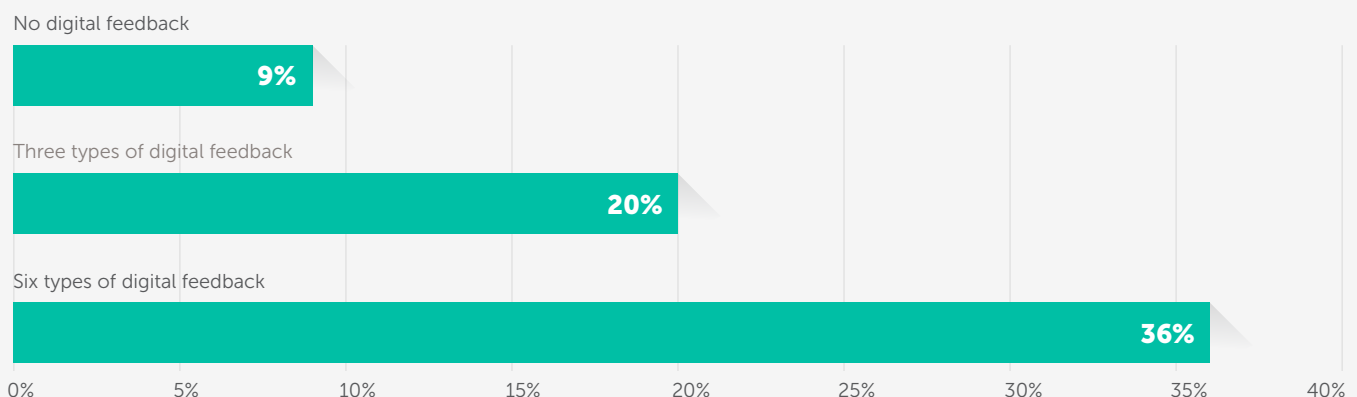
The B2B space is currently undergoing a major digital transformation, with companies implementing digitally enabled B2B selling models in order to appeal to their customers' [growing preferences for researching and buying products and services online](#). As B2B customer interactions become increasingly digitized, the importance of optimizing customers' website experiences grows as well. Even for interactions that are not necessarily digital – such as marketing events or the experience of using a company's physical product – collecting feedback via digital listening channels offers customers the freedom to provide input on their own timeframe, while experiences are fresh in their minds, and through the channels they are increasingly [accustomed to using when they interact with consumer brands](#).

Fig. 2 **What information do you collect digitally (via website, mobile app, or social media) about customers' interactions with your company?**

- Ease of finding information about our product or services on our website
- Quality of website experience (e.g., technical difficulties, loading times)
- Ease and quality of online servicing and support
- Quality and usefulness of company events (marketing, sales, or otherwise)
- Customer problems or suggestions for improving our products or services
- Ease and availability of online purchasing

B2B leaders in CX are responding to these developments by moving beyond traditional email surveys. They collect customer feedback through their websites, mobile apps, or social media, and then use these data to gain actionable insights into customers' pain points and needs throughout the digital customer journey and beyond. In fact, the more types of feedback a B2B organization collects through these channels, the more likely it is to be a CX leader. Out of six types of feedback Medallia asked about (Figure 2), organizations that collect three are more than twice as likely to be a CX leader, and those that collect all six are four times as likely to be one (Figure 3).<sup>5</sup>

Fig. 3 **Probability of being a leader**



# Leaders act relentlessly on customer input

A second key trait that differentiates B2B leaders in CX is their commitment to using customer feedback to drive action across their organizations. Yet [according to 2018 research from Forrester](#), just 33 percent of CX professionals indicate that their companies' customer feedback programs are effective at doing so. Our findings indicate that acting more on customer feedback would benefit nearly all B2B companies.

