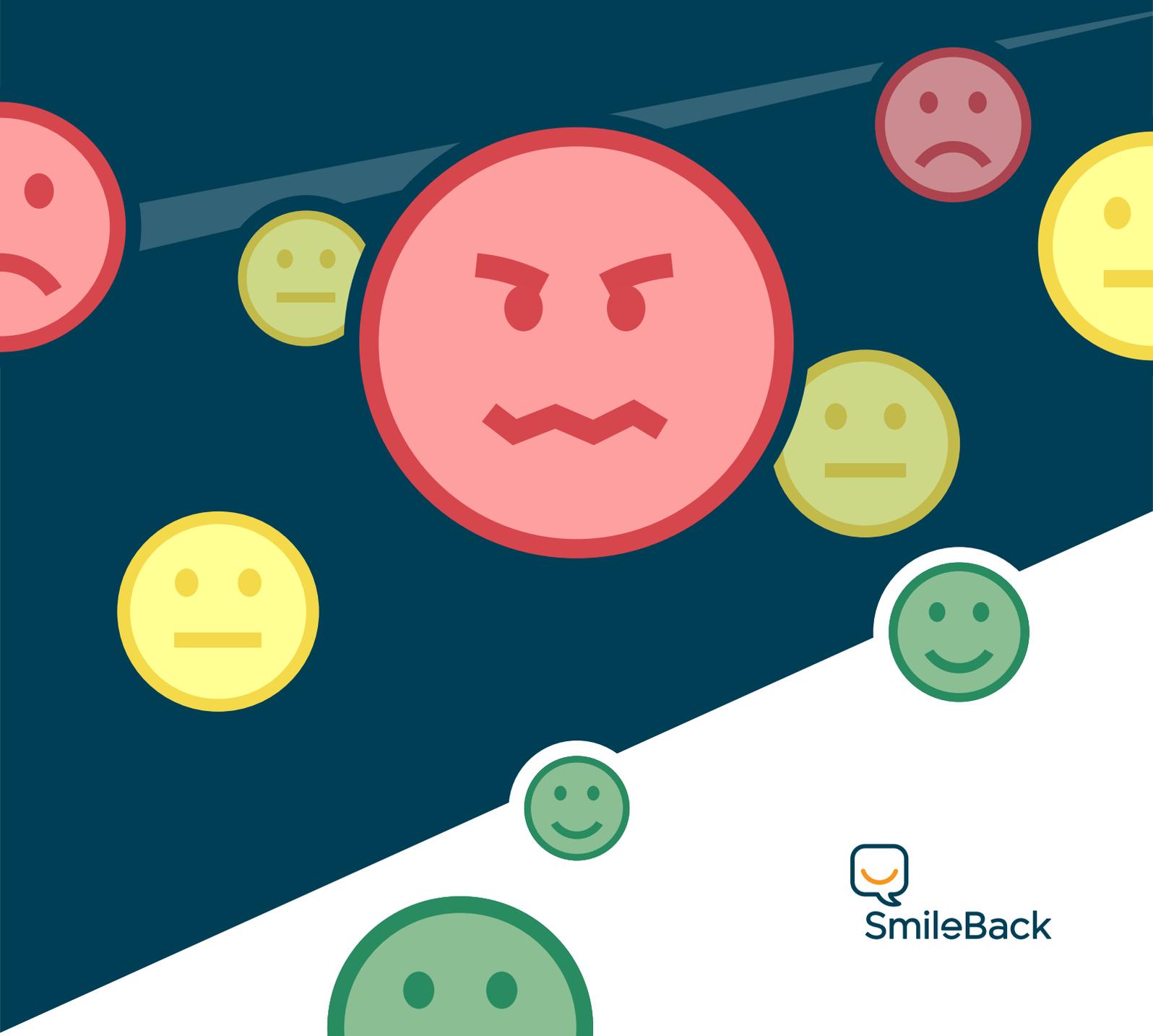


10 Ways Customer Satisfaction Is Affecting Your Bottom Line



SmileBack

If you're competitor focused, you have to wait until there is a competitor doing something. Being customer focused allows you to be more pioneering.

