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DATA SNAPSHOT

What Happens After a Bad Experience, 2019

STUDY OF 10,000 U.S. CONSUMERS SHOWS HOW SPENDING CHANGES ACROSS 20 INDUSTRIES

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December 2019

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EXECUTIVE SUMMARY

To understand how a bad customer experience can affect consumers' behavior, we asked 10,000 U.S. consumers about their recent interactions with 294 companies across 20 industries. We then compared the results to similar studies we've conducted in previous years. We also created a Sales at Risk Index for all 20 industries by combining the percentage of customers in an industry who reported having a bad experience with the percentage who said they decreased their spending after a bad experience.

The data come from the Qualtrics XM Institute Q2 2019 U.S. Consumer Benchmark Study – 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.

FIGURES IN THE REPORT:

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Percentage of Bad Experiences Delivered, by Industry

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KEY TAKEAWAYS

+ On average, only 7% of consumers across all industries had a bad experience with a company within the previous six months.

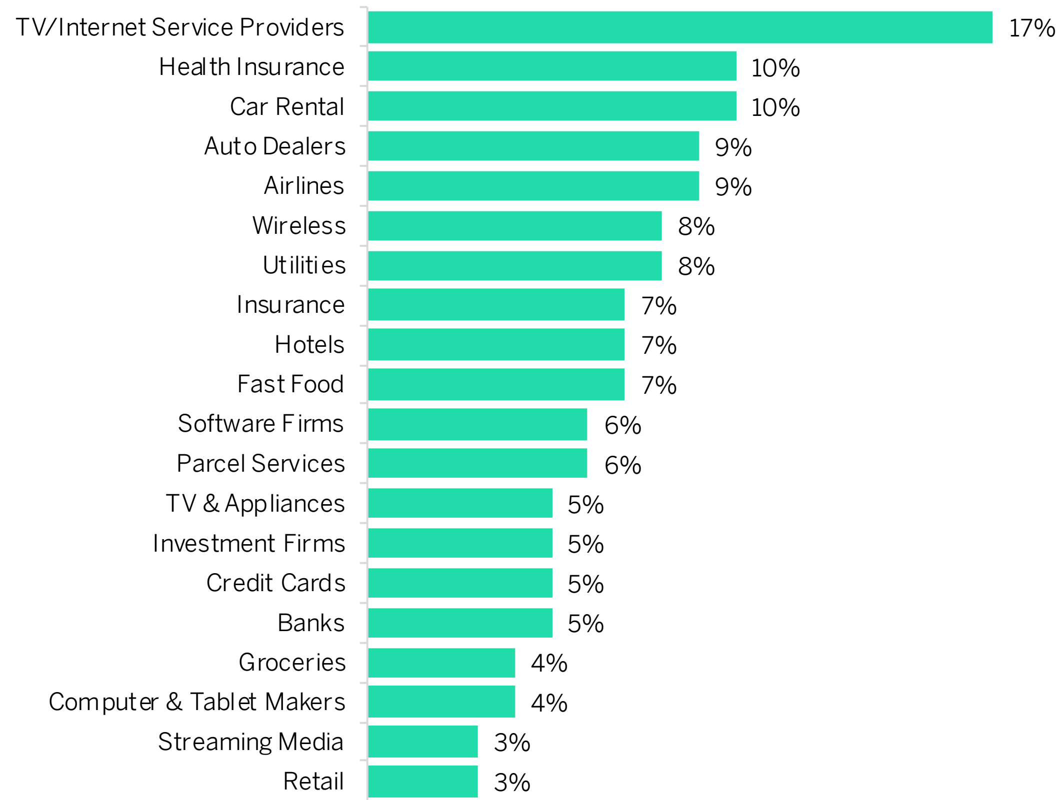
+ TV/Internet Service Providers delivered significantly more bad experiences than any other industry, delivering 2.5x more bad experiences than the average across all industries.

+ The most frequent bad experience proportion was 5%, with four industries (TV & Appliance, Investment Firms, Credit Cards, and Banks) at this proportion.

ABOUT

This chart looks at the percentage of consumers who reported having a bad experience with a company within a given industry in the previous six months.

Percentage of consumers who have had a bad experience with a company in these industries within the previous six months:



Base: 10,000 U.S. consumers
Source: Qualtrics XM Institute Q2 2019 U.S. Consumer Benchmark Study

Percentage of Bad Experiences Delivered, by Industry, 2017 and 2019

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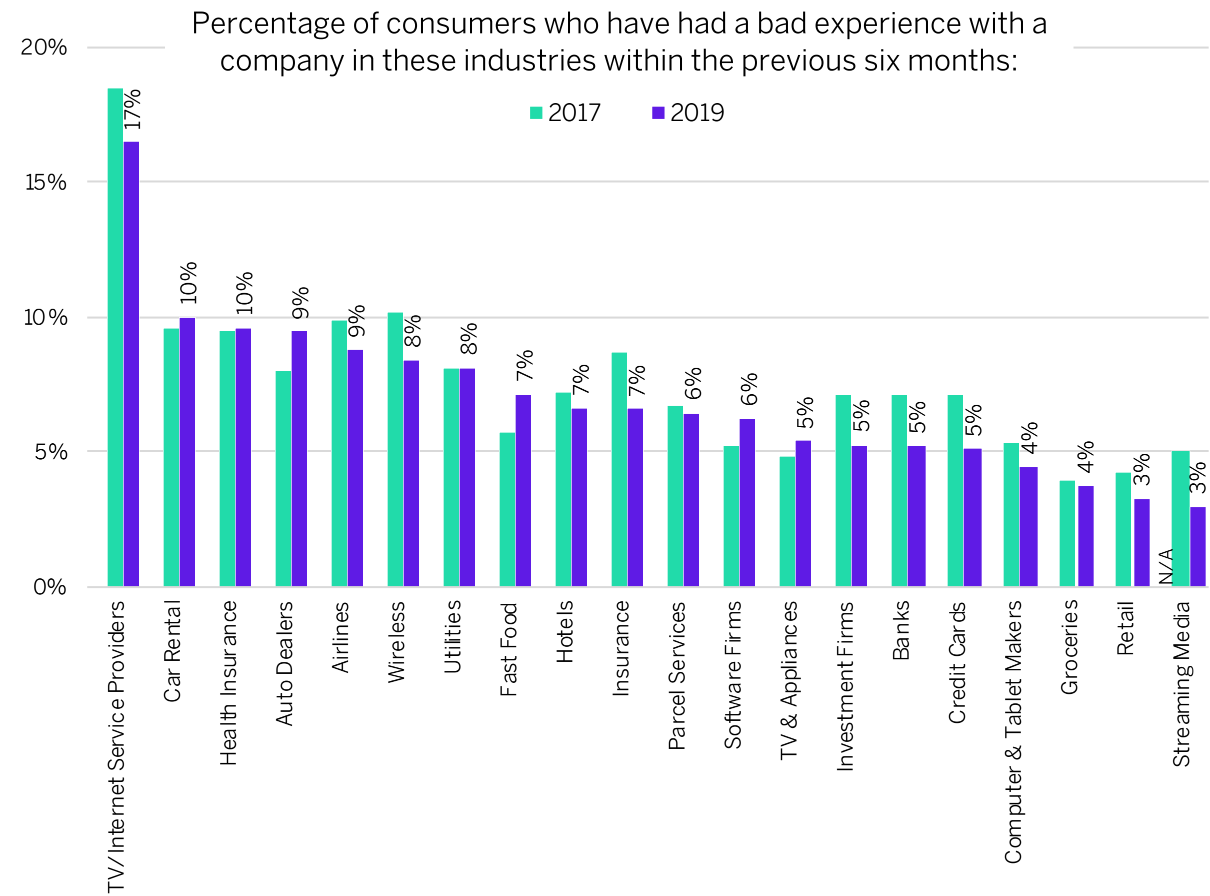
KEY TAKEAWAYS

+ On average, companies across all 20 industries delivered fewer bad experiences from 2017 to 2019, improving performance by 1 percentage point.
+ Insurance and Streaming Media saw the largest drops in bad experiences from 2017 to 2019.
+ Most industries did not see a significant decrease in bad experiences. Nine industries saw an increase or no change in the proportion of bad experiences reported.