Medallia inquired about ten different ways that B2B organizations can act on the input they collect from their clients (Figure 4). We found that not only is taking action critical for driving results, but the more types of action a company takes – from following up on customer comments and resolving individual customer issues to using feedback to improve products and services – the better the results are (see Figure 5). In fact, a company that acts in all ten ways is 40 times as likely to be a leader as one that acts in none of them (60% vs. 1.5%), and a company that acts in five ways is 10 times as likely to be a leader (15% vs. 1.5%).<sup>6</sup>

Still, budgets and employee time and attention are limited, and not all companies are in a position to initiate all of these actions at once. Which ones make the biggest difference, and which ones should an organization looking to improve the business impact of its CX program start with? We found that four actions most clearly distinguish B2B CX leaders from followers and laggards. Compared to organizations that do not take these kinds of action:

- Companies that use feedback to introduce new products, services, or practices are 14 percentage points more likely to be CX leaders (27% vs. 13%).
- Companies that use feedback to improve existing products, services, or operations are 9 percentage points more likely to be CX leaders (23% vs. 14%).
- Companies that use feedback to prepare for customer renewal and/or expansion opportunities are 11 percentage points more likely to be CX leaders (26% vs. 15%).
- Companies that recognize employees who are mentioned positively in customer feedback are 8 percentage points more likely to be CX leaders (24% vs. 16%).<sup>7</sup>

Fig. 4 In which ways does the company take action on the customer feedback it receives?

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Identify trends in satisfaction and/or experience</li><li>• Identify and resolve individual customer issues</li><li>• Identify customer experience issues and priorities to guide business decisions</li><li>• Contact customers to follow up on their comments</li><li>• Identify at-risk customers</li><li>• Make improvements to existing products, services, or operations</li><li>• Recognize employees who are mentioned positively</li></ul> | <ul style="list-style-type: none"><li>• Use feedback to prepare for customer renewal / expansion opportunities</li><li>• Identify opportunities to introduce new products, services, or practices</li><li>• Tie employee compensation to customer feedback scores</li></ul> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

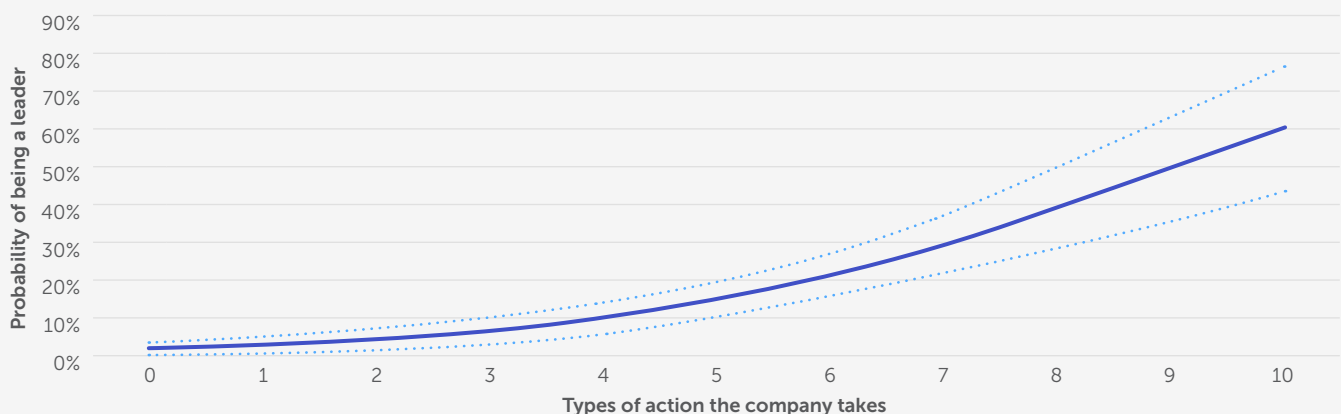
It makes intuitive sense that acting on customer feedback is vital to achieving business results. Simply having a mechanism to listen to customers does little to improve their experience on its own, and can even backfire if they perceive that their valuable input goes to a “black hole” with no resolution or call-back in sight. On the other hand, quick, focused action can improve and expand relationships even with customers that are experiencing problems. [IBM](#), for example, boosts customer renewals by using support ticket comments to preemptively identify potential detractors and quickly intervene to address their issues. One manager responsible for Support feedback for a key portfolio was able to secure a **\$1.3 million support renewal contract by tracking and responding to detractor surveys for a major account**. Similarly, an account owner in North America noticed low likelihood to recommend scores from a key automotive client stemming from a poorly executed proposal. After reaching out to the client with an improved proposal, the employee was able to secure and expand the existing contract, generating \$1 million in revenue.

Customer feedback is also a unique source of insight into product-related opportunities that can help companies better meet their customers’ needs, and even transform their own businesses. [RingCentral](#), a leading cloud communications system provider, **incorporated customer suggestions about how to improve reporting capabilities, compliance requests, and user admin features into its product roadmap**. One example of this innovation was the company’s integration with Google

for Work. “The feedback we heard informed us that many of our customers were relying on Gmail™ in their everyday work,” said RingCentral President Dave Berman. “We wanted to respond to our customers and provide a complete solution that embeds RingCentral into important business applications.” On an even larger scale, a major European software company used customer feedback to inform and prioritize over 500 changes to its products, processes, and policies across the two dozen countries where it operates. Along with other changes to its CX program, these innovations helped produce a 10 point increase in the company’s customer Net Promoter Score® in a single year.

The importance of recognizing employees who provide great customer experiences is also consistent with previous Medallia research. In a survey of customer-facing employees across five industries, we found that employees who say they are appropriately recognized for doing great work are more than twice as likely to be promoters of their company (68% vs. 33%) and 75 percent more likely to say they plan to remain with the company for at least six months (65% vs. 37%).<sup>8</sup> Happier, more experienced employees in turn tend to build stronger customer experience skills and develop stronger relationships with customers over time, and can also serve as models for others to emulate. As one respondent wrote, “We look for employees who have been mentioned positively and try to guide other employees to follow their lead.”

Fig. 5 Impact of acting on customer feedback (probability of being a leader, with 95% confidence interval)



\*Probability of being a leader, with 95% confidence interval

# Leaders diversify CX accountability

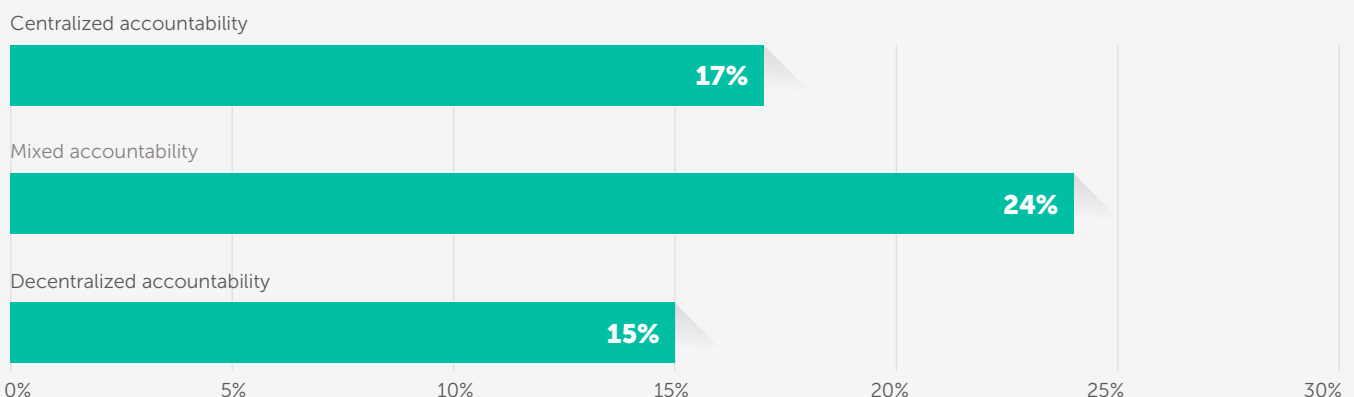
A third practice that clearly differentiates B2B CX leaders from followers and laggards is the way that they diversify responsibility and accountability for customer experience throughout their organizations. There are two aspects to this.

First, companies typically choose one of three main models for structuring decision-making and outcomes related to their customer feedback and CX programs. In a centralized model, accountability belongs to a single team. In a decentralized model, accountability belongs to each unique business unit. In a mixed model, accountability is shared between a centralized team dedicated to the CX program and other business units that may collect and use feedback data in various ways. Our research shows that companies that use the mixed model are about 50 percent more likely to be CX leaders than those that use either of the other two (Figure 6).<sup>9</sup> Currently, almost half (48%) of companies use this model, while about a quarter (26%) use a centralized model and one in five (19%) use a decentralized model.

The second way that leaders diversify CX responsibility is by holding a variety of senior executives accountable for the quality of customers' experiences with the company. Of eight roles Medallia asked about – from the CEO to the COO, CMO, Head of Product, and beyond – we found that companies that hold more of their leaders accountable for CX achieve better outcomes. For example, organizations that hold more than five of these executives accountable are about 65 percent more likely to be CX leaders than those that assign CX responsibilities to fewer than three (28% vs. 17%).<sup>10</sup>

Diversifying CX responsibilities across business units and key executives while also maintaining a central CX team at the corporate level allows companies to experience the advantages of both models. A central CX team has the mandate and the expertise to coordinate goals, metrics, technologies, and the adoption of successful practices across the company. Yet allowing different business units some control over how CX activities are managed may encourage innovation and allow for different operating needs within a business.

Fig. 6 **Probability of being a leader**





The experience of one multinational manufacturer, for example, shows how a central CX team can help share and facilitate company-wide adoption of best practices that bubble up from CX efforts in different parts of the business. The organization has a corporate CX team that is responsible for leading company-wide CX strategy, training for customer-facing roles, and the enterprise feedback management program. It also coordinates the sharing of best practices and provides support to the different business units.

Within each business unit, a CX lead manages analysis, training, communication, and the alert process for their own division. These division leads are also responsible for driving improvements based on customer feedback within their own units, and for coordinating and sharing results with the central CX team. Meanwhile, the executive leader of each division provides strategic leadership and is held accountable for the unit's operations and Net Promoter Score performance.

This mixed model allows the company's business units not only to address unique customer pain points, but to uncover effective practices as well. After purchasing a company with a very successful customer experience training model focused on soft skills for field technicians, for instance, the company noticed that the new business unit had higher CX scores than its other divisions. The central CX team began piloting this training program in additional business units and saw improved feedback from customers who had interacted with the engineers involved in the pilot. Armed with this data, the central team was able to make the case for a 1.5 day workshop for all of the company's 2000 field service engineers. As a result, the company's engineering team saw a 7 point NPS increase in the first year of this training program.



## Other CX practices more common to B2B leaders

While leveraging digital listening channels, acting relentlessly on feedback, and diversifying CX accountability are the practices that most clearly distinguish B2B CX leaders, we also identified several other behaviors that leaders disproportionately engage in and that help to drive their success.<sup>11</sup> For the following five practices, there is at least a 25 percentage point difference between leaders and laggards:<sup>12</sup>

Leaders	vs.	Laggards
<b>58%</b>	Percent that share feedback data with employees who are responsible for acting on specific customer comments or issues.	<b>16%</b>
42 point difference		
<b>89%</b>	Percent that collect feedback from the partners and distributors that sell their products or services (among companies that rely heavily on selling through partner or distributor networks).	<b>52%</b>
37 point difference		
<b>91%</b>	Percent that listen to input from their employees as a way to understand and improve the customer experience.	<b>62%</b>
29 point difference		
<b>82%</b>	Percent that have a clear process for employees to suggest ideas for improving customers' experiences and interactions with the company.	<b>53%</b>
29 point difference		
<b>70%</b>	Percent that have a formal communication strategy to drive understanding of customer feedback and to communicate results and successes.	<b>45%</b>
25 point difference		



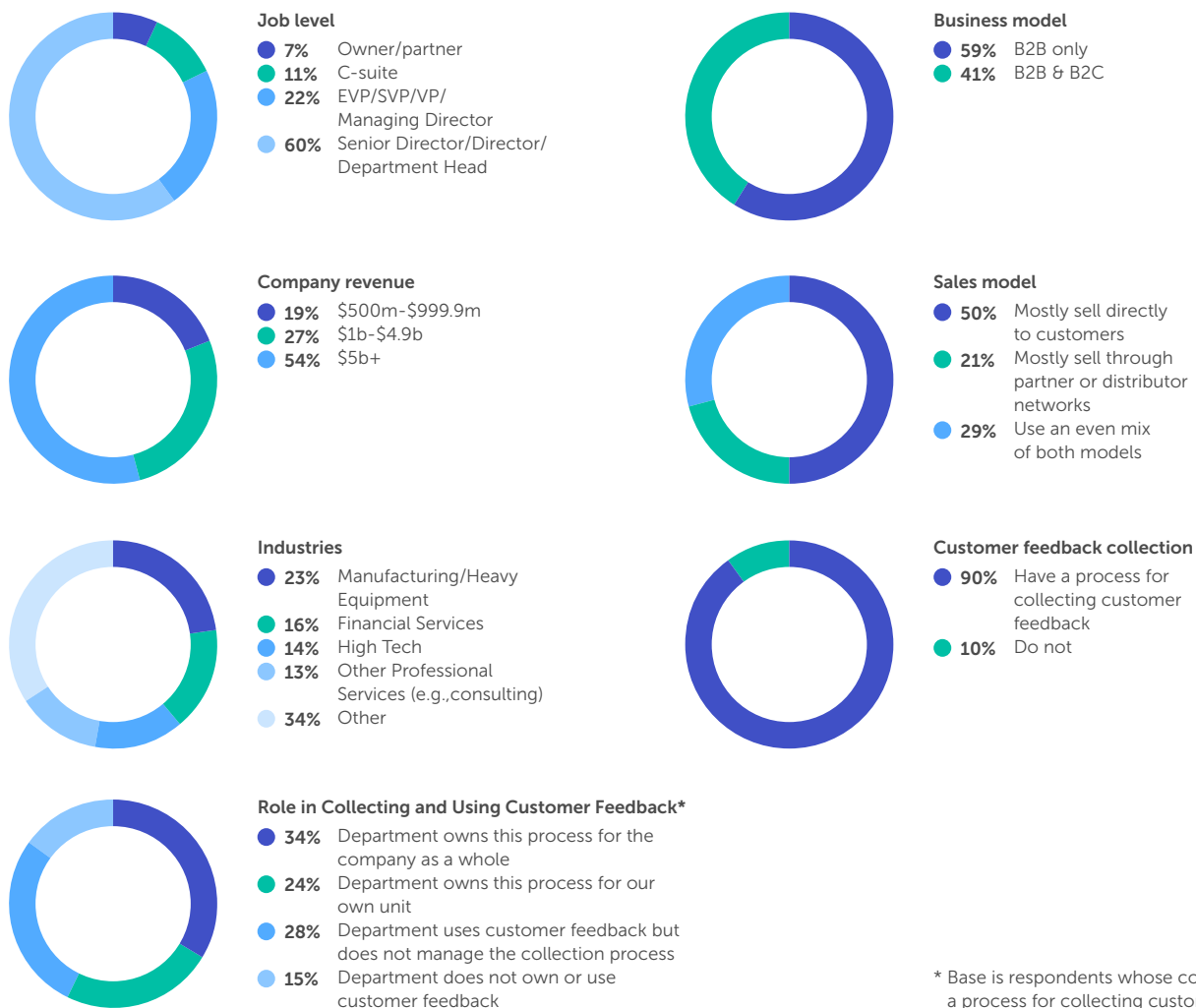
# Conclusion

Delivering consistently excellent customer experiences to B2B clients requires careful planning, coordination, and commitment. For an organization looking to begin a CX program or improve on its existing efforts, it can be difficult to know where to begin. Medallia's findings highlight some of the most important practices that CX leaders have implemented, including understanding the digital customer experience, taking action on customer feedback, and organizing internal accountability for CX initiatives. We also identified a number of other areas where leaders are running far ahead of the pack, from sharing feedback data throughout their organizations to listening to their employees. For B2B companies hoping to get more value out of their CX efforts, these areas offer fertile ground for focus and investment.

## Methodology

In October 2018 the Medallia Institute commissioned an online survey of 375 mid to senior level B2B business professionals working in the US at medium to large organizations.

### Respondent and company characteristics





# Endnotes

- <sup>1</sup> Except where noted, all figures come from this survey, which was fielded online in October 2018. This report focuses on responses from 286 participants who work in a department that collects or uses feedback data and who answered questions about their companies' CX practices and results. For comparison, 89 individuals whose companies or departments do not collect or use customer feedback were asked about their companies' CX priorities and business performance. For more information please see the methodology section at the end of the report.
- <sup>2</sup> Proportions of leaders, followers, and laggards are out of the 76 percent (286) of respondents whose departments collect or use feedback data and who were asked about their companies' CX practices and results.
- <sup>3</sup> All percentages are predicted average marginal effects from logistic (revenue growth, innovations) or ordinal logistic (customer growth) regressions. All models also control for other factors besides CX that could affect these outcomes, including the company's annual revenue and number of customers; whether it is a B2B-only or B2B/B2C business; and its primary sales model (direct to customer or partner/distributor-led).
- <sup>4</sup> These three key practices are each statistically significant when included in the regression models described below, and remain significant when controlling for various other CX practices as well.
- <sup>5</sup> Compared to companies that do not collect any of these types of feedback. All percentages in Figure 3 are average predictive margins from an ordinal logistic regression also controlling for the types of action taken on feedback; how accountability for CX is structured within the organization; the company's annual revenue and number of customers; the company's industry; whether it is a B2B-only or B2B/B2C business; its primary sales model (direct to customer or partner/distributor-led); and its primary business model (products, services, or a mix). All differences between zero, three, and six types of feedback are statistically significant at  $p < .05$ .
- <sup>6</sup> Figure 4 shows average predictive margins from an ordinal logistic regression also controlling for digital feedback collection; how accountability for CX is structured within the organization; the company's annual revenue and number of customers; the company's industry; whether it is a B2B-only or B2B/B2C business; its primary sales model (direct to customer or partner/distributor-led); and its primary business model (products, services, or a mix).
- <sup>7</sup> All probabilities in this paragraph are predicted average marginal effects from an ordinal logistic regression also controlling for digital feedback collection; how accountability for CX is structured within the organization; the company's annual revenue and number of customers; the company's industry; whether it is a B2B-only or B2B/B2C business; its primary sales model (direct to customer or partner/distributor-led); and its primary business model (products, services, or a mix). For each type of action, the effect is statistically significant at  $p \leq .05$ .
- <sup>8</sup> Medallia Frontline Employee Survey, 2015. These differences are statistically significant at  $p < .001$  in chi-squared tests of independence.
- <sup>9</sup> All percentages in Figure 6 are average predictive margins from an ordinal logistic regression also controlling for digital feedback collection; the types of action taken on feedback; the company's annual revenue and number of customers; the company's industry; whether it is a B2B-only or B2B/B2C business; its primary sales model (direct to customer or partner/distributor-led); and its primary business model (products, services, or a mix). Differences between mixed accountability and centralized or decentralized accountability are statistically significant at  $p < .05$ .
- <sup>10</sup> The roles include CEO, COO, CMO, CRO/Head of Sales, Head of Product, Head of Account Management, Chief Customer Officer/Head of Customer Experience, and Head of Customer Service. These figures are average predictive margins from an ordinal logistic regression also controlling for digital feedback collection; the types of action taken on feedback; the company's annual revenue and number of customers; the company's industry; whether it is a B2B-only or B2B/B2C business; its primary sales model (direct to customer or partner/distributor-led); and its primary business model (products, services, or a mix). The difference between less than three and more than five leaders held accountable for CX is statistically significant at the 10% level ( $p = .10$ ).
- <sup>11</sup> Unlike the three key practices highlighted above, these secondary behaviors are not statistically significant when controlling for the three primary practices, but do display large differences in the rate of adoption by leaders and laggards.
- <sup>12</sup> Each of these differences is statistically significant at  $p < .01$  in a chi-squared test of independence.

# Contributors



## Andrea Everett

Andrea Everett leads Medallia's research team, where she conducts studies that help organizations understand how they can take action to improve their customers' and employees' experiences. Before joining Medallia, she taught and conducted research on international politics and organizational behavior. She is the author of *Humanitarian Hypocrisy: Civilian Protection and the Design of Peace Operations* (2017, Cornell University Press).

## About the Medallia Institute

The Medallia Institute provides quality research, insights, and education programs to equip business executives and customer experience professionals with the insights and know-how to lead their organizations to compete and win on customer experience.

## About Medallia

Medallia is the pioneer and market leader in Experience Management. Medallia's award-winning SaaS platform, the Medallia Experience Cloud, leads the market in the understanding and management of experience for customers, employees and citizens. Medallia captures experience signals created on daily journeys in person, digital and IoT interactions and applies proprietary AI technology to reveal personalized and predictive insights that can drive action with tremendous business results. Using Medallia Experience Cloud, customers can reduce churn, turn detractors into promoters and buyers and create in-the-moment cross-sell and up-sell opportunities, providing clear and potent returns on investment. [www.medallia.com](http://www.medallia.com)

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