



DATA SNAPSHOT

What Happens After a Bad Experience, 2020

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

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December 2020

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ACROSS 20 INDUSTRIES



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 319 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 and Q2 2020 U.S. consumer benchmark studies, which surveyed a representative sample of 10,000 U.S. consumers based on quotas for gender, age, ethnicity, income, and region.

FIGURES IN THE REPORT:

1. Percentage of Bad Experiences Delivered, by Industry
2. Percentage of Bad Experiences Delivered, by Industry, 2019 and 2020
3. How Consumers Cut Their Spending After a Bad Experience, by Industry
4. How Consumers Cut Their Spending After a Bad Experience, by Industry, 2019 and 2020
5. Sales at Risk Due to Bad Experiences

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PUBLICATION DATE

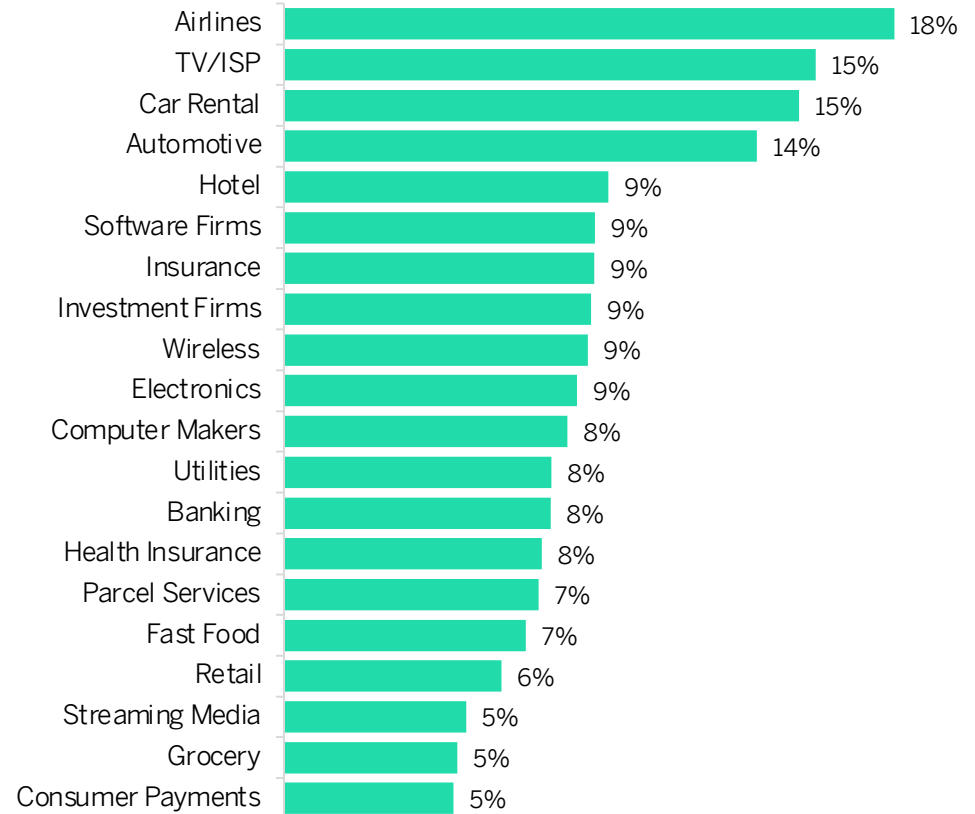
December 2020

Percentage of Bad Experiences Delivered, by Industry

KEY TAKEAWAYS

- + On average, only 9% of consumers report having a bad experience with a company within the previous six months across all 20 industries.
- + Airline customers were the most likely to report having a bad experience within the previous six months. Eighteen percent of these customers reported a bad experience – twice the average across all industries.
- + The industries least likely to deliver a bad experience to their customers are streaming media, grocery, and consumer payments. At 5%, they fall well below the maximum of 18% for the airline industry.

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



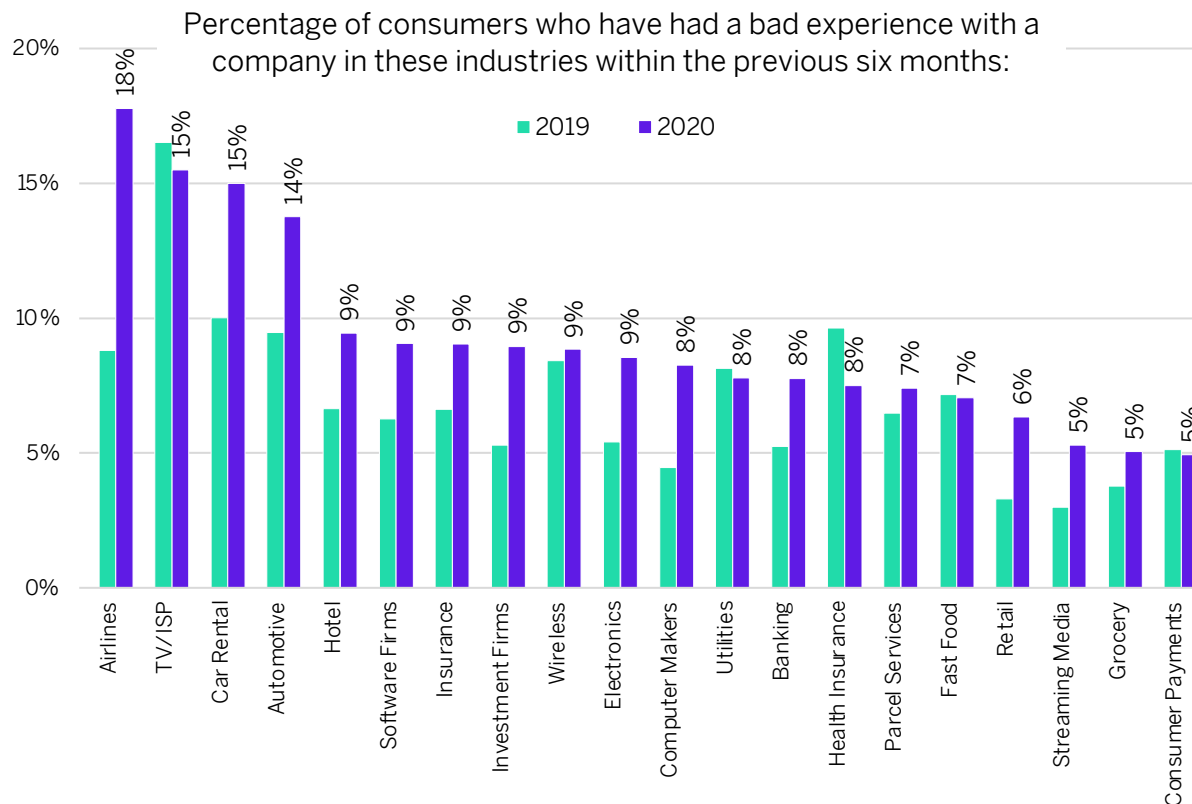
ABOUT

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

Percentage of Bad Experiences Delivered, by Industry, 2019 and 2020

KEY TAKEAWAYS

- + On average, companies across all 20 industries delivered more bad experiences in 2020 than they did in 2019, worsening performance by an average of two percentage points.
- + Five industries delivered a smaller proportion of bad experiences in 2020 than they did in 2019: consumer payments, fast food, health insurance, TV/ISP, and utilities.
- + The greatest change occurred for the airline industry, which doubled its proportion of bad experiences delivered from 9% in 2019 to 18% in 2020.



ABOUT

This graph shows the percentage of consumers who report having a bad experience with a company within a given industry in 2019 and 2020.

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

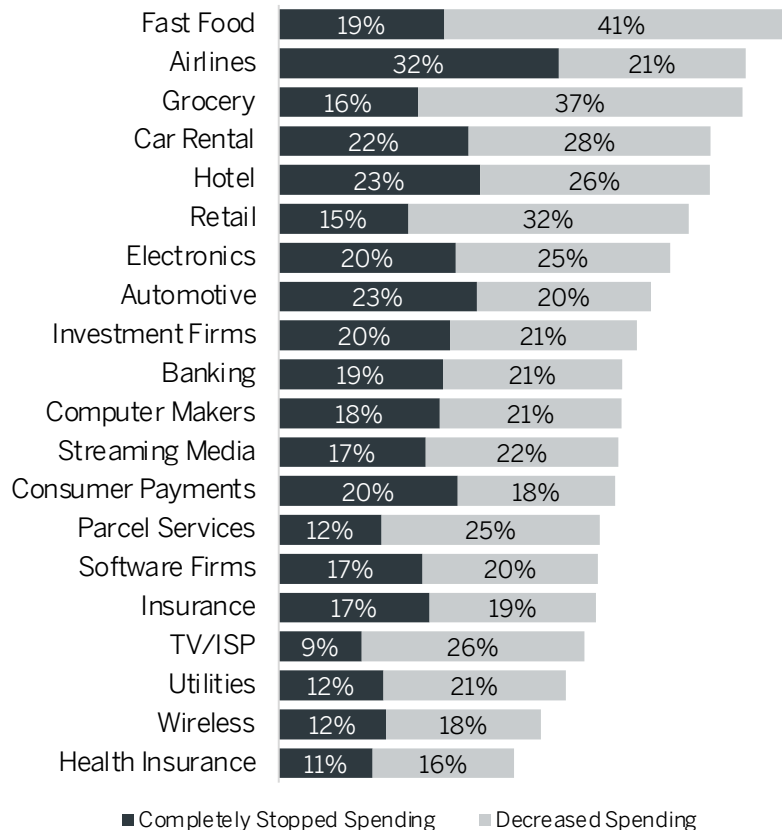
KEY TAKEAWAYS

- + On average, 42% of consumers cut their spending after having a bad experience with a company.
- + Consumers are most likely to negatively change their spending after a bad experience with a fast food company and least likely to do so after a bad experience with a health insurer.
- + Thirty-two percent of airline customers completely stop spending with a company after having a bad experience. This rate is higher than any other industry, which may be explained by the overall decrease in travel due to the COVID-19 pandemic.