JEFF BEZOS, FOUNDER OF AMAZON.COM

Customer loyalty is critical to any business. While this might not come as a surprise, many companies consider it a consumer-facing issue and not nearly as relevant for B2B relationships. The reality is, customer satisfaction is especially relevant for businesses who have a limited pool of customers to target and a higher Lifetime Value (TVL) associated with each.

The [global market](#) for managed service providers (MSPs) is expected to reach \$193.34 billion by 2019—up from \$107.17 billion in 2014—and is growing at a Compound Annual Growth Rate (CAGR) of 12.5%. This dramatic increase in competition is making a lot of providers take a closer look at their customer satisfaction to understand what is keeping their customers loyal and what is causing them to churn.

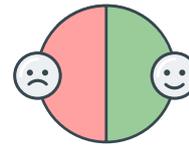
A Few Mind-Boggling Statistics to Consider

One of the reasons that customer satisfaction historically took a backseat to price and product when evaluating overall success was a lack of statistics regarding customer experience, churn rates, and the cost of converting new leads. Now, in the age of data, companies are beginning to understand the value of keeping their clients happy. Consider these statistics from a [consumer study](#) by B2B International:

Most companies lose

45% to 50%

of their customers every **five years**



Converting new leads can cost

20 times

more than retaining existing customers



A **85%** reduction in customer churn
can increase profits by

25% to 85%



From the cost of converting new leads to the revenue gained by customers who continue to purchase a product or service, year after year, customer loyalty makes a much bigger impact on your bottom line than you might think.

So what is customer satisfaction really worth? Let's take a look at some of the ways customer satisfaction (and customer loyalty) can make or break a business.

1 Retaining existing customers is cheaper than acquiring new ones

According to a study by the [Harvard Business Review](#), an increase of 5% in customer loyalty can increase profitability by 25-95%. How is that possible? Between advertising, marketing, and follow-up, it costs five times more to acquire new customers than it does to retain the ones you already have.

[Forbes](#) confirms that “acquiring new customers is important, but retaining them accelerates profitable growth.” And [invesp](#) adds these surprising statistics to show why customer retention leads to surges in growth and profitability:

Existing customer are more willing to try more and spend more:

Repeat customers are 50% more likely to try new products and spend 31% more, when compared to new ones.

Therefore, one of the easiest (and often overlooked) ways to sell more is by keeping your current customers satisfied.

2 Repeat customers significantly increase overall sales

Improving customer loyalty means not only an increase in profitability but also an increase in actual sales. According to [industry experts](#), 80% of your future revenue will come from just 20% of your existing clients.

This is largely due to the fact that it is easier to sell to customers that are already loyal to your brand. According to the [White House Office of Consumer Affairs](#), the probability of selling to an existing customer is 60-70%, while the probability of selling to a new prospect is 5-20%. You will save time, effort, and money by focusing more attention on repeat sales.

Of course, this can only be achieved with satisfied customers.
Ensuring your customers are pleased after each service or support interaction lays the foundation for increasing your overall sales.

3 Unhappy customers go out of their way to avoid doing business with you

While unhappy customers will obviously be less eager to make a repeat purchase, according to [American Express](#), 81% will not willingly do business with you again.

Not only that, but [Groove](#) tells us that while happy customers tell an average of nine people about their positive experiences, when it comes to negative experiences, unhappy customers will tell 16.

This negative ripple is one every company should take action to prevent. No matter what product or service you provide, there is always a competitor waiting to welcome your customers when they are ready to jump ship.

Keep your existing customers satisfied and eliminate the negativity and the space for competition to move in.

4 One customer complaint means bigger problems down the road

It takes more than a single customer to sustain a business so why worry about the one who can't be satisfied?

