



INSIGHT REPORT

What Happens After a Good or Bad Experience, 2017

**STUDY OF 10,000 U.S. CONSUMERS SHOWS EFFECTS ON
SPENDING AND FEEDBACK FOR 20 INDUSTRIES**

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May 2017

EXECUTIVE SUMMARY

To understand how good and bad experiences affect customer behavior, we asked 10,000 U.S. consumers about their recent interactions with more than 300 companies across 20 industries. We then compared results with similar studies we've conducted over the previous six years. Here are some highlights:

- About 19% of the customers who interacted with Internet service providers and TV service providers reported having a bad experience – a considerably higher percentage than in other industries. Of the companies we evaluated, Spirit Airlines, Fox Rent A Car, and Super 8 deliver bad experiences most frequently.
- We looked at the percentage of customers in an industry who had a bad experience and combined that number with the percentage of customers who said they decreased their spending after a bad experience and then used this data to create a *Revenues at Risk Index* for all 20 industries. Rental car agencies stand to lose the most revenue (6.7%) from delivering bad experiences, while retailers stand to lose the least (1%).
- Investment firms are most effective at recovering after a bad experience, whereas TV service providers are the least effective.
- After customers have a very bad or very good experience with a company, they are more likely to give feedback directly to the company than they are to post about it on Facebook, Twitter, or third-party rating sites. Customers are also more likely to share positive feedback through online surveys and share negative feedback through emails.
- Compared to previous years, customers are more likely to share feedback over Facebook and Twitter, and these channels are most popular with consumers who are between 25- and 44-years-old.
- Of all the companies we evaluated, The Hartford is the most likely to receive negatively biased feedback directly from its customers, while Chubb is likely to receive the most positively biased feedback.

BAD EXPERIENCES ARE PREVALENT IN THE INTERNET SERVICES AND TV SERVICES SECTORS

We asked 10,000 U.S. consumers whether or not they recently had a bad experience with 324 companies across 20 industries.¹ The results show that:

- **Internet and TV service providers deliver the worst experiences.** About 19% of customers in both the Internet services industry and the TV services industry report having a negative experience with a company in that sector during the previous six months (see Figure 1). Rental cars are the next most likely industry to deliver poor experiences with almost 14% of their customers reportedly having a bad interaction. Internet service providers improved the most over the previous year as the percentage of customers claiming to have had a negative experience in that industry dropped 2.4 points. Meanwhile, the hotel and computers & tablets industries declined the most, each saw their percentage of disgruntled customers go up by 1.8 points. Over the previous three years, the percentage of bad experiences increased the most for rental cars, going up 3.4 points, and decreased the most for utilities, going down 1.6 points.
- **21st Century customers are the most likely to have a bad experience.** Twenty-eight percent of the consumers who interacted with 21st Century over the past six months reported having a bad experience with the company (see Figure 2). Seven other companies also delivered bad experienced during more than one in five interactions.
- **Marshalls and CenterPoint Energy provide the fewest bad experiences.** Only 1% of Marshalls' customers and CenterPoint Energy's customers reported having a bad experience with the company. Eleven companies deliver bad experiences to only 2% of their customers.

BAD EXPERIENCES CAN BE VERY COSTLY

Bad experiences often leave customers with a lasting, negative impression of a company, making them less willing to support that business again in the future. We examined how bad experiences affect consumers' spending patterns, and we found that:

- **Fast food miscues affect the most customers.** In the wake of a bad experience, 58% of fast food customers cut back on their spending (see Figure 3). By contrast, only one-quarter of utilities customers do the same. For 17 of the 20 industries we examined, the percentage of customers who spend less after a bad experience has increased since last year (see Figure 4). Computers & tablets increased the most, going from 41% in 2015 up to 50% in 2016.
- **Rental cars and airlines are losing the most.** For each of the 20 industries, we looked at the percentage of customers who'd had a bad experience in that sector and

¹ Data comes from the Temkin Group Q3 2016 Consumer Benchmark Survey—an online study of 10,000 U.S. consumers. Survey respondents were representative of the U.S. Census based on quotas for age, income, ethnicity, and geographic region.

combined that number with the percentage of customers who said they decreased their spending after having a bad experience. Using this data, we created a *Revenues at Risk Index* for all 20 industries (see Figure 5). At the top of the list, rental car agencies stand to lose 6.7% of their revenue from bad experiences, while airlines can lose 6%.

- **Investment firms are the best at recovering.** More than 60% of customers felt that their investment firm recovered well from a bad experience, followed by major appliances with 55% (see Figure 6). TV service providers, Internet service providers, and fast food companies had the lowest rates of good service recovery, all falling below 30%. When we compared this year's finding to results from previous years, we found that investment firms and computers & tablets improved the most over the past year, each jumping 16 percentage-points (see Figure 7).

CONSUMERS GIVE MORE FEEDBACK AFTER A BAD EXPERIENCE

We also examined the channels that consumers use to talk about their very good or very bad experiences (see Figure 8). Our analysis uncovered that:

- **People use more channels to talk about bad experiences.** Although the percentage of people who keep their bad experiences to themselves is more than twice as high as the percentage of people who keep their good experiences to themselves, customers still talk about bad experiences at an equal or higher rate across all of the feedback channels.
- **Most people tell their friends directly.** After customers have either a very good or very bad experience, they are most likely to tell their friends about it either in-person, via email, or by phone.
- **Companies hear more about bad experiences than good ones.** While 30% of consumers told the company directly about a very bad experience, only 25% told it about a very good experience.
- **Facebook tops social media.** More customers publicize their good or bad experience on Facebook than on either ratings sites or on Twitter.

The Channels for Direct Company Feedback

We asked the respondents who gave feedback directly to a company about which channels they used (see Figure 9). Here's what we found:

- **Surveys are biased towards good news.** Fifty-nine percent of consumers used online surveys from the company to share information about a very good experience, compared with only 40% of those who used surveys to share negative feedback.
- **Emails are biased towards negative feedback.** Fifty-one percent of consumers used email to share information about a very bad experience with a company, compared with only 39% of those who used email to share positive feedback.

Good Feedback Is on the Rise

We compared this year's results with similar studies done over the previous years and found that (see Figures 10 and 11):

- **Facebook and Twitter feedback is on the rise.** For both good and bad experiences, the percentage of consumers who share their feedback on Facebook and Twitter increased considerably.
- **People are keeping more of their bad experiences to themselves.** The percentage of consumers who did not tell anyone about a very bad experience jumped from 24% to 35% over the last year. However, at the same time as more people are keeping bad experiences to themselves, fewer people are keeping good experiences to themselves. Over the past year, the percentage of consumers who didn't tell anyone about a good experience dropped by more than half.

Feedback Differs Across Age Groups

When we looked at the various ways in which customers across different age groups shared their experiences, we found that (see Figures 12 and 13):

- **Direct feedback is steady across ages.** Across all age groups, there's very little difference in the percentage of consumers who give feedback directly to a company after both very bad and very good experiences. And when customers of any age give direct feedback, they are most likely to use surveys to convey good news and use emails to convey bad news.
- **Facebook is the most popular for 25- to 44-year-olds.** After either a good or bad experience, consumers between 25 and 44 years old are the most likely to share their experience on Facebook. And sharing their experience on Facebook is the most popular feedback approach for customers in this age range.
- **Rating sites are most popular form of social media for older customers.** While customers over the age of 65 do not frequently use social media, when they do, they prefer sharing their experience on ratings sites rather than on Facebook and Twitter.

WHICH COMPANIES FACE THE MOST NEGATIVE FEEDBACK?

The makeup of every company's customer base is different, which means that each company's customers will have different patterns for how they share very good and very bad experiences.² To understand how customer preferences differ between companies, we examined the feedback profiles for the customer bases of 338 companies across 20 industries. Here's what we found:

- **A&P and Alabama Power have the most Facebook posters.** We examined what percentage of each company's customers has shared feedback about their experiences (with any company) on Facebook over the previous six months (see

² This analysis does not examine the feedback that customers have made about these specific companies. Instead, it looks at the general feedback behaviors of the customers who have interacted with them over the previous 60 days.

Figure 14). At 79%, A&P has the highest percentage of customers who write positive Facebook posts about some company. Meanwhile, 76% of Alabama Power's customers have written a negative Facebook post about a company, the most of any organization we looked at.

- **PeoplePC has the most Twitter posters.** We examined what percentage of each company's customers has shared feedback about their experiences (with any company) on Twitter over the previous six months (see Figure 15). PeoplePC tops the list with 67% of its customers tweeting positive feedback about some company and 62% tweeting negative feedback.
- **Rent-a-Wreck and PeoplePC have the most 3rd party raters.** We examined what percentage of each company's customers has shared feedback about their experiences (with any company) on 3rd party ratings sites over the previous six months (see Figure 16). Rent-a-Wreck has the highest percentage of customers who post positive reviews to 3rd party sites (53%), while PeoplePC has the highest percentage of customers who post negative reviews (49%).
- **Chubb and Rent-a-Wreck have the most direct responders.** We examined how many of each company's customers have shared feedback about their experiences (with any company) directly to a company over the previous six months (see Figure 17). Chubb tops the list of positive posters with 59% of its customers providing positive feedback directly to some company, while 54% of Rent-a-Wreck customers have provided some negative feedback to some company.
- **The Hartford faces the most negative feedback bias.** For each company, we looked at how frequently its customers give feedback to a company after a very bad experience compared to how frequently they give feedback after a very good experience and used the difference between these numbers to determine the potential level of feedback bias each company faces (see Figure 18). The Hartford has a potential negative bias of 10.9 percentage-points, the highest of any company we looked at.
- **Chubb and Reliant face the most positive feedback bias.** In addition to looking at which companies are likely to experience the largest negative feedback bias, we also looked at which companies are likely to experience the most positive feedback bias (see Figure 19). Chubb and Reliant each have potential positive feedback biases of around 13 percentage points, the most of any of the companies we looked at.

