

The state of customer experience management in B2B

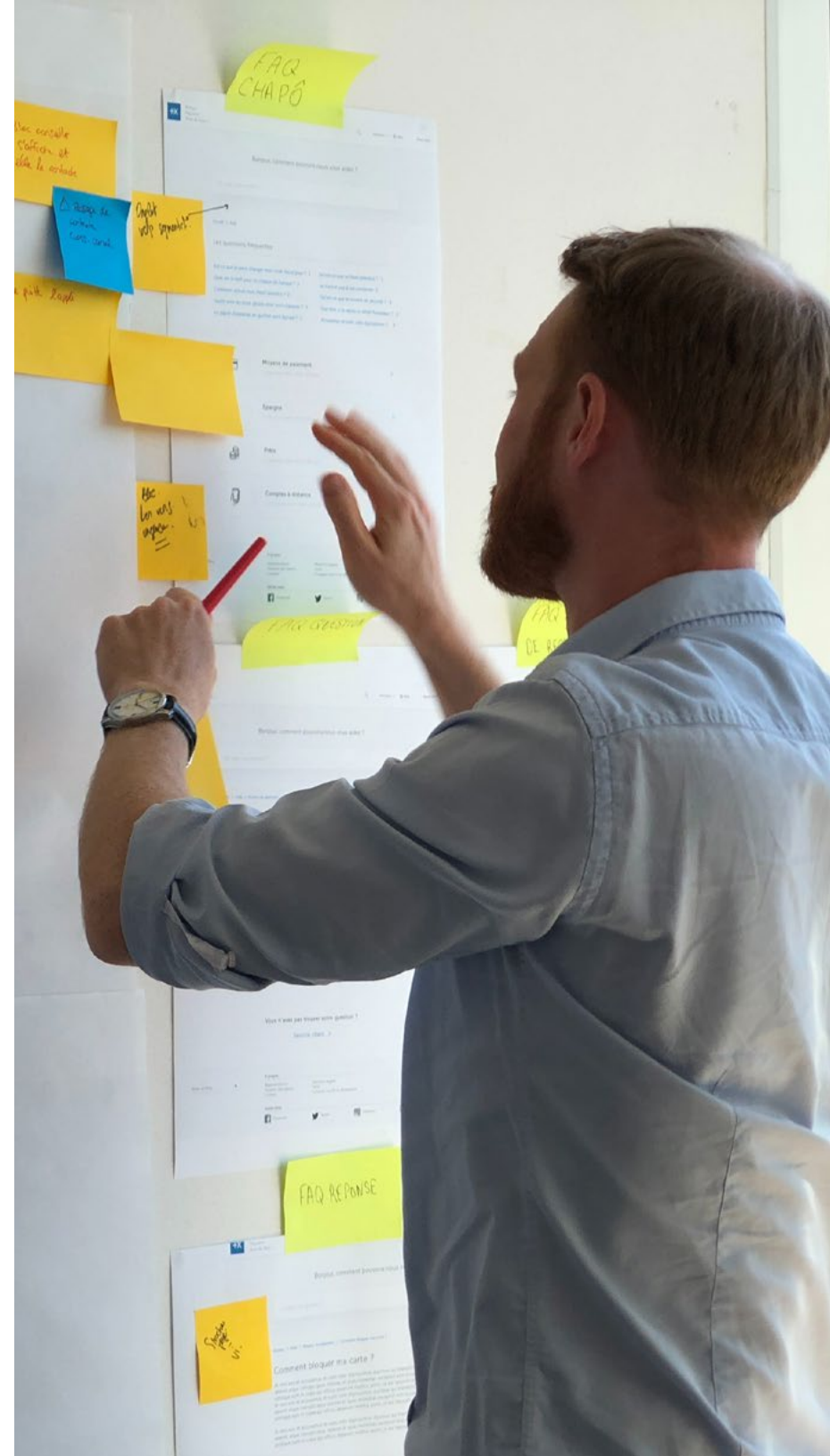
How today's B2B organizations are – and aren't – using feedback to improve the customer experience