According to [Eстебан Kolsky](#), CEO of thinkJar, for every customer complaint there are 26 other customers who churn without saying anything at all. You won't even know they are gone until you start seeing a loss in revenue.

Reducing customer churn by uncovering those who are having negative experiences (without seeking a way to tell you about them) is a surefire way to keep your bottom line from shrinking.

5 Customers value the quality of service more than the product itself

If you are not offering a product or service that people want, you

wouldn't have any customers in the first place; but keeping them has less to do with the product itself and more to do with customer satisfaction.

According to [Kissmetrics](#), 71% of potentially loyal customers will stop doing business with you based on a single negative customer experience. Alternatively, [62%](#) will continue doing business with you based solely on a good customer experience.

Responding to negative feedback and resolving problems before your customers find another product or service to purchase will reduce customer churn and increase ROI.

In fact, customer service is such a priority that within the next couple of years, 86% of customers will pay more for an excellent customer experience, according to "[Customers 2020: A Progress Report](#)."

Investing in customer service now will enable you to please customers, differentiate your offering, and charge more for your products: a win-win for you and your bottom line.

6 Negative customer feedback can cost you more than you think

According to [Zendesk](#), 45% of consumers share bad customer service experiences on social media, and 63% of consumers read them.

The new word of mouth happens online using social networks like Facebook, Twitter, and LinkedIn. This is good news for companies that

value customer satisfaction and detrimental to the those that don't. This is especially true for companies who share similar connections and rely on existing relationship to establish new ones.

Keeping your existing customers happy will lead to new business, while the exposure from a single negative customer experience can have an exponential impact on your bottom line.

7 Customer satisfaction is good for team morale, which is good for business

The relationship between team morale and customer satisfaction is a symbiotic one. When employees are happy, they provide a good customer experience. When customers are satisfied, it makes life easier for your employees.

According to a [Gallup report](#), employees who are eager to engage with customers can increase sales by more than 20%.

By focusing on customer satisfaction, you make it easier for your buyers and your employees to build relationships that last longer and increase revenue.

8 Contemporary consumers expect a good customer experience

According to a study by [Zendesk](#), 87% of consumers now expect a seamless customer experience across all support channels. They want their problems resolved quickly and efficiently or they will happily take their business elsewhere and tell all their friends along the way.

Meeting their expectation in this regard will also cause them to share positive testimonials among their peers and across the socialmediasphere.

Just as poor customer experiences can have a damaging impact on the bottom line, so can positive feedback make the bottom line soar.

9 A good customer satisfaction score (CSAT) is worth its weight in gold

Most service providers are well aware of their CSAT score and some even use it for marketing purposes, but it is probably worth more than you imagine.

According to [The Institute of Customer Service](#), a 10% increase in CSAT equals a 12% increase in customer trust. This not only means an increase in future sales but a reduction in customer churn, even after a negative experience.

Building customer trust will continue to positively affect your bottom line for years to come.

10 Customer satisfaction gives you a competitive advantage

If contemporary customers expect a good customer experience, it is not surprising that keeping your customers happy will give you a leg up on the competition, but it's probably more significant than you imagine.

According to [Walker Research](#), by the year 2020, customer experience will overtake price and product as the key brand differentiator. There is a lot of competition out there and companies have to set themselves apart somehow.

As far as your customers are concerned, the only way to beat out your competitors is to provide an exceptional customer experience.

How to Start

There are many ways to improve your customer experience but it begins with listening to what your customers like about your business and what they don't. Reacting to negative feedback is crucial, as is implementing changes that address common problems and make life easier for both your employees and your clientele.

Don't lose revenue by overlooking negative feedback, use it to provide the best customer experience imaginable and give your business the boost it needs to beat out the competition.

[Get started with SmileBack](#) and get the data you need to provide an exceptional customer experience and resolve negative customer feedback before it affects your bottom line.