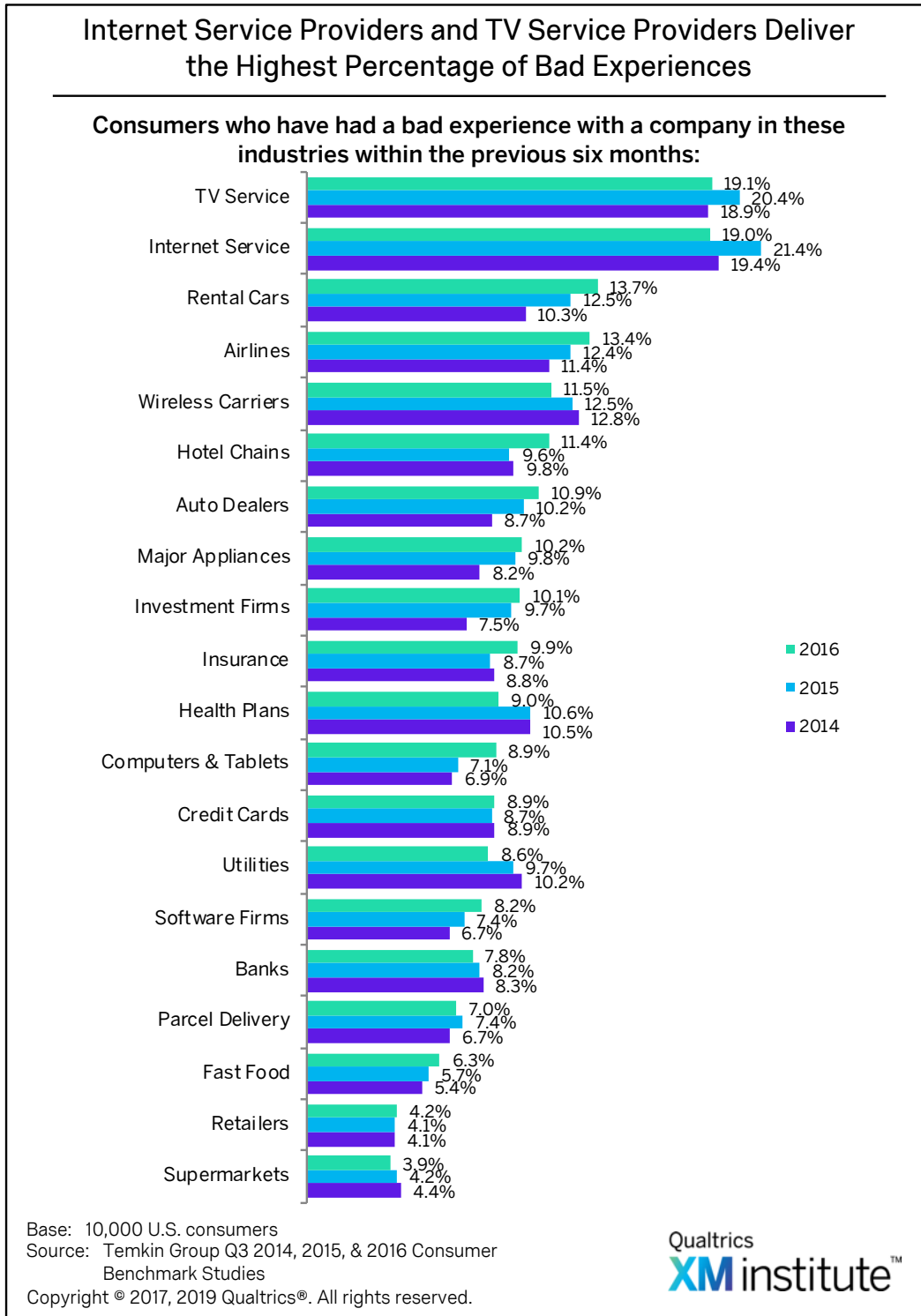


Figure 1



Figure 2

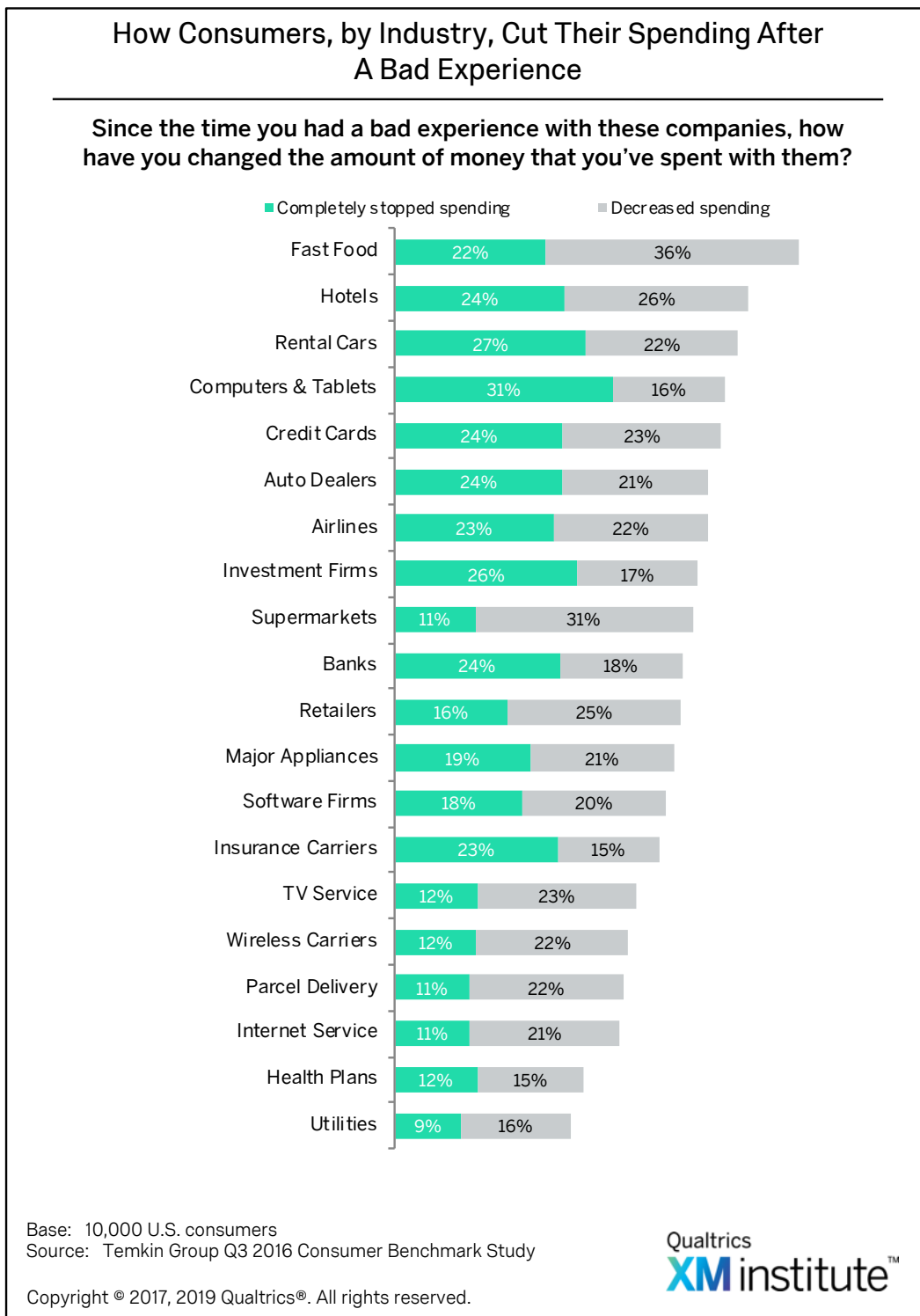


Figure 3

