



Lithium

The Path to Happy Customers

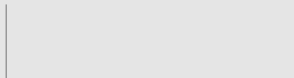


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Lithium builds trusted relationships between the world's best brands and their customers, helping people get answers and share their experiences.

We provide one platform to manage your Total Community:



Understand your most valuable
and



Brands that win in digital customer experience win customers for life

There are many things that create happy customers. Unbeatable promotions. Quality products. An easy-to-use website. Speedy customer service. Free shipping. The list is endless.

Though, nothing quite compares to having a total, positive end-to-end experience with a brand. When brands deliver on their promise—or even on a service guarantee—happy customers follow. Why? Because today's consumers have learned to expect nothing less. Their tendency for being more demanding than ever means brands now have little room to fail. And should a brand fail to meet a fickle customer's expectations, there's always another willing brand "around the corner" ready to win over that jilted customer's loyalty. It's that cutthroat.

It could easily be said that customer experience has quickly become the next battleground in the constant fight for long-term loyalty. Poor customer service alone has contributed to **\$62 billion** in losses to businesses per year, up \$20 billion since 2013. Knowing this, brands and businesses have no other option but to double down on creating an experience that makes their customers happy. To achieve this, businesses must absolutely put the customer first, making their wants, needs, and expectations a priority whenever making any decision.

So, in an effort to understand what it really takes to make customers happy and win over their loyalty, Harris Poll, on behalf of Lithium, conducted the "Value of a Happy Customer" survey of over 2,000 adults in the United States and over 1,000 adults in the United Kingdom on December 28-30, 2016.

Now, we're "happy" to share the results.



WHAT'S AN AWESOME DIGITAL CUSTOMER EXPERIENCE?

When a brand connects customers,
content and conversations at the right digital moment.

An Emotional Connection Matters

People tend to have love/hate relationships with brands. When they love a brand, they will pretty much bend over backwards to stick with that brand through thick and thin. However, when they get turned off by a brand, for any imaginable reason, the feelings run deep—and likely last a lifetime. Savvy brands today understand that creating an emotional connection with customers is the best way to keep them in the “love” zone.

In fact, the vast majority of adults surveyed said that they would be likely to spend more on products and services from **a brand that makes them happy (80%), a brand they love (80%), and a brand to which they are loyal (80%).** Nearly

three out of four (73%) even said they would spend more on a product from a brand they loved versus a brand they did not. Comparatively speaking, feelings of brand affinity and attachment tended to skew slightly stronger for adults in the U.S. compared to those in the U.K., but still very much proves, in both cases, the importance and influence of having a deeper, more meaningful connection to brands.

All in all, the message is clear: when a brand is able to create an emotional connection with consumers, a stronger sense of loyalty results.



86%

in the US will spend more on brands they love



74%

in the UK will spend more on brands they love

THE LOVE ZONE

86% of adults in the U.S. and 74% of adults in the U.K. say they are willing to spend more on products and services from a brand they love.

What To Do With That Disposable Income?

It goes without saying, people like to spend money. While it's important to set aside enough for necessities each month, many people do their best to leave a little extra for impulse purchases, entertainment, or even a fun night out. Nearly 7 out of 10 adults have at least some disposable income each month, slightly more in the U.K. (71%) than in the U.S. (67%).

After all, what good is all that hard work if you can't enjoy it a little?

So, when it comes to putting that “disposable income” to good use, consumers put a good chunk of it towards things—and brands—that make them happy. **Nearly all adults surveyed, a whopping 92%, agreed that they would spend at least some of their disposable income on products and services from brands they love.** This sentiment was only slightly higher in the U.S. (95%) than in the U.K. (90%).

The survey found that Americans are typically willing to spend \$100 (33% of their total disposable income) per month to buy things from their favorite brands, while Brits would be happy parting with £50 (25% of their total disposable income) per month.

It's clear that consumers vote with their wallets and pocketbooks. And although many people may not always have a ton of disposable income per month, their favorite brands are typically first in line to benefit from whatever spending power they do have.