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.

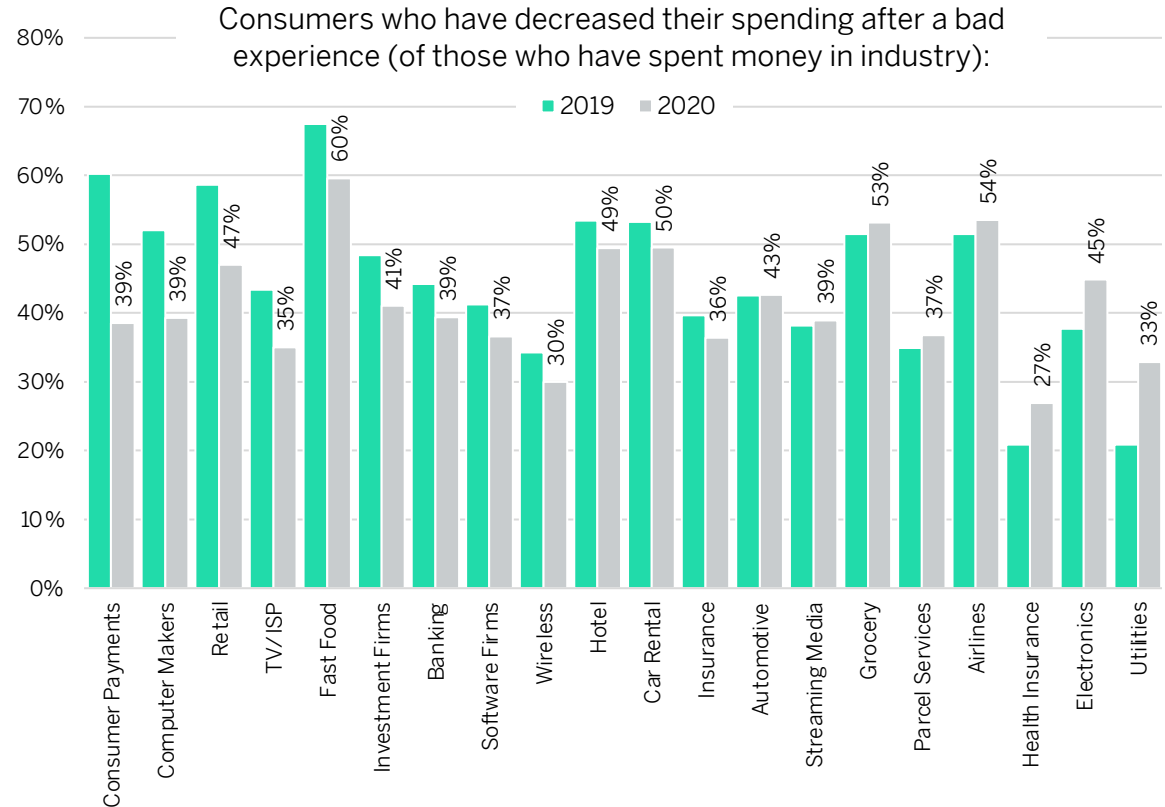
Since the time you had a bad experience with these companies, how have you changed the amount of money that you've spent with them?



How Consumers Cut Their Spending After a Bad Experience, by Industry, 2019 and 2020

KEY TAKEAWAYS

- + On average, the proportion of consumers who cut their spending after a bad experience decreased by three percentage points from 2019 to 2020 across all 20 industries.
- + More than half of the 20 industries saw a decrease in the proportion of consumers who decrease their spending after a bad experience from 2019 to 2020.
- + The consumer payments industry saw the largest drop in this proportion, going from 60% of consumers reducing spending after a bad experience in 2019 to only 39% in 2020.



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 2019 and 2020.

Sales at Risk Due to Bad Experiences

KEY TAKEAWAYS

- + On average, companies across all 20 industries stand to lose nearly four percent of their revenue from delivering bad experiences to their customers.
- + The airline industry, with the highest Sales at Risk Index, has more than four times to lose due to delivering bad experiences than the consumer payments industry, which has the lowest Sales at Risk Index.

ABOUT

This chart looks at the Sales at Risk Index for each industry. The Sales at Risk Index is a measure 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)