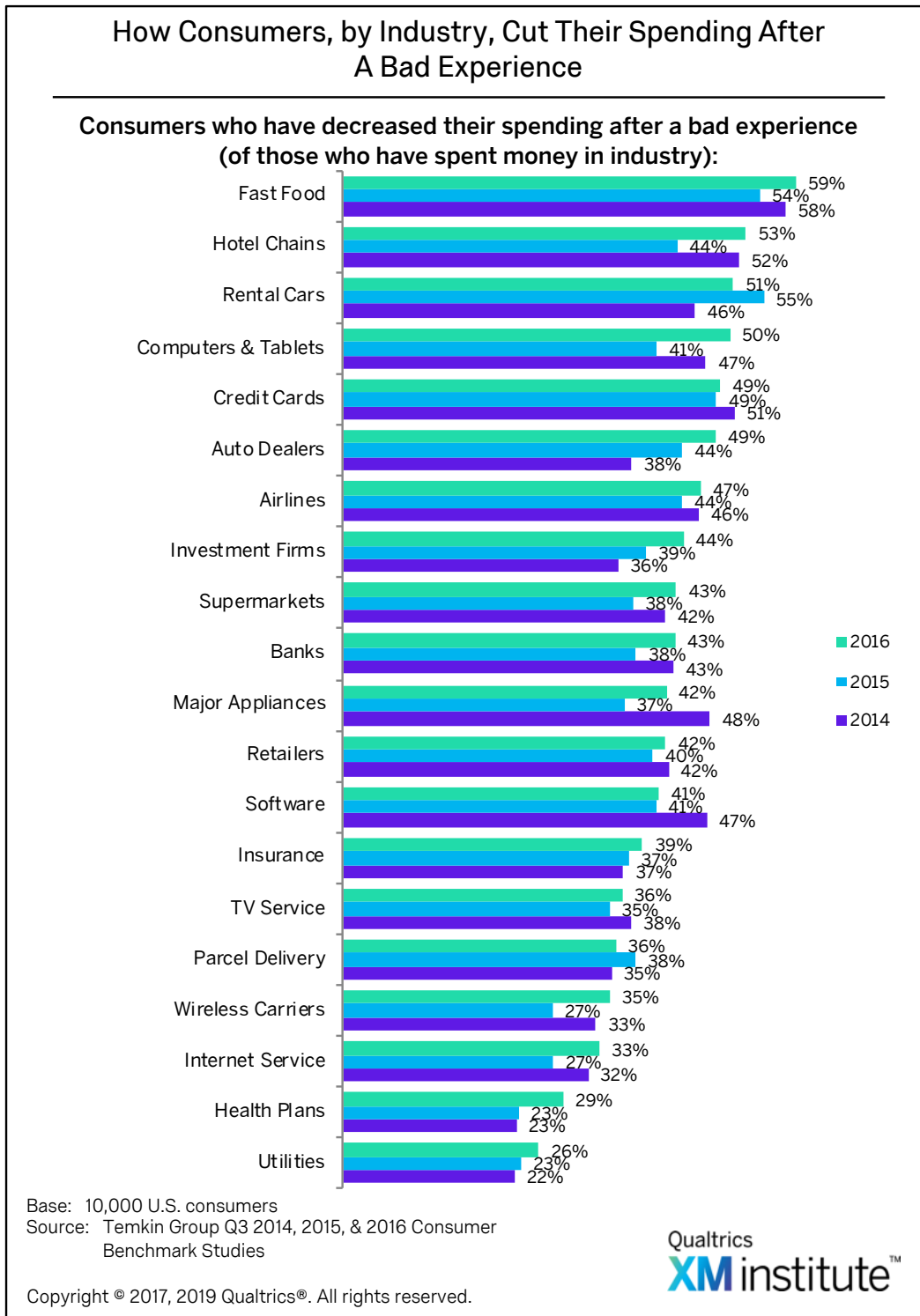


Figure 4

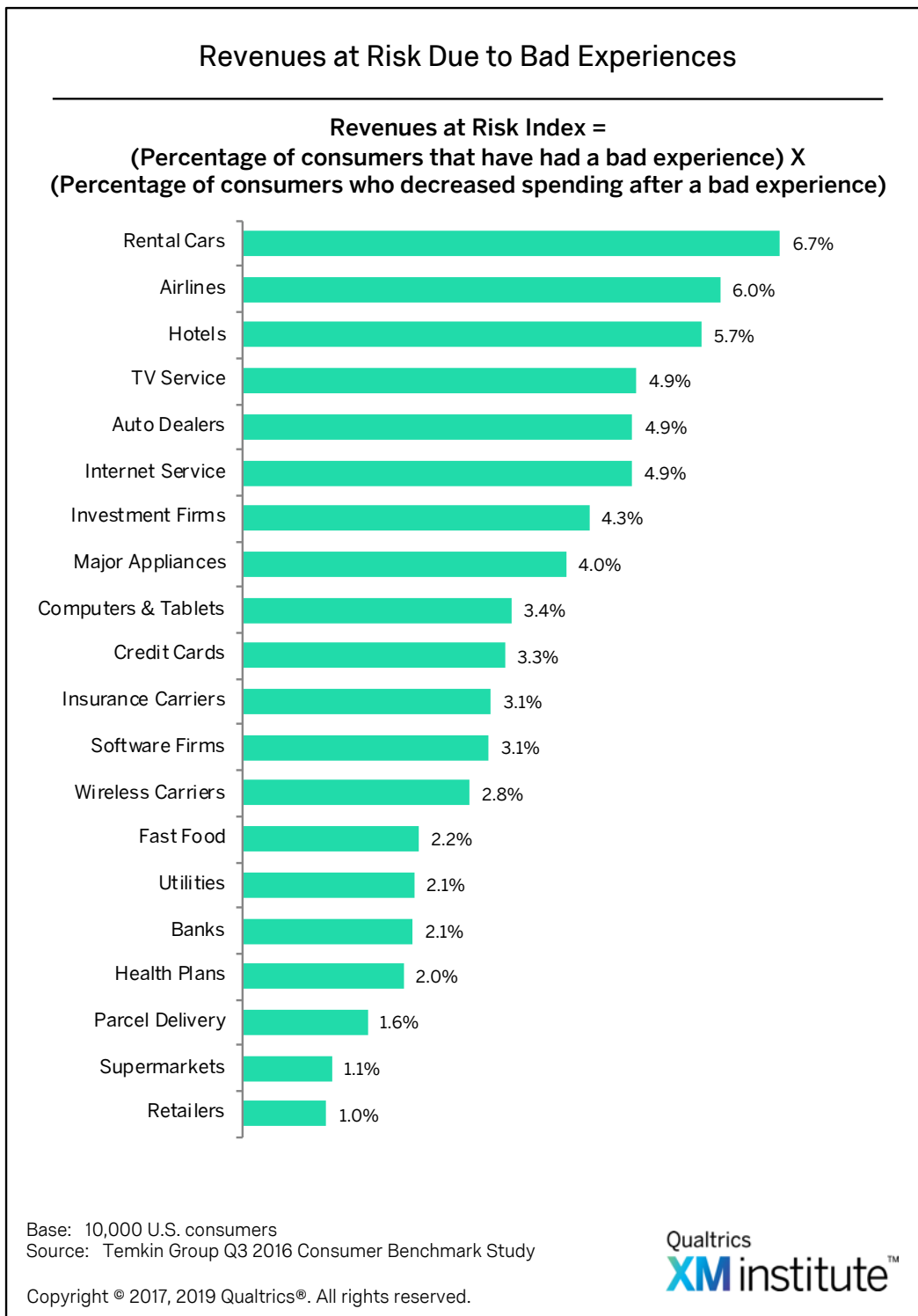


Figure 5

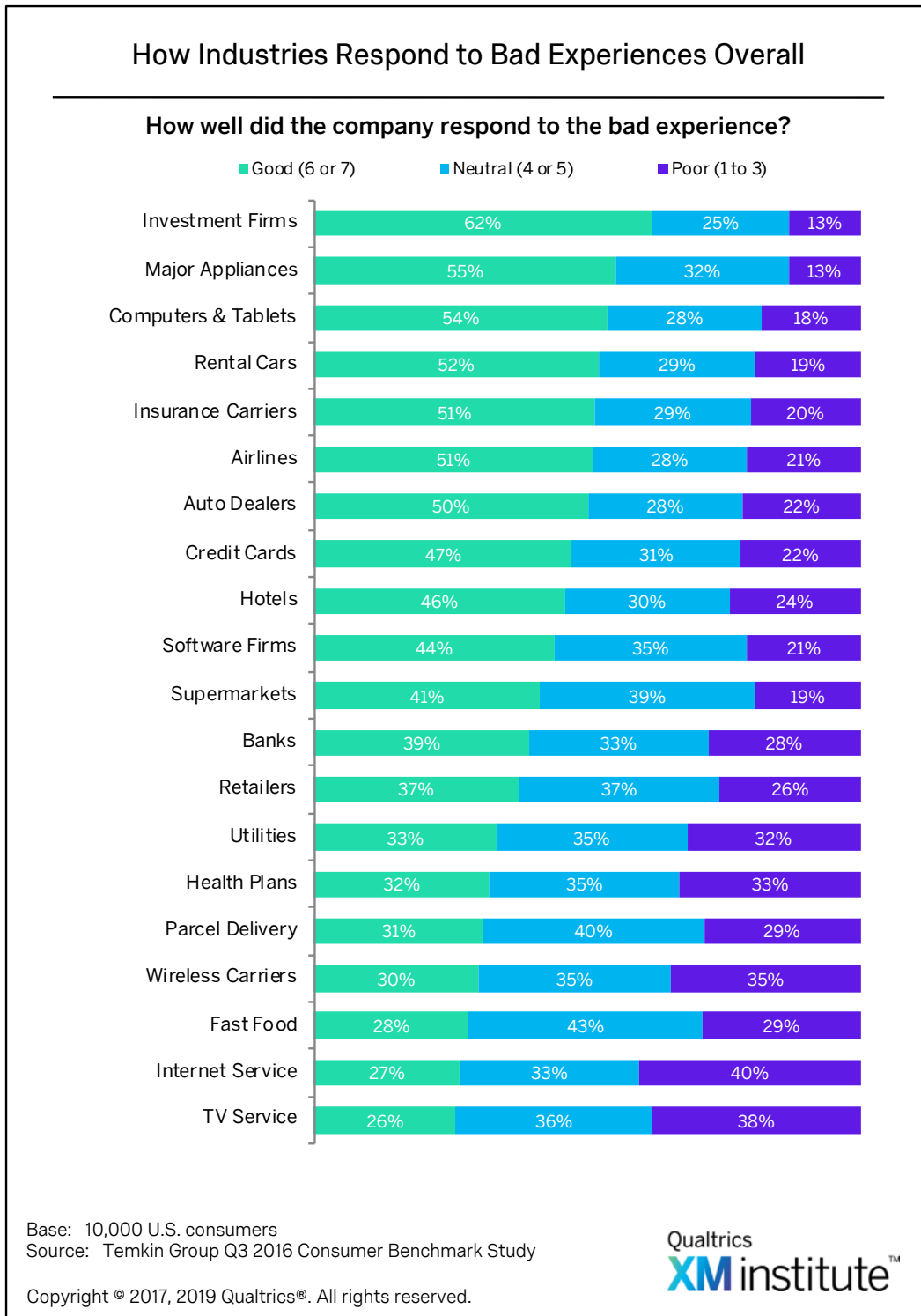


Figure 6

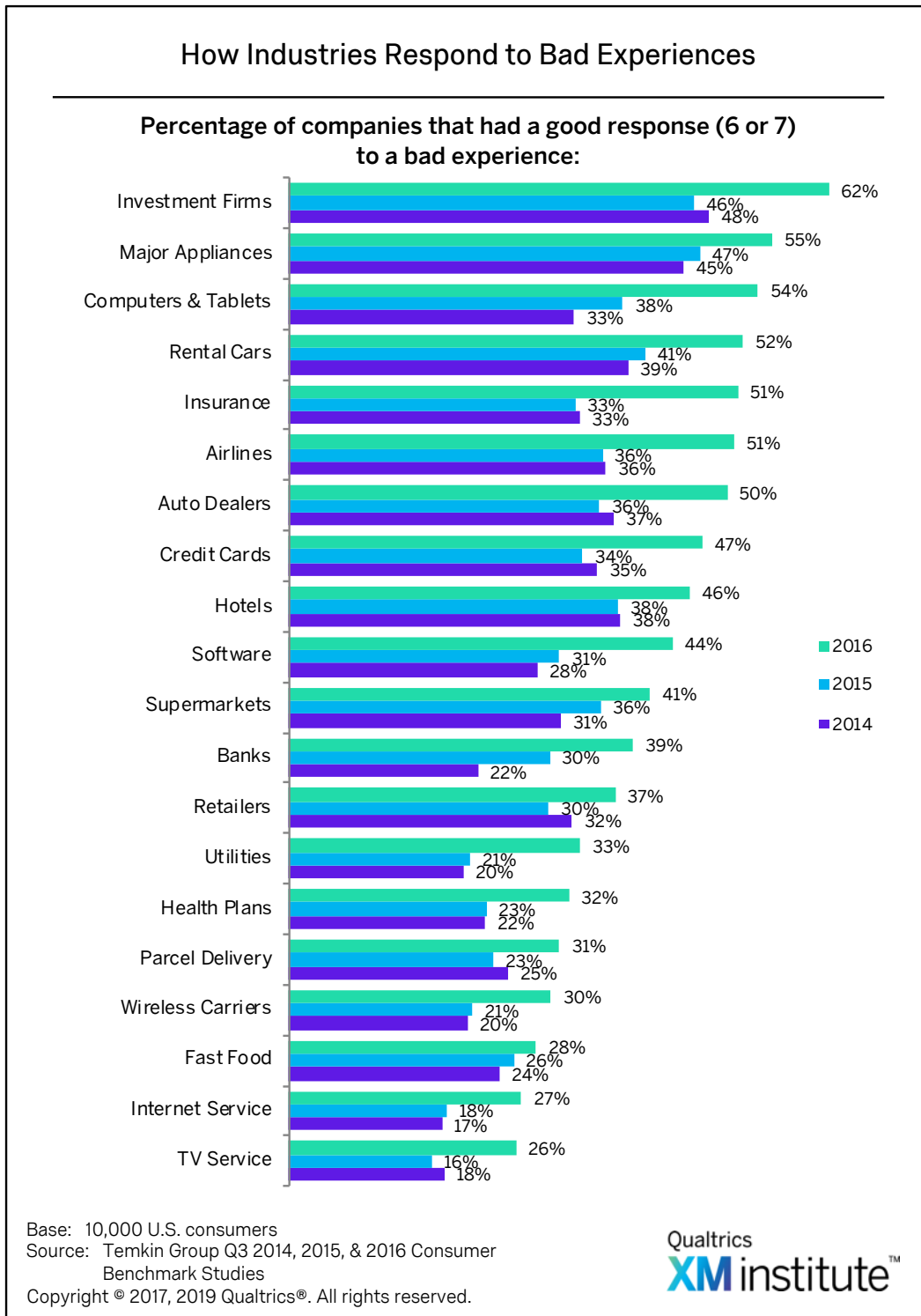


Figure 7

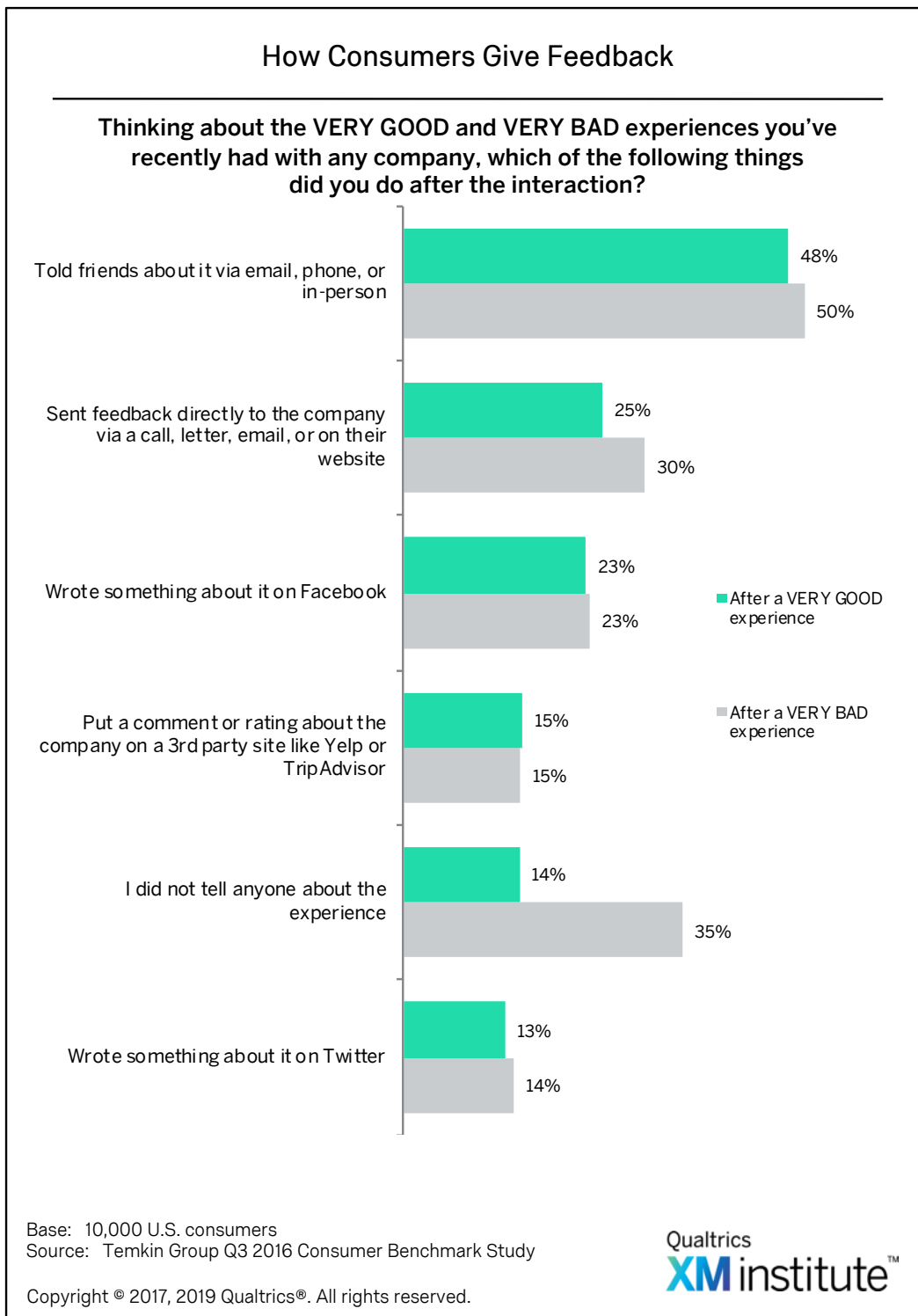


Figure 8

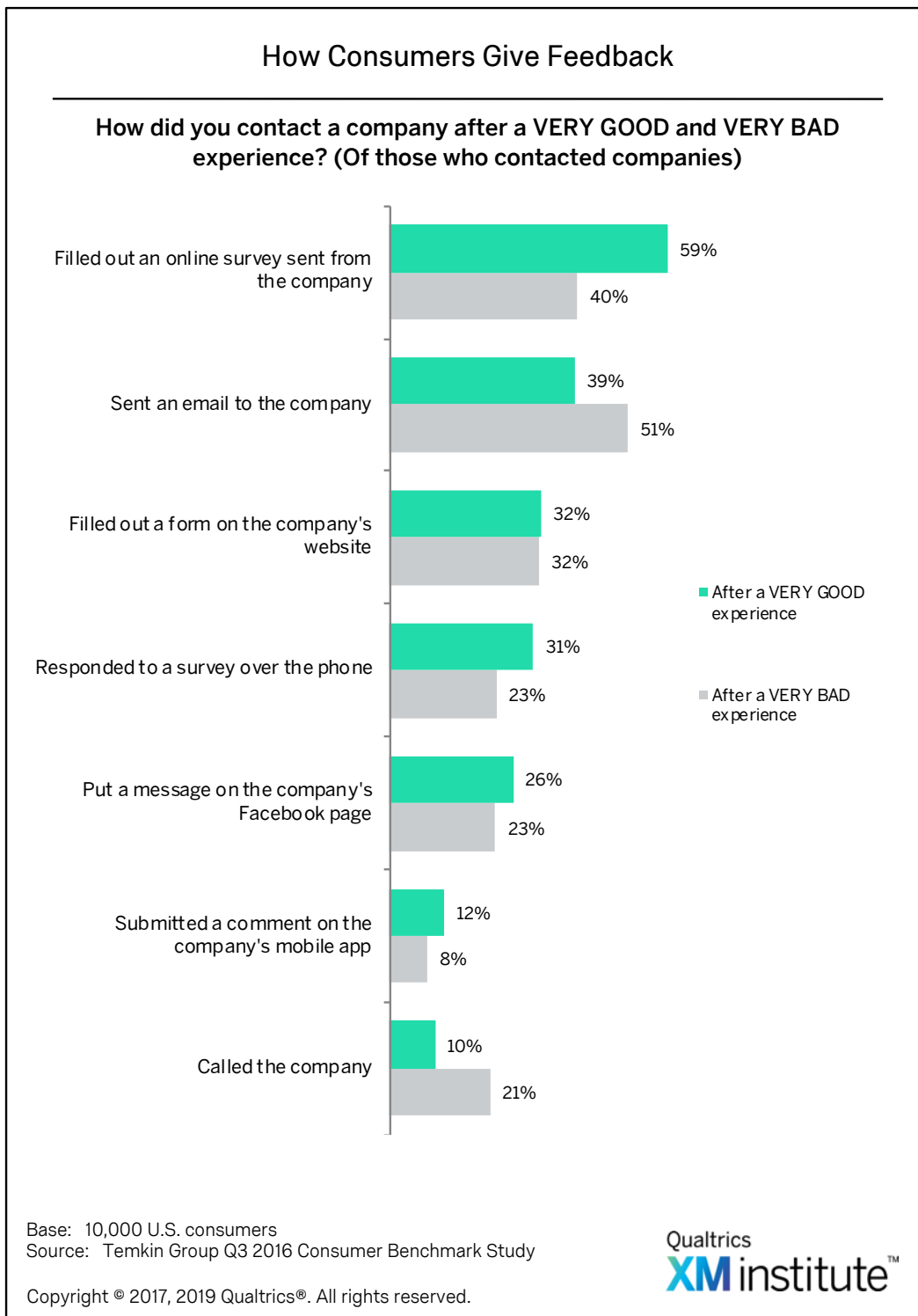


Figure 9

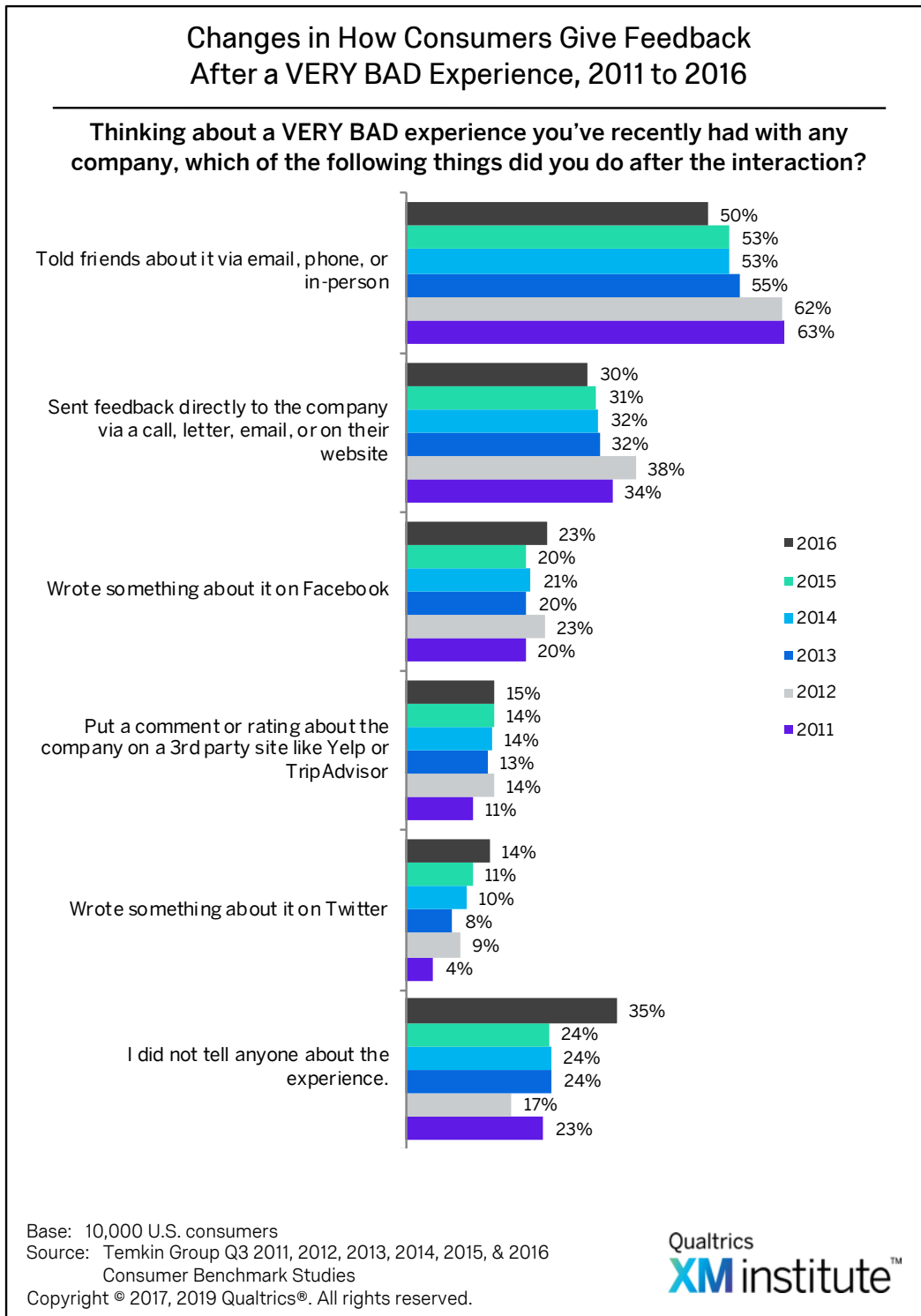


Figure 10

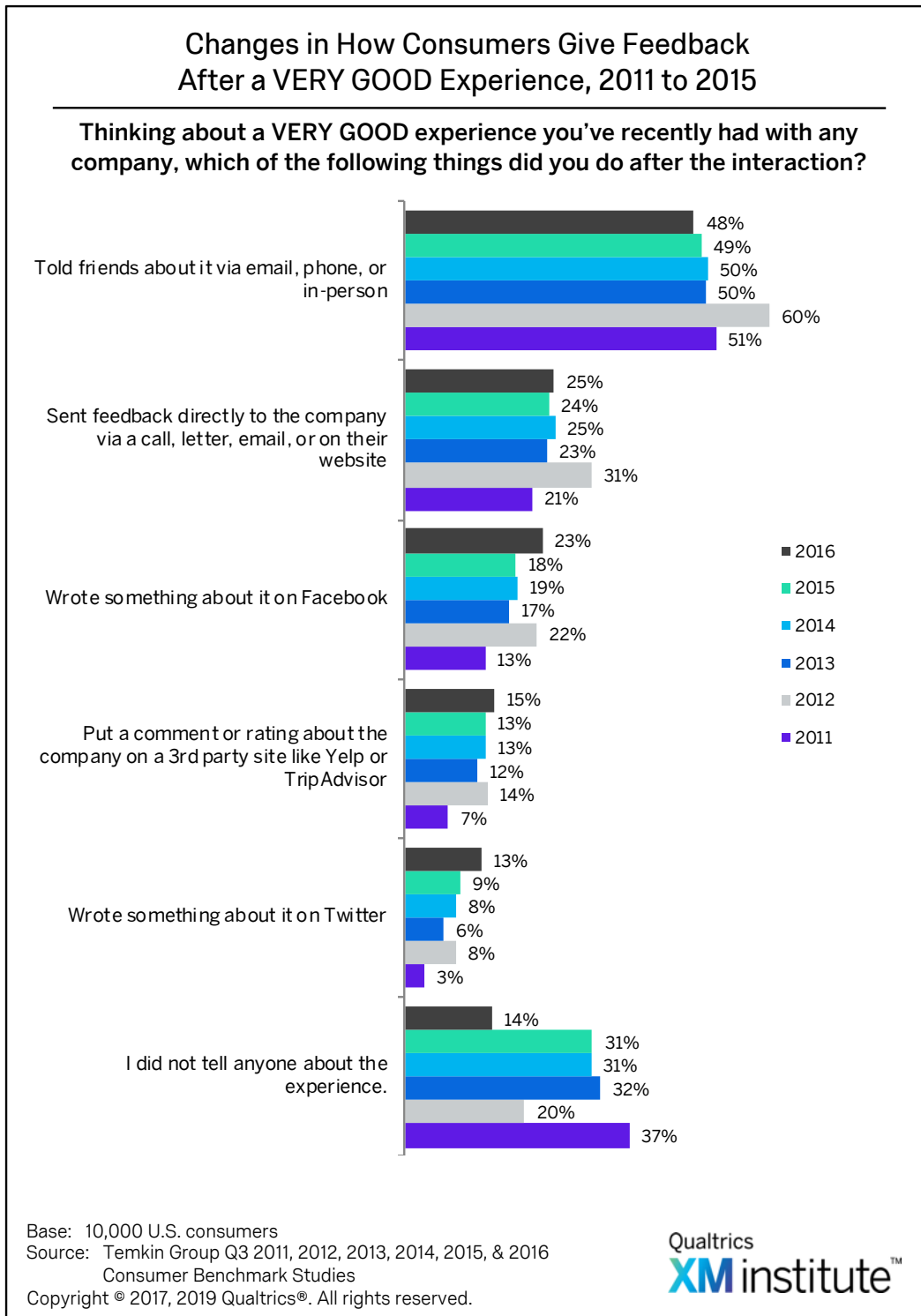


Figure 11

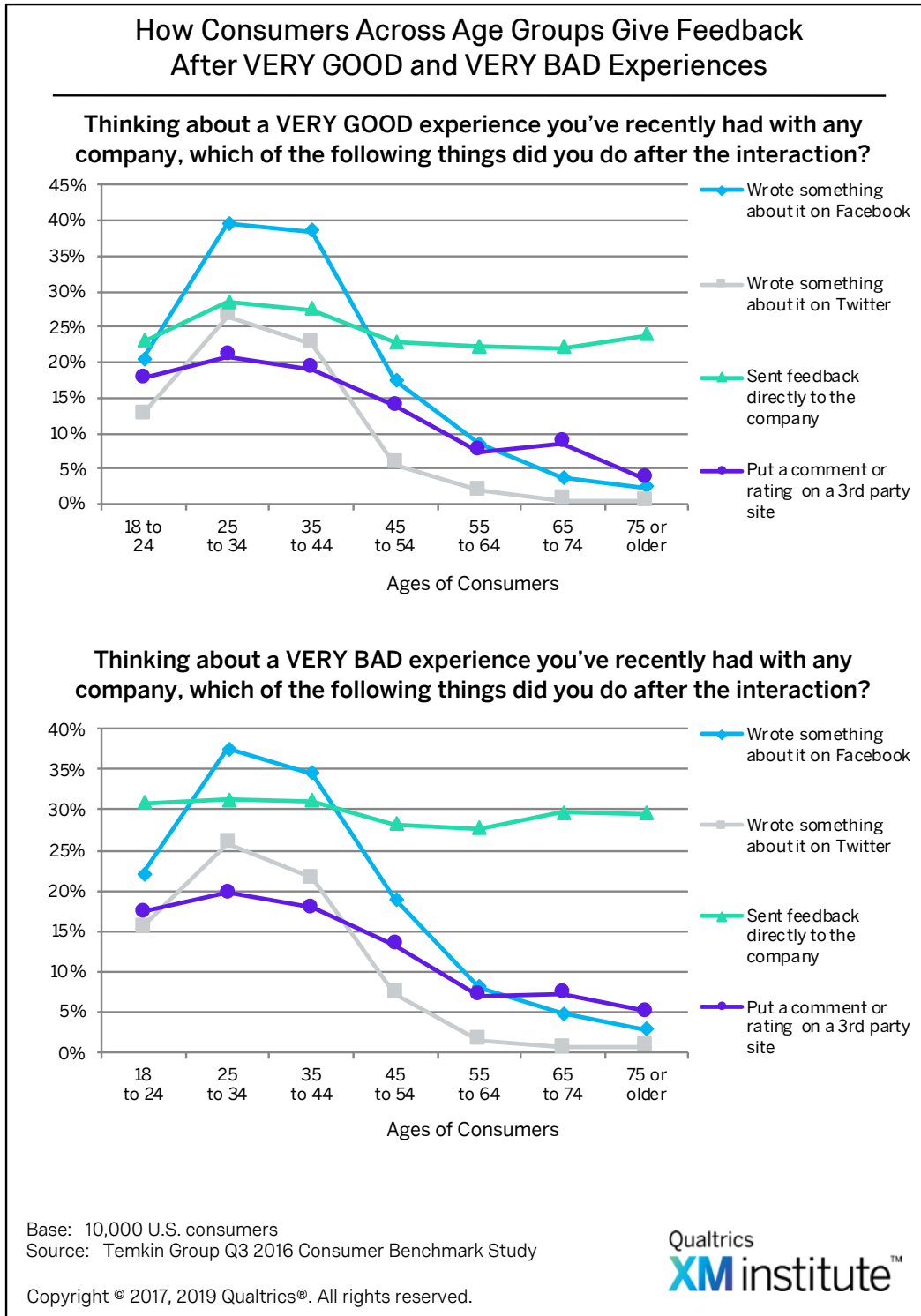


Figure 12

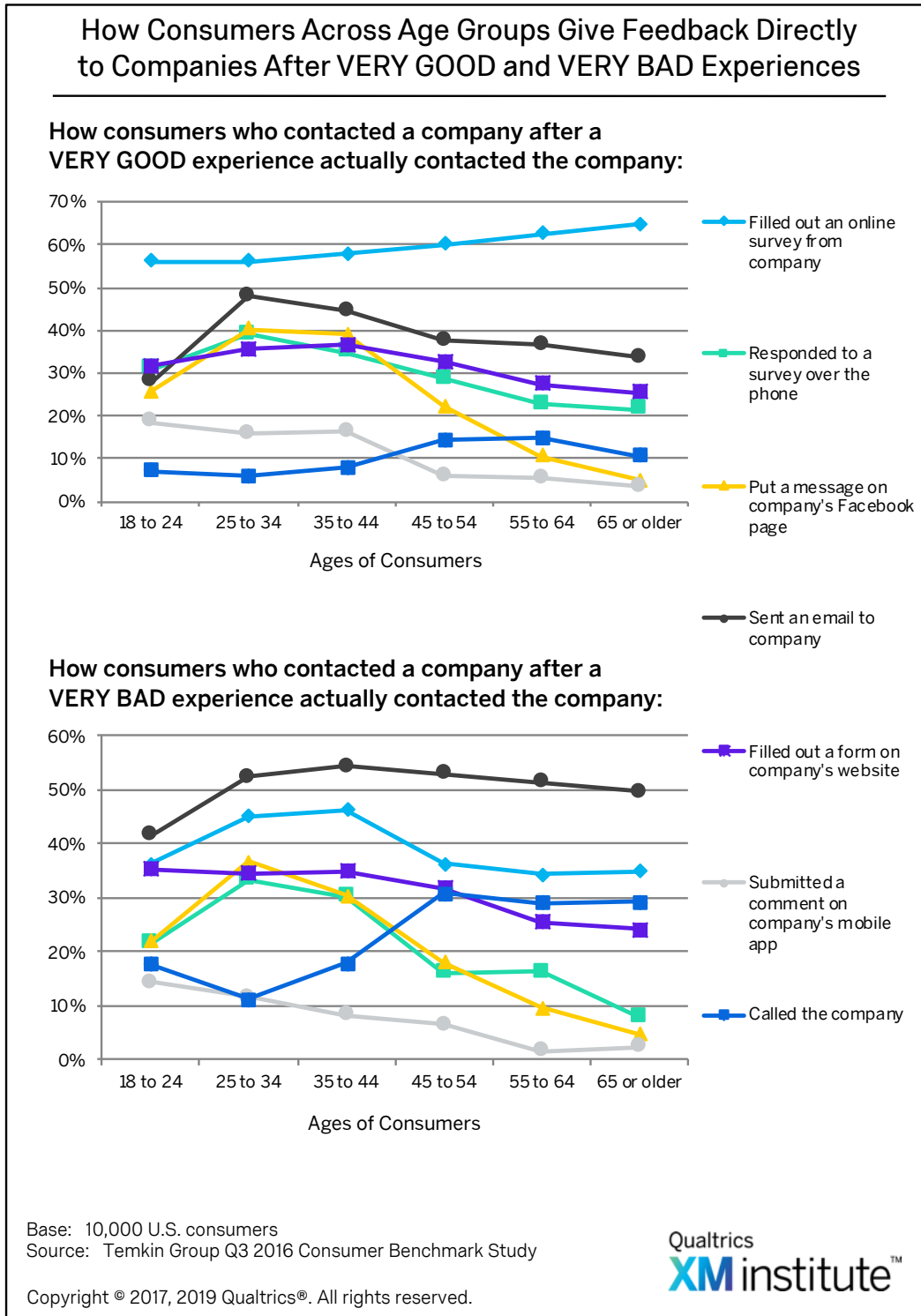


Figure 13