SPENDING CASH

In the U.S., happy customers are willing to spend 33% of their disposable income every month with a brand they love—that averages to about \$100 per consumer.

In the U.K., happy customers are willing to spend 25% of their disposable income every month with a brand they love—that averages to about £50 per consumer.



A Digital-First Mindset

Because a wide array of information is now so readily available and easily accessible, it should come as no surprise that when consumers need to search for something specific, they flock to digital—especially via their mobiles phones—to do it. The same can be said about how consumers engage with brands. They look to a brand's digital presence first. After all, it's the easy self-service option. The question remains: where do they go?

More often than not, consumers will visit the brand's website, blog, or social channels first to:

1. Engage with a brand, in general (30%)
2. Ask questions about specific products and services (28%)
3. Learn more about a brand (38%)
4. Find published information on specific products and services (35%)

TYPE OF ENGAGEMENT	1 ST CHOICE	2 ND CHOICE	3 RD CHOICE
Engaging with brand/company in general	Brand's/Company's website, blog, social site (30%)	In store or in person (17%)	Email (16%)
Question about product/service interested in purchasing	Brand's/Company's website, blog, social site (28%)	Email (16%); In store or in person (16%)	Telephone (11%)
Want more information about the brand/company	Brand's/Company's website, blog, social site (38%)	Online review site (13%)	Email (12%)
Want more information about the products/services offered	Brand's/Company's website, blog, social site (35%)	Online review site (13%)	Email (12%)

They do this before sending an email, visiting an online review site, heading into a store in-person, or calling customer service. Though, in an interesting twist, when interacting with brands online, adults in both the U.S. and U.K. have generally had the most positive experiences with email (49%), followed by a brand's website, blog, or social channels (41%).

A brand's digital presence is also a strong influencer on purchasing behavior. About one-third of adults say they are likely to spend more on products and services from a brand that communicates with them (32%) and shares entertaining and engaging content with them (31%) via social media. This seems to hold more weight for Americans, as only a little more

than a quarter of adults in the U.K. feel compelled to spend more with brands that engage with them through social media in these ways.

As more and more customers take on a digital-first mindset, brands need to keep up—ensuring that their end-to-end online presence as well as the way they communicate via their online channels engages and informs customers in more meaningful, relevant ways. No stone can be left unturned. Consumers are searching for information everywhere; when they can't find what they're looking for, they'll quickly move to the next brand that can help them.

IMPACT OF DIGITAL INTERACTIONS

Adults in the U.S. (46%) are more likely than those in the U.K. (36%) to say they've had a positive experience with interactions on a brand's website, blog, or social channels.



46%

in the US say they had a good digital interaction with a brand



36%

in the UK say they had a good digital interaction with a brand

Sharing Is Caring (Sometimes)

Word of mouth praise is still, and will likely always be, the strongest form of marketing. Simply put, it's perceived to be more honest, genuine, authentic, and trustworthy. In fact, sharing is very much a part of consumer culture. When people have great experiences with brands, they are always happy to give a positive shout out; when they have horrible experiences with brands, they waste no time whatsoever in making their experience known.



THE GOOD

71% of adults in the U.S. and 64% of adults in the U.K. would share a positive experience with other consumers

About two-thirds of adults (67%) who have had a positive experience with a brand say they would be happy to share their experience with other consumers, either verbally (36%) or via a brand's website, blog, or social channels (34%). To the contrary, 60% of adults would be willing to share a negative experience with a brand, either verbally (30%) or via a brand's website, blog, or social channels (29%).



THE BAD

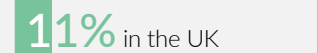
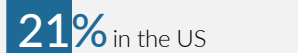
64% of adults in the U.S. and 57% of adults in the U.K. would share a negative experience with other consumers

Adults in the U.S. tend to be a bit more forgiving after having a negative experience with a brand, but not by very much. Following a negative experience, they are more likely to:

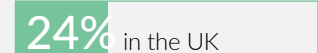
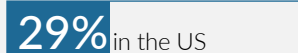
SHARE THEIR EXPERIENCE WITH FRIENDS AