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THE HIDDEN DANGER

How Bad CUSTOMER EXPERIENCES Hurt Businesses

In the world of business, achieving success involves a plethora of aspects. Whether you are trying to make more sales or grow strategically, there are a few things that all business leaders have to get going, which is:

- Increase awareness about your products and services in the market that you operate in
- Create interest
- Generate a desire in customers to make the purchase

Now, as a business leader you may wonder why I'm even talking about such elementary stuff. Well, that's because while businesses focus their energies on increasing awareness about their products, services and their brand name in the market, there's a bigger problem that they don't see which is doing more harm to them without them even realising it. This problem is delivering a bad customer experience.

An unpleasant customer experience is like a silent assassin. It makes businesses struggle and infuses a decline in its growth like a slow poison. It does not impact the business in a day, a week, a month or even a year, but the impact is felt. Even if you are growing, you could have grown, and can grow, much faster if you effectively manage your customer experiences.





The Sneaky Problem in Businesses

Imagine a business that spends a lot of money on ads and social media to make the masses aware of their products or services. The logic that more people being aware of the product is equivalent to more revenue through purchases is a foolproof equation. Sadly, this logic doesn't work that way. A case in point is a popular edtech company in India.

This edtech company has had celebrities endorsing the brand. It has spent magnanimous amounts on advertising both online and offline. They did everything to make customers like them or consider them. But...

...the company was so entangled in making sales so much so that they forgot that customers experience matters the most. Internally, sales staff seemed extremely disgruntled and stressed by the stretched sales targets that they had to achieve. Externally, the customer experience was disappointing and customer trust was on the decline. Negative word of mouth started the spread from within and outside. This negative talk spread like wildfire and made the company lose customers.

The Impact Of Negative Word Of mouth

Studies by Engaged Strategy have found that it takes at least five positive comments to negate the impact of one negative feedback. Bad news spreads 5-times faster than good ones. In today's world of the internet, one negative comment online reaches not one or two people, but hundreds and even thousands at a go.

This disrupts and ruins whatever a business has gained in terms of sales or growth, as if all its efforts are being flushed down the drain of negative customer experience.

When Customers Aren't Happy...

Bad customer experiences don't just affect new prospective customers. It rather recedes the loyalty of existing customers as well. Research by Engaged Strategy says that one negative experience can not just negatively impact customers' loyalty, but chances are that they will also spread negative word of mouth that will cause immense damage. Engaged Strategy's studies have found that word of mouth brings in 30-50% of new sales. Take a moment to do the math for your business.

More Than Just A Negative Encounter

The impact of negative word of mouth doesn't stop there. It turns into a ripple effect. If a customer has a bad experience with one product, they might not want to try out the other range of products or services that your business offers. This means that they won't spend as much money on your brand as they would have otherwise. It is like if you don't like one flavour of ice cream from a brand, you might not want to try their other flavours as well.





What's The Solution Then?

1. Focus on creating positive customer experiences at every touchpoint
2. Learn what has upset the customer and fix it as early as possible.

Here's a four-step checklist to follow:

Step 1: Provide a service that is worthy of recommendation

Create a strategic plan for your customers that offers a unique value proposition and a planned customer experience that covers both emotional and functional aspects. You have now just crystallised your strategic customer intentions.

Step 2: Stick to your promise and ensure you keep that as a guiding principle

It is not enough to have a strategy. It should be measured as well, which is extremely important. As the saying goes, Nothing Measured is Nothing Managed. You need to constantly check if you are really doing what you said you would via tailored and strategically designed surveys. Measure which stage of the transaction is making your customer unhappy or happy, and measure if you are delivering what you had promised. This will give you a fair idea on what is working and what needs upgrading or changes.

Step 3: Make a conscious effort to neutralise Detractors

Enable automatic alerts on your surveys to ensure that you instantly learn of an unhappy customer. If you find out that any of your customers is unhappy, talk to them and understand the issue in complete detail. Be truthful about whether you can provide a resolution; if you can't, explain to the customer why it isn't a possibility. Then, make things better for them. This will make them pause before they say a negative word about your brand. Most importantly, they will stop spreading negative word of mouth and they will also greatly appreciate your proactivity.

Step 4: Ensure that mistakes aren't repeated

After fixing problems, make sure that they don't happen again. Ensure that there is a discipline where a cross-functional team works together to fix things when they go wrong and put in place an operational correction. A team effort put for a good cause will always lead to better customer experiences.

Making Good Things Happen:

Convert Negative Experiences into Advocacy. Today's customers wield immense influence, making standout experiences crucial. Let me reiterate that we have found that word of mouth drives 30-55% of new sales. Hence, embrace the wake-up call to safeguard your reputation and elevate efforts. Choose growth over stagnation – transform challenges into lasting success.

Engaging customers is super important for businesses, especially when your customer has a strong say in the market. And today, what customers write in reviews is really important too. So, businesses need to pay attention and fix poor customer experiences.