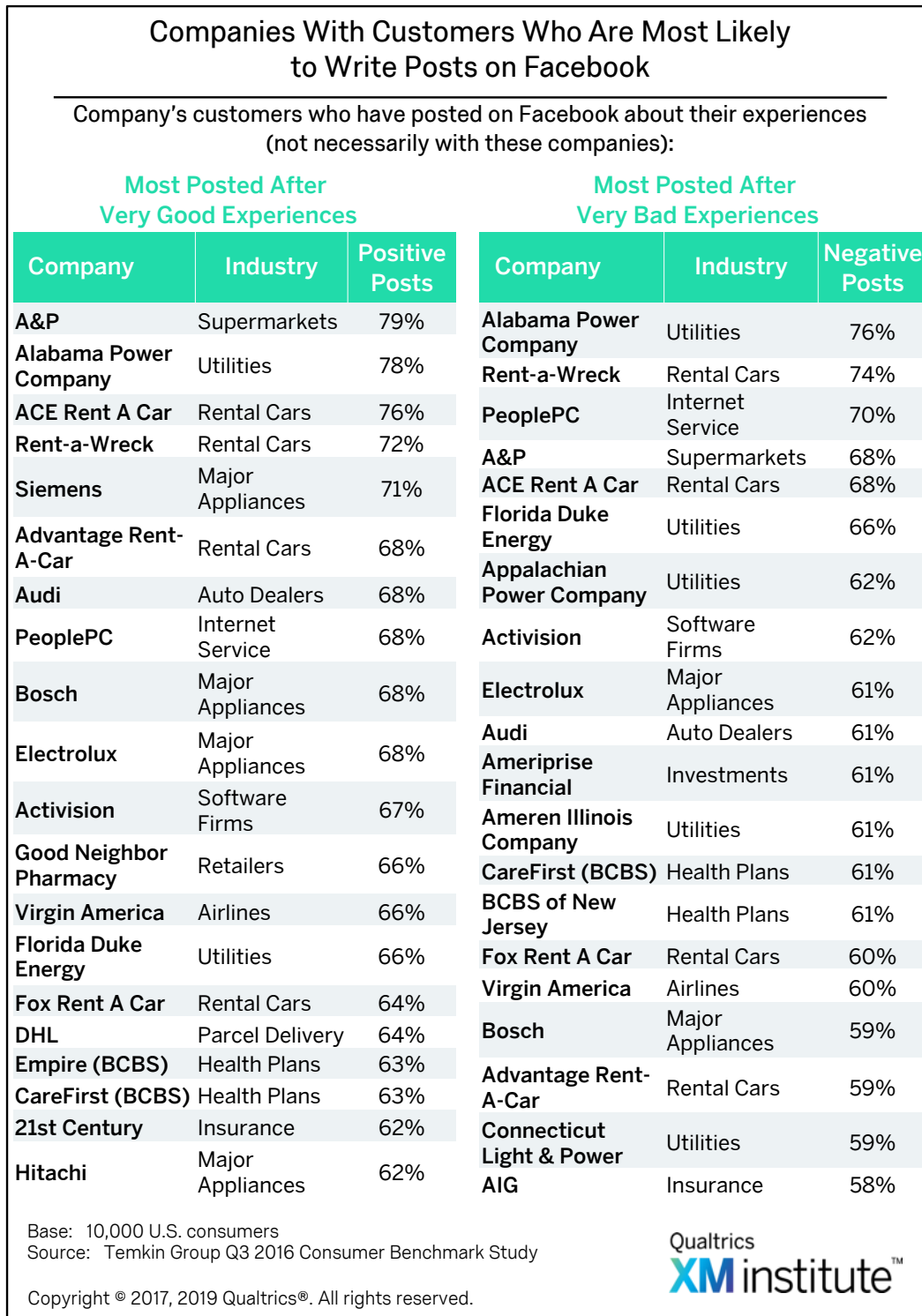


Figure 14



Figure 15

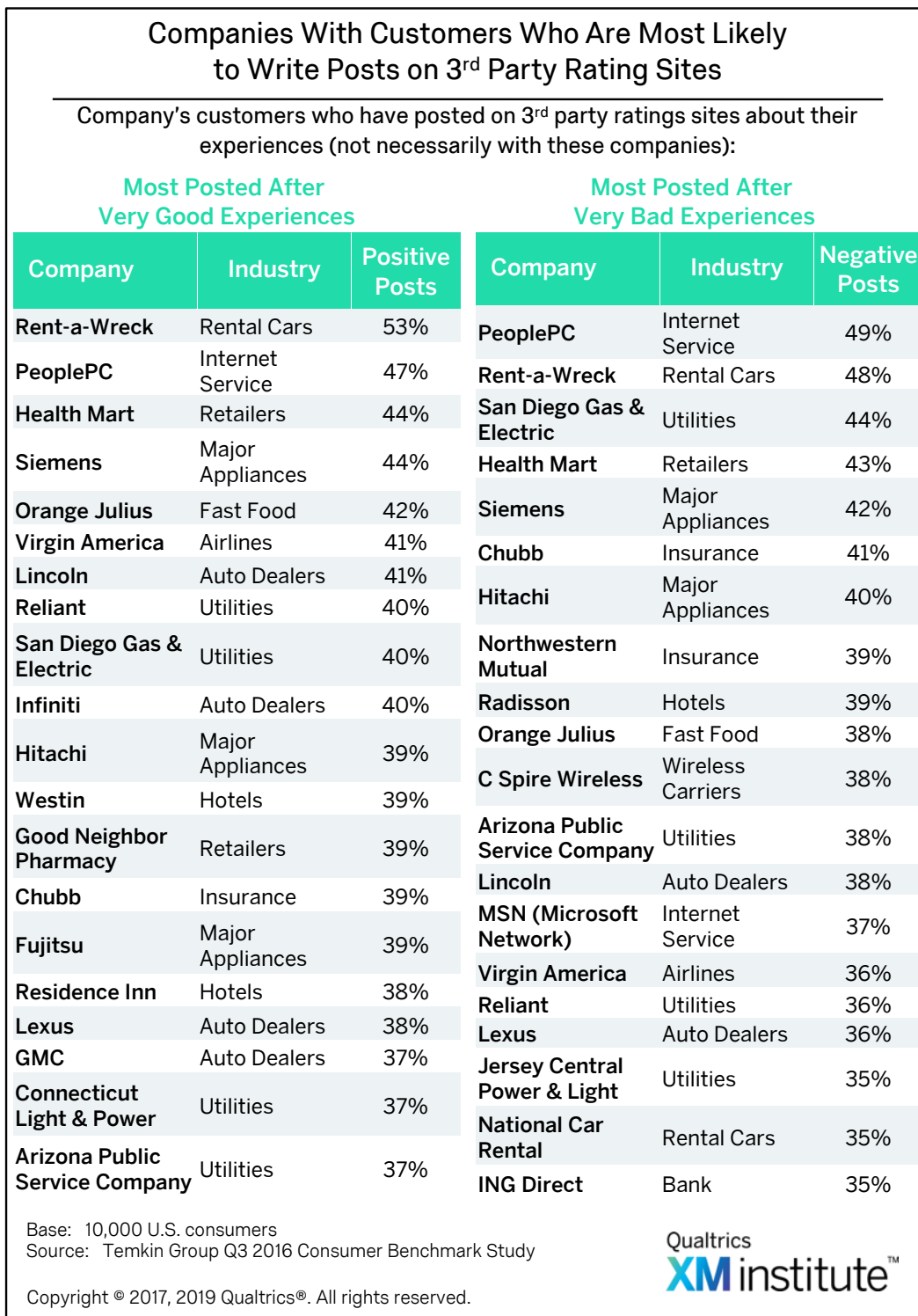


Figure 16

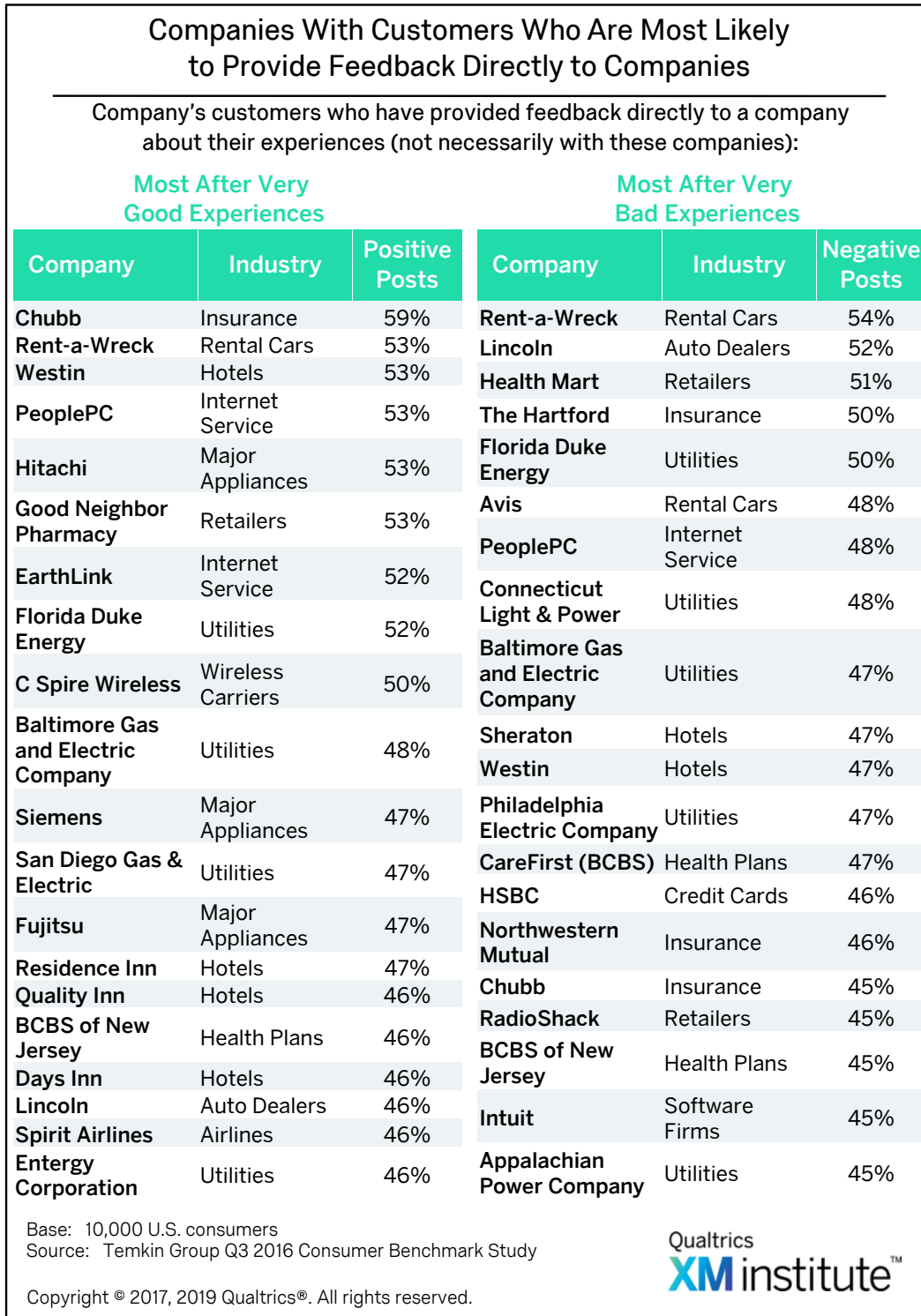


Figure 17

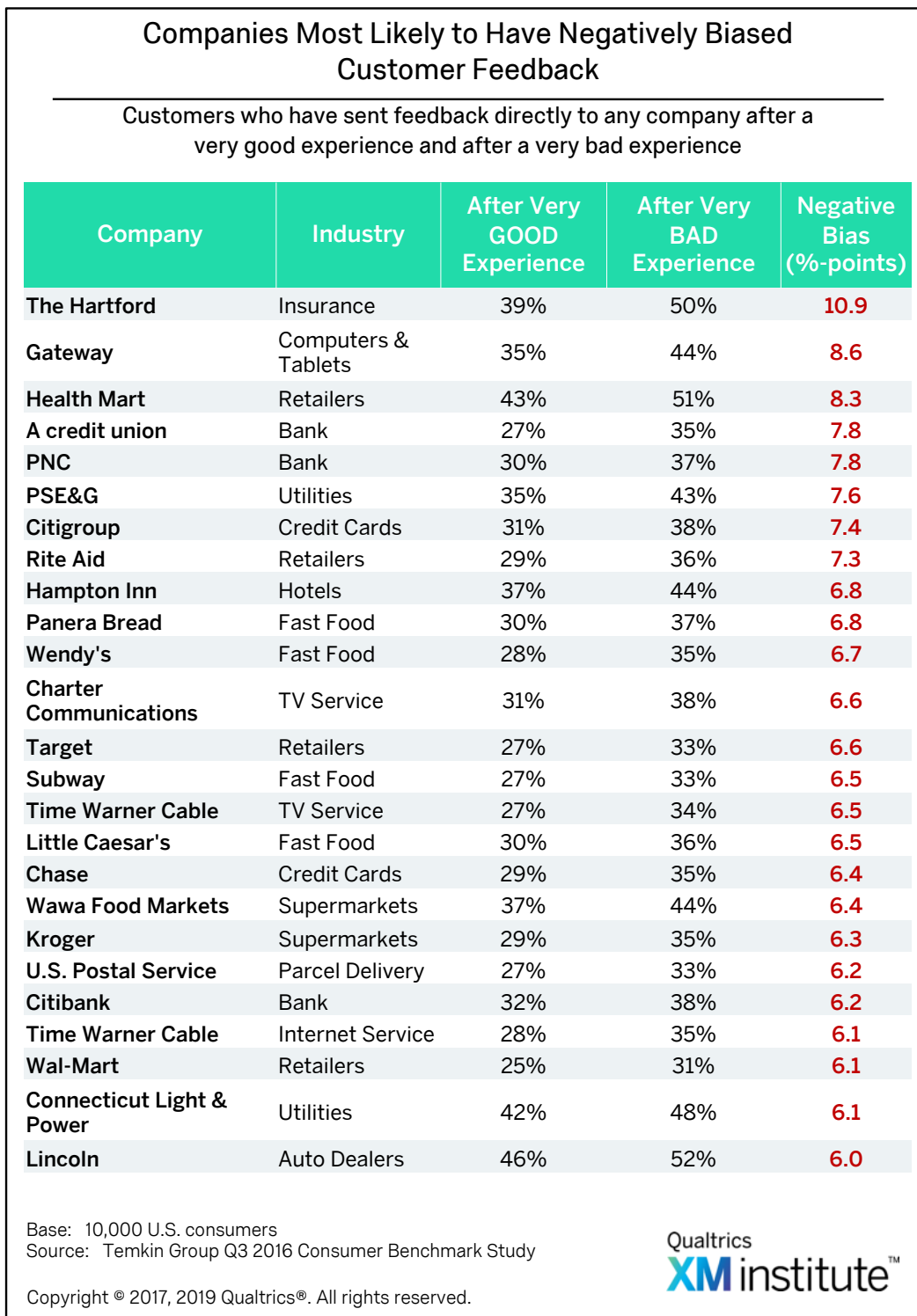


Figure 18

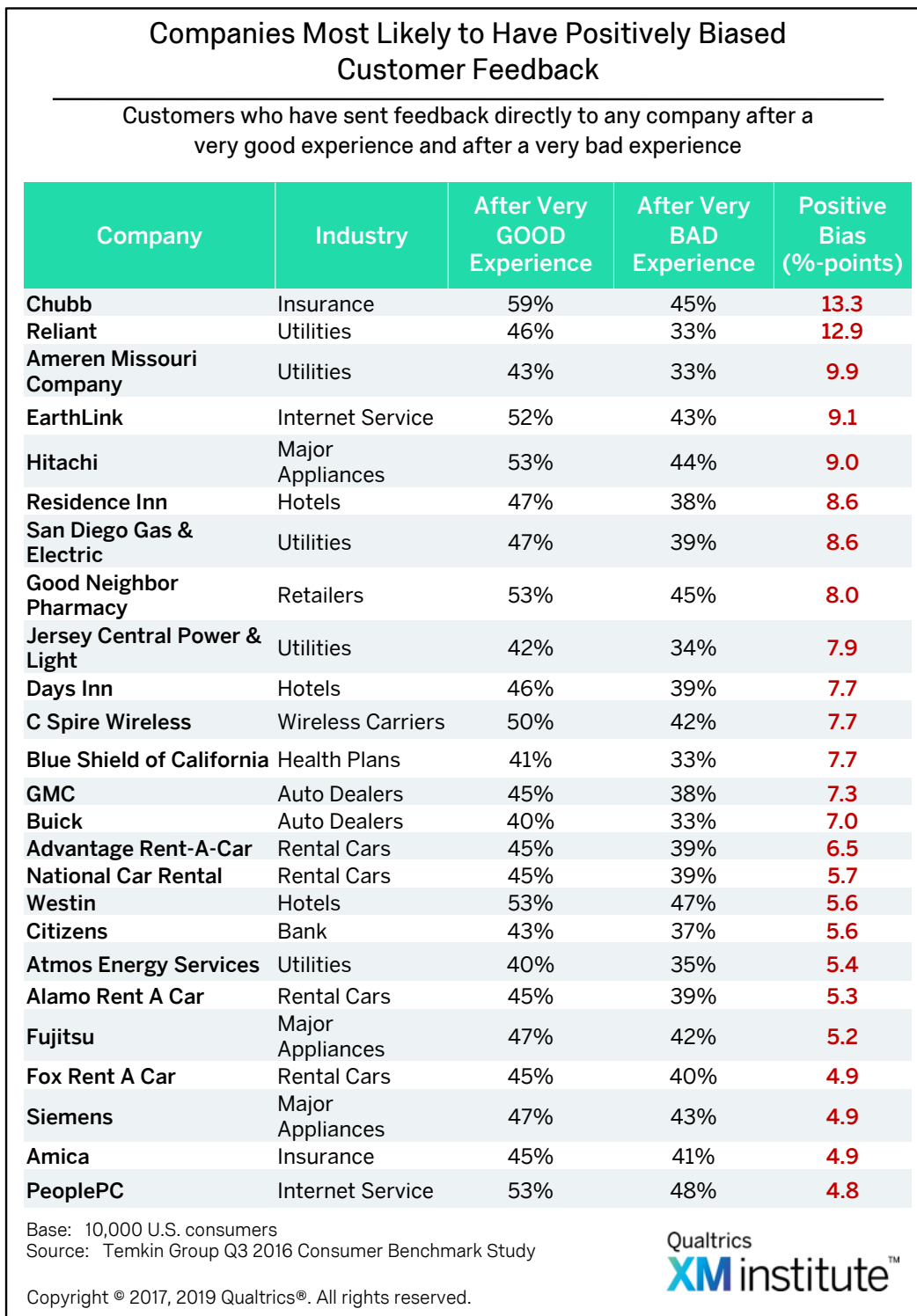


Figure 19