Medallia

Key insights

Keeping up with their customers' complex and changing expectations is a top priority for B2B companies. To do so, they must grasp the different aspects of their customers' needs and move quickly to take action on them. In order to understand how B2B organizations are using client input to achieve these goals and where they are falling short, Medallia commissioned a survey of US-based B2B professionals whose businesses collect and use customer feedback. We found that while the vast majority of B2B companies collect at least some feedback and while many are realizing important business value from doing so, most also lack key practices, procedures, and capabilities that are needed to maximize the value of these data. Specifically, our results reveal that B2B companies looking to improve customer experience (CX) and the bottom line should review their customer feedback programs with an eye toward:

- **Connecting with more customers at more key moments:** For many B2B companies, feedback is collected too infrequently and too late to allow for action on customer problems. Most also solicit input from a limited set of clients and stakeholders.
- **Establishing policies and procedures for effective action on feedback:** Too often, B2B organizations lack clear accountability for CX results, distribute customer feedback data narrowly among employees, or fail to prioritize high-impact forms of action.
- **Investing in core capabilities needed to collect and act on feedback:** B2B companies' top priorities are the ability to test the impact of improvements and innovations, collect feedback at all key customer touchpoints, and better understand customer relationships at the account level.



B2B companies lag behind on CX, but catching up is a top priority

Meeting customer expectations – let alone exceeding them – is a tall order for business-to-business (B2B) companies, perhaps more than ever before. Like their consumer counterparts, B2B customers want high-quality products and services; efficient customer service; easily digestible online information; and troubleshooting help when it's needed, available through their preferred channels. Factors specific to the B2B business model, such as complex sales cycles, the presence of multiple stakeholders, partner or distributor-based sales models, and highly specific product or delivery needs only heighten the challenge.

Clients don't give B2B companies a pass on CX just because their needs are more complex. On the contrary, [McKinsey research](#) found that B2B organizations tend to receive low marks on CX index rankings – on average less than 50 percent, compared to the typical 65 to 85 percent for B2C companies. Another [McKinsey study](#) uncovered deep dissatisfaction with everything from B2B companies' response time when help is needed to their processes for comparing products online and submitting repeat orders.

To understand how B2B companies are learning about their customers' needs and how they are – or aren't – using these data to improve the customer experience, Medallia surveyed 375 mid to senior level US-based B2B professionals about whether and how their organizations collect and act on customer feedback. More than three in four respondents work in a department that collects or uses feedback data.¹

We found that B2B leaders overwhelmingly view improving their understanding of customers, and of customers' experiences with them, as a top business concern. Twenty seven percent highlighted this as their company's number one priority (including 41% of C-suite respondents), and 73 percent put it in the top three. Nine in ten also reported that their company has a process for collecting customer feedback. Still, while some companies are realizing impressive business value from their customer feedback, most are hampered by a combination of limited data; inadequate policies and procedures for managing its use; and a lack of investment in capabilities for collecting, disseminating, and extracting insights from client input.