Base: 10,000 U.S. consumers
Source: Temkin Group Q3 2017 Consumer Benchmark Study, Qualtrics XM Institute Q2 2019 U.S. Consumer Benchmark Study

ABOUT

This chart looks at the percentage of consumers who report having a bad experience with a company within a given industry in 2017 and 2019.

How Consumers Cut Their Spending After a Bad Experience, by Industry

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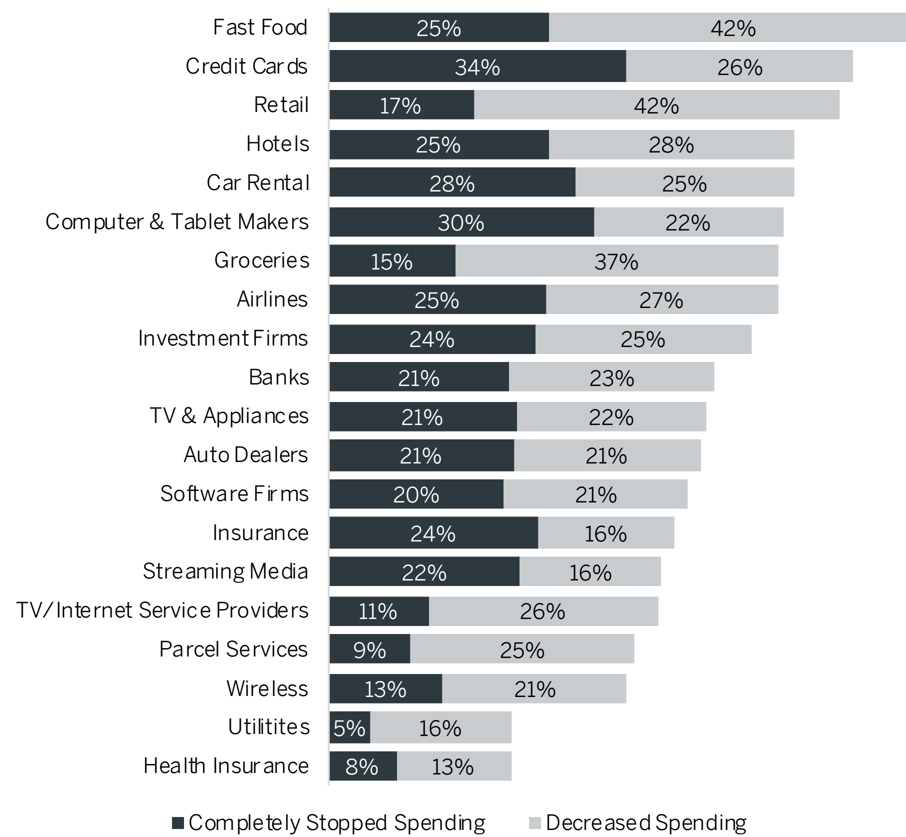
KEY TAKEAWAYS

+ On average, 45% of consumers cut their spending after a bad experience.
+ Fast Food customers are 1.5x more likely to cut spending after a bad experience than the average across all industries.
+ The Health Insurance and Utilities industries are least affected by bad experiences. Both industries saw only 21% of consumers reduce spending after a bad experience in 2019, less than 0.5x the average.

Since the time you had a bad experience with these companies, how have you changed the amount of money that you've spent with them?



ABOUT

This chart looks at the percentage of consumers that decreased or completely stopped spending at a company within a given industry after a bad experience.

Base: 10,000 U.S. consumers
Source: Qualtrics XM Institute Q2 2019 U.S. Consumer Benchmark Study

How Consumers Cut Their Spending After a Bad Experience, by Industry, 2017 and 2019

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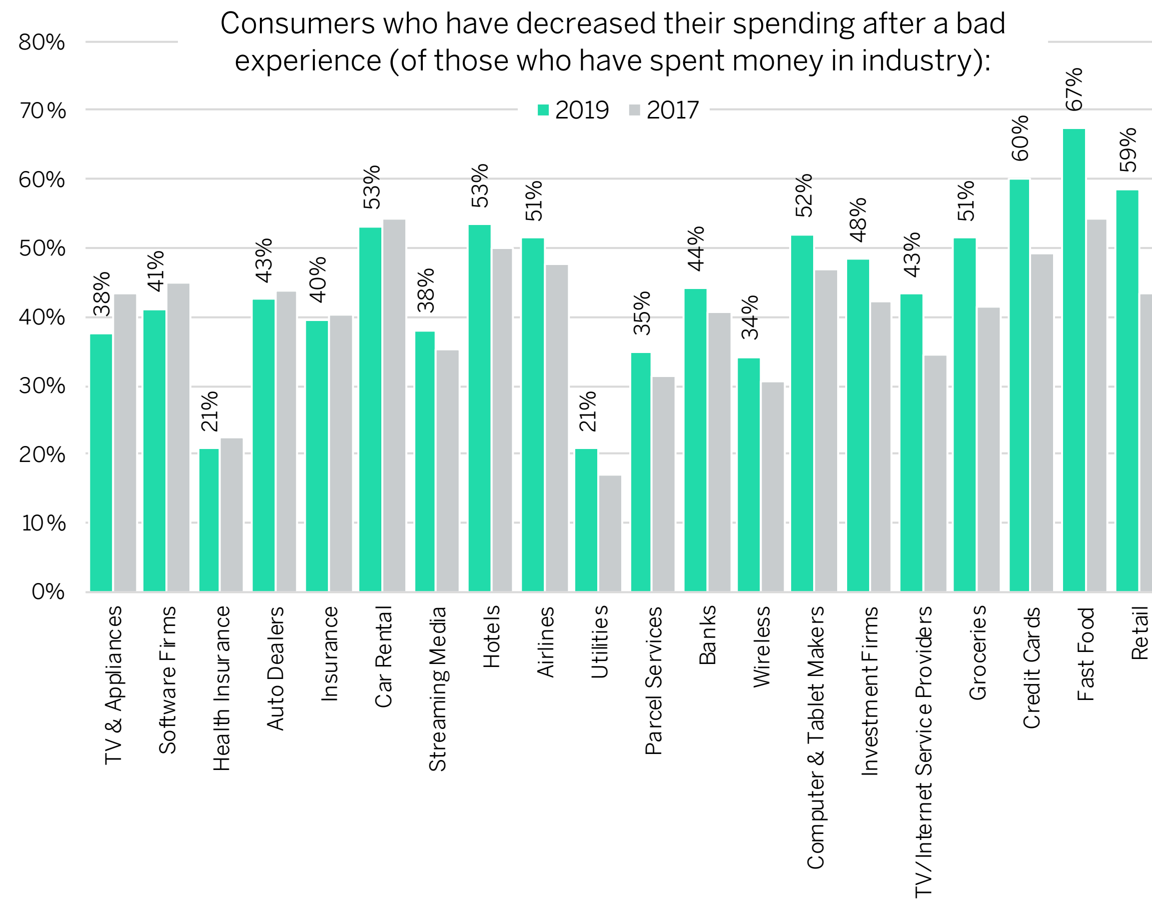
KEY TAKEAWAYS

+ On average, the proportion of consumers who cut their spending after a bad experience increased by 4 percentage points from 2017 to 2019, across the 20 industries.