41%

41% of C-suite respondents highlighted CX as their company's number one priority

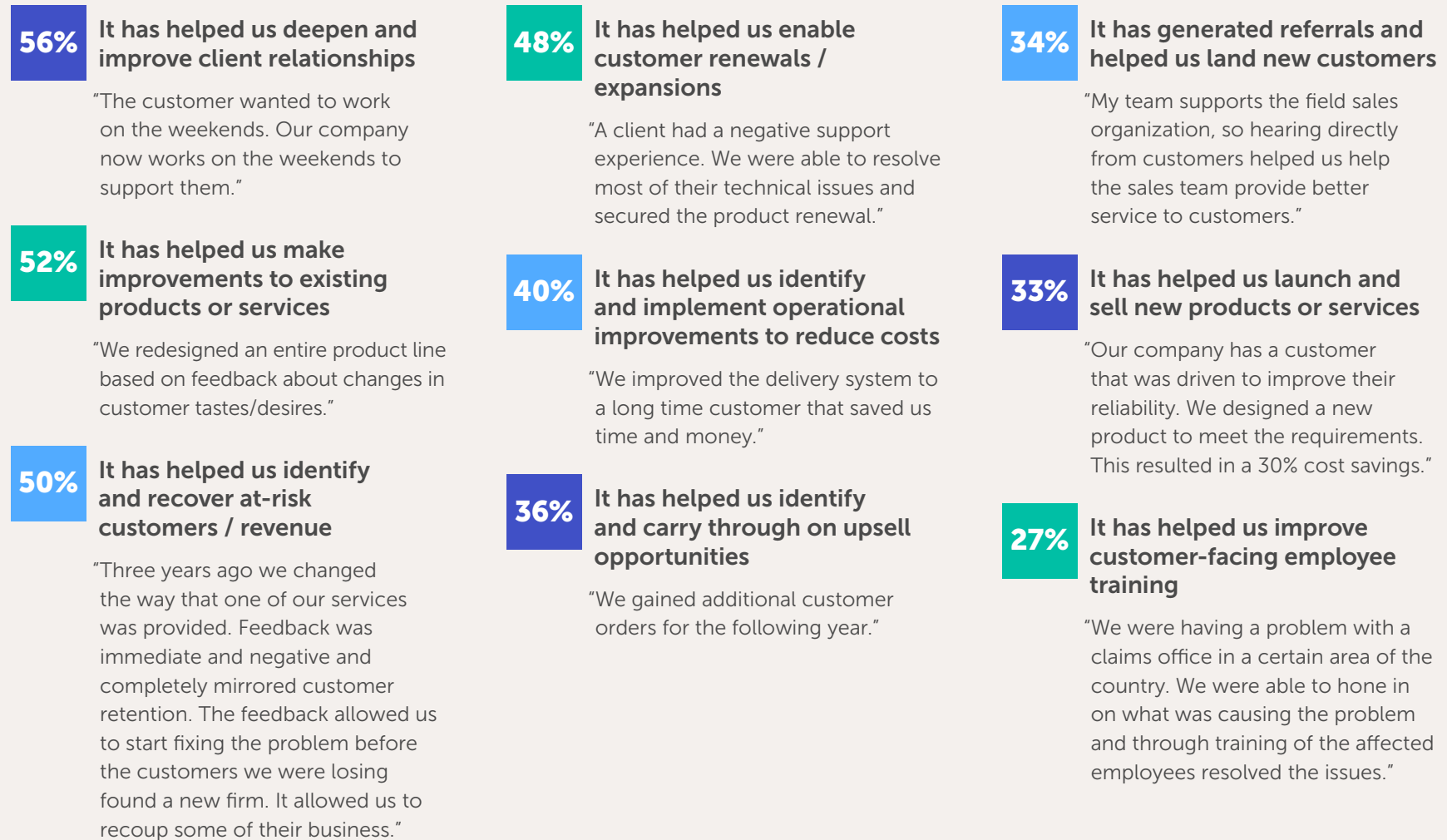
Companies can use customer feedback to great effect, but most aren't realizing its full value

When the right processes and capabilities are in place, customer feedback can help B2B companies achieve a wide variety of business results. In practice, though, there is a large gap between how feedback could be used and the outcomes companies use it to achieve. On the positive side, a small majority of companies that collect feedback data have used it to deepen and improve client relationships (56%) and improve existing products or services (52%). Half have used it to identify and recover at-risk customers or revenue (50%), and to enable customer renewals or expansions (48%). Yet no more than four in ten have used client input to reduce costs through operational improvements, carry through on upsell opportunities, land new customers through referrals, or launch new products and services, and only about one in four (27%) have used it to improve customer-facing employee training.

Companies that do use feedback in these ways are seeing impressive results. As one respondent reported, "We redesigned an entire product line based on feedback about changes in customer tastes / desires." Another wrote that "Our company has a customer that was driven to improve their reliability. We designed a new product to meet the requirements. This resulted in a 30% cost savings."



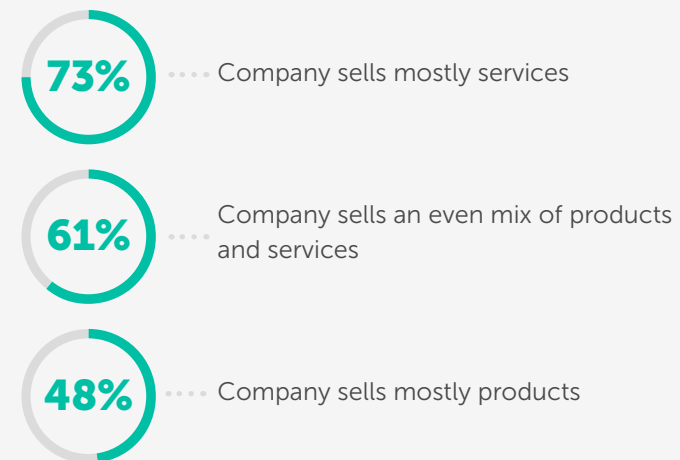
Fig. 1 How has customer feedback improved your business' bottom line in the last year?



Only 24 percent of respondents are very satisfied with their organization's current practices for collecting and taking action on feedback

Still, most B2B professionals recognize that their companies could be getting more value from customer feedback. Only 24 percent are very satisfied with their organization's current practices for collecting and taking action on feedback. And more than three in ten respondents (31%) who have access to customer feedback in their current role say it has not helped them to be more successful in their job. Notably, those from companies that sell mostly products are less likely to see the feedback they receive as valuable than those from companies that sell mostly services or an even mix of the two. As one put it, "It's not really helpful, but we endeavor to persevere."

Fig. 2 **Has access to feedback data helped you to be more successful in your job?***



*Percent 'yes' by business type

Many companies aren't hearing from all customers, or reaching the right people at the right time

One key reason that B2B companies aren't maximizing the value of customer feedback is that they're not connecting with their clients at the right moments, and they're only reaching a limited set of customers and stakeholders.

Timing is crucial

In order to take advantage of opportunities and respond to customer issues before they threaten the bottom line, B2B organizations need to collect customer feedback in time to take action on it. Yet their information is frequently months out of date. Although more than seven in ten (72%) companies that collect feedback on overall account health do so at least twice a year, their efforts are rarely timed to coincide with key moments in the client relationship. For example, only 21 percent of respondents say their companies time feedback requests to specific points in the relationship cycle, such as the months before a renewal deadline, when the opportunity to act in real time to secure new or continued business is greatest.

Similarly, feedback about specific customer interactions (such as a support call, product implementation, or company event the customer attended) is most useful if it is collected when an experience is fresh in mind, and in time to intervene in case of a problem. Ideally, it should be collected either during or shortly after the interaction. Yet most B2B companies collect feedback about these aspects of the experience only intermittently, and often much later. Most rely on annual or semi-annual surveys, while only 38 percent request regular feedback after specific interactions with customers and only 29 percent offer customers the chance to leave feedback on their own timeframe through the company's website or mobile app.

Most companies rely on annual or semi-annual surveys, while only 38 percent request regular feedback after specific customer interactions

Fig. 3 Which most closely describes when and how feedback about specific customer interactions is collected?

Through an annual or semi-annual customer feedback survey

61%

Through regular phone calls or check-ins with the customer

44%

Through personal interactions/in person

42%

After specific interactions (e.g., support call, product implementation, or marketing event)

38%

Through periodic focus groups

32%

Via their website or mobile apps

29%

Fig. 4 Percent that collect feedback about important aspects of the customer journey

The overall relationship / account health

89%

The quality of our products or services

88%

The support experience

88%

The servicing experience

87%

The sales experience

86%

The delivery experience

85%

The implementation experience

83%

The researching and learning process

66%

Every customer, and every stakeholder, matters

A company may get a good sense of what its customers think – of what’s going well, and of any common problems – from a representative sample of its client base. But if it wants the chance to take action on the specific customer issues that inevitably arise in the course of business, it needs to have a clear picture of what’s happening with every client account. This requires not only collecting feedback from every customer, but also connecting with all the key stakeholders within client organizations, who are likely to have diverse opinions, priorities, and pain points.

By these standards, most B2B businesses have ample room to improve. Fewer than half (48%) of those that solicit feedback on overall relationship or account health do so for all accounts. Only one third (32%) gather information from at least three in four possible contacts at each account, while another third collect feedback from fewer than half of possible contacts. Likewise, while eight in ten companies (82%) solicit input from the buyers or key decision-makers on their customer accounts, fewer than half (45%) request it from end users of their products or services. This is a crucial gap, as dissatisfied end users may be an early warning sign for overall account health, and are in a unique position to help product teams understand how they can improve their company’s offerings.

Potential customers matter, too

Many B2B companies create an additional gap in their understanding of the customer experience by failing to ask about the process of researching and learning about their products and services. While more than eight in ten ask about other aspects of the customer journey, only two in three (66%) inquire about how prospective clients gather the information they need to decide whether to purchase. Feedback about this initial contact with potential customers represents a unique opportunity to understand why some choose the competition instead, and about how companies may be able to bring more business through the door.

Fewer than half of B2B companies (45%) request feedback from end users of their products or services

B2B organizations need to establish policies and procedures for effective action on feedback

When Medallia asked about the most common obstacles to making effective use of customer feedback data, the top responses focused on having the right policies and procedures in place. Thirty percent of respondents cited the lack of a well-defined process to act on feedback, and 28 percent cited the lack of accountability to ensure that teams are incentivized to do so. Fortunately, companies can begin to address at least some of these challenges at any time without having to invest a great deal of money. Our research revealed three main opportunity areas that can get companies headed in the right direction.

Broaden access to customer feedback data, and provide relevant employee training

Most B2B companies disseminate customer feedback to a relatively narrow group of their employees. Half (49%) provide access to feedback data to less than a quarter of employees and only 22 percent provide it to more than half of their employee base. Companies most often share these data with their senior leadership and with Sales, Marketing, or Customer Insights teams. Only about half (53%) disseminate customer feedback to the employees responsible for acting on specific customer issues, and only a third (33%) give access to employees who shape customers' key interactions (such as by designing products, services, policies, or events).

This is a major missed opportunity for B2B companies. Employees who lack access to client feedback aren't able to learn about their customers' pain points and don't know when or how to act to improve customer experiences. As [past Medallia research](#) has revealed, getting the right information into the right hands creates more value for customers, empowers employees, and puts the organization on a more agile and innovative path to continued improvement.

Fig. 5 Thinking in general about the customer feedback data your company collects, who has access to these data?



* e.g., by designing products, services, policies, or events)

Fig. 6 Which leaders within the organization are held accountable for the quality of customers' experiences with the company?



Finally, once employees are empowered with access to feedback, they need appropriate training to understand how they can translate it into action. Yet fewer than half of respondents (48%) report that their company has an ongoing training strategy to help employees use feedback effectively, and one in five have no training plan at all.

Assign responsibility for results

In order to use customer input to improve business outcomes, companies need to be clear about who is accountable for the results and about how the effort will be organized. Different models can work for different companies based on their size, needs, industry, geography, or other characteristics. The key is to ensure that everyone understands the role they play. Our survey uncovered three main models for structuring accountability for decision-making and outcomes related to customer feedback. About one in four respondents (26%) indicated that their company's process is mostly centralized, with accountability belonging to a single team. Nearly half (48%) indicated that their process is mixed, with accountability shared between a central team and other key business units. And about one in five (19%) said their company's process is decentralized, with accountability distributed across each business unit.

Another important element of accountability is which executives are held responsible for the quality of customers' experiences with the company. Our survey again revealed a variety of approaches. Of eight executive roles we inquired about, 90 percent of respondents indicated that at least one is held accountable, and more than half (55%) indicated that at least two are. The CEO was highlighted most often, followed closely by the Chief Revenue Officer / Head of Sales, the Head of Account Marketing, and the Head of Customer Service. Several roles were also associated with greater satisfaction with a company's customer feedback program. Respondents who indicated that the CEO is held accountable for customer experience were twice as likely to be very satisfied with their company's processes (35%, compared with 17% where the CEO is not held accountable), and the difference was nearly as stark for the Chief of Marketing (35% vs. 19%) and the Chief Customer Officer (34% vs. 20%).

Prioritize customer-specific, forward-looking forms of action

There are many ways B2B organizations can take action on the feedback they collect. Most use feedback data at the aggregate level to identify trends in satisfaction or experience (65%) and to identify general customer experience issues and priorities to guide business decisions (58%). Yet when it comes to moving the needle for specific clients and using feedback in a forward-looking way to keep ahead of customer expectations, many B2B companies simply aren't. While six in ten (61%) B2B leaders do report that their organizations use feedback to identify and resolve individual customer issues, only half say they use it to follow up on customer comments, identify at-risk customers, or make improvements to existing products, services, or operations. Even fewer – less than four in ten – propel future growth by using feedback to prepare for customer renewals or expansions, or to identify opportunities to introduce new products or services.

Companies that do not take these actions are missing out on the chance to improve customer experience and the bottom line. For example, [recent Medallia research](#) based on data from more than 300 B2B and B2C customer experience programs across industries found that companies that contact customers to follow up on their feedback receive customer experience scores 38 percent higher than those that do not. Another recent [Accenture-Medallia study](#) of 450 B2B and B2C customer experience professionals revealed that companies that use customer feedback to drive innovation in their products and services are 1.6 times more likely to grow their revenue year over year.²

Fig. 7 In which of the following ways does the company take action on the customer feedback it receives?

Identify trends in satisfaction and/or experience

65%

Identify and resolve individual customer issues

61%

Identify customer experience issues and priorities to guide business decisions

58%

Contact customers to follow up on comments

50%

Identify at-risk customers

50%

Make improvements to existing products, services, or operations

50%

Recognize employees who are mentioned positively

40%

Use feedback to prepare for customer renewal / expansion opportunities

37%

Identify opportunities to introduce new products, services, or practices

35%

Many B2B companies haven't invested in key capabilities for collecting and acting on feedback

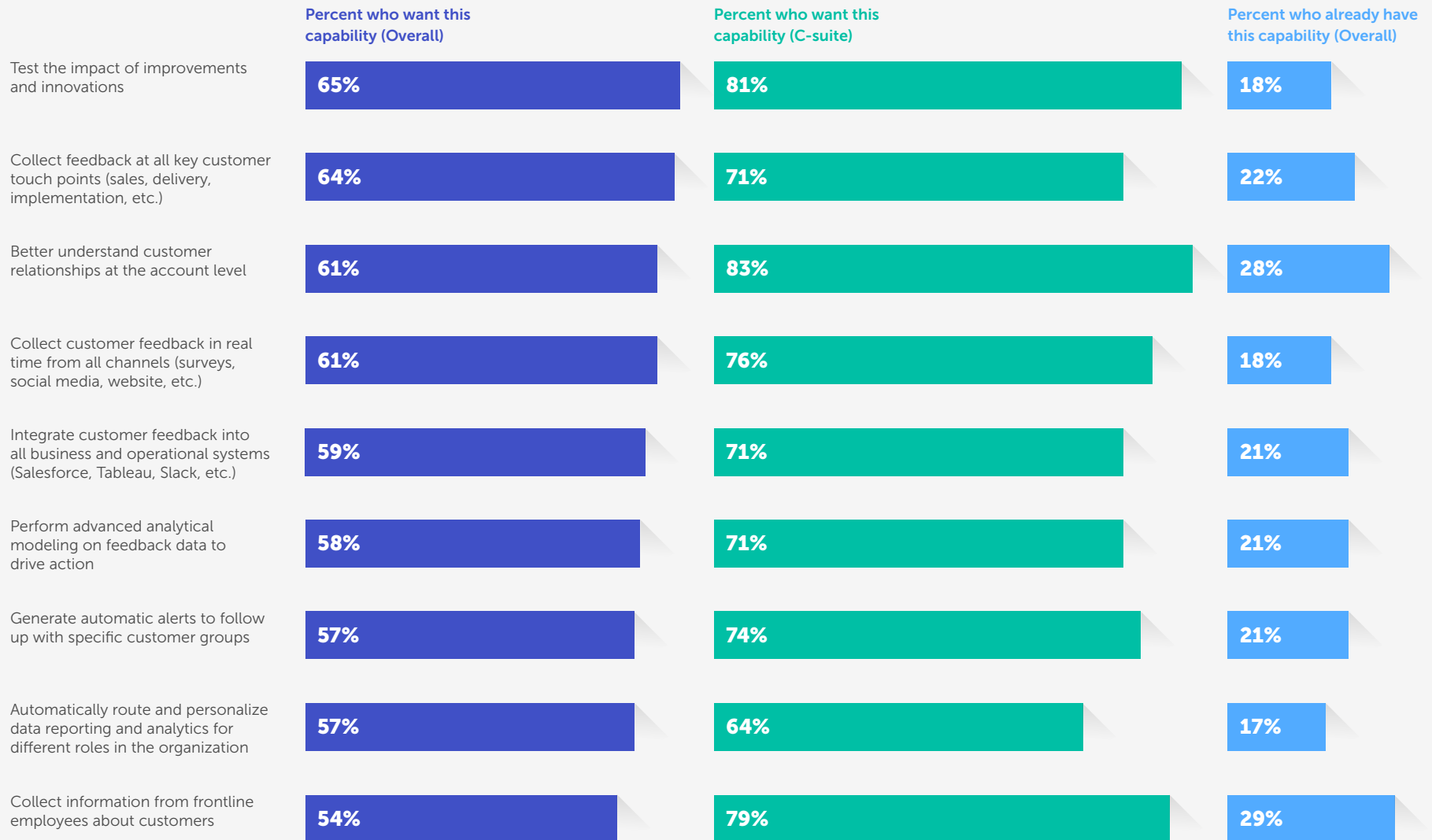
A third reason that B2B companies often aren't maximizing the value of their customer feedback programs – and one that likely explains why more companies aren't taking many of the actions highlighted above – is a failure to invest in core capabilities that are needed to collect and act on feedback data. What is especially striking is that B2B leaders overwhelmingly recognize the value of these capabilities and report that they want to acquire them. In fact, Medallia's survey uncovered a large gap between the capabilities B2B companies currently have and those their leaders want. For each of nine areas, fewer than three in ten respondents indicated that their company has the capability, and at least two in three of the rest said they would like to acquire it. The three most desired capabilities were:

1. **Innovation testing:** 65 percent of respondents want the ability to test the impact of improvements and innovations, including 79 percent of those whose companies don't have it.
2. **Customer journey assessment:** 64 percent of respondents want the ability to collect feedback at all key customer touchpoints, including 83 percent of those whose companies don't have it.
3. **Account health diagnostic:** 61 percent of respondents want the ability to better understand customer relationships at the account level, including 84 percent of those whose companies don't have it.

There was also a marked difference between the most senior respondents, in C-suite roles, and the rest. C-suite respondents were even more likely to say that they want to acquire all nine capabilities, and less likely to agree that their company already has them. These differences suggest that one impediment to investing in these areas may be inadequate communication within organizations about their existing capabilities and their most pressing needs.



Fig. 8 If your company were to make a new investment in its processes for collecting and acting on customer feedback, which capabilities would you like to acquire? The ability to:



Conclusion

Many B2B companies are relatively new to customer experience management. In fact, half (48%) of B2B leaders whose organizations collect client feedback indicated that their current practices for soliciting and using these data are no more than four years old. It's not surprising, then, that most have room to achieve more with these programs, but it can be daunting to identify which steps to take next to realize additional value. While the answer depends on the specifics of a company's current processes, capabilities, priorities, and market space, our survey highlighted a number of common weak spots that companies would do well to review. By analyzing and updating their existing programs to collect more timely feedback from more client stakeholders; revising and clarifying their policies and procedures for acting on feedback; and coordinating internally to identify and invest in top-priority capabilities that they don't currently have, companies can position themselves to effectively back up their customer experience rhetoric with customer-centric action.

Methodology

In October 2018 the Medallia Institute commissioned an online survey of 375 mid to senior level B2B business professionals working in the US at medium to large organizations.





Endnotes

¹ Except where noted, all figures come from this survey, which was fielded online in October 2018. For comparison purposes, 89 individuals whose companies or departments do not collect or use customer feedback (24% of the sample) were asked about their companies' CX priorities and obstacles. For more information please see the methodology section at the end of the report.

² That analysis controlled for other factors that can impact revenue growth, including company revenue, customer experience performance, industry, and whether the company was B2C or B2B.



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About Medallia

Medallia is the pioneer and market leader in Experience Management. Medallia's award-winning SaaS platform, the Medallia Experience Cloud, leads the market in the understanding and management of experience for customers, employees and citizens. Medallia captures experience signals created on daily journeys in person, digital and IoT interactions and applies proprietary AI technology to reveal personalized and predictive insights that can drive action with tremendous business results. Using Medallia Experience Cloud, customers can reduce churn, turn detractors into promoters and buyers, and create in-the-moment cross-sell and up-sell opportunities, providing clear and potent returns on investment. Medallia has offices worldwide, including Silicon Valley, Buenos Aires, London, New York, Tel Aviv and McLean, Virginia. Learn more at www.medallia.com.

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