+ Only six industries had fewer customers cut their spending after a bad experience in 2019 compared to 2017.

+ TV & Appliances and Software Firms saw the most improvement in how bad experiences affect consumer spending.



Base: 10,000 U.S. consumers
Source: Temkin Group Q3 2017 Consumer Benchmark Study, Qualtrics XM Institute Q2 2019 U.S. Consumer Benchmark Study

ABOUT

This chart looks at the percentage of consumers that decreased or completely stopped spending at a company within a given industry after a bad experience in 2017 and 2019.

Sales at Risk Due to Bad Experiences

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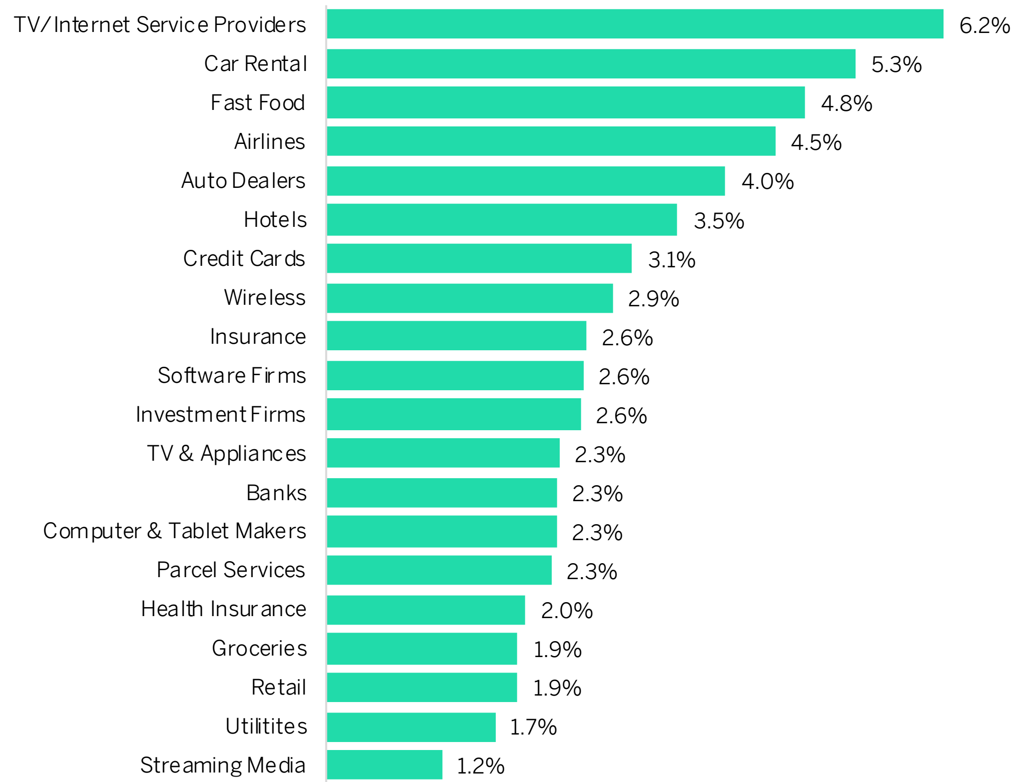
KEY TAKEAWAYS

+ On average, companies across all industries stand to lose 3% of their revenue from bad experiences.
+ Most industries have a below average sales at risk index. Only six industries fell above average.
+ Hospitality is particularly at risk—Car Rental, Airlines, and Hotels all had a higher than average sales risk index.
+ TV/Internet Service Providers had the highest sales at risk index, while Streaming Media had the lowest.

ABOUT

This chart looks at the Sales at Risk Index for each industry. The Sales at Risk Index is a measure of of how much revenue companies could lose as a consequence of bad customer experiences.

Sales at Risk Index =
(Percentage of consumers who have had a bad experience) x
(Percentage of consumers who decreased spending after a bad experience)



Base: 10,000 U.S. consumers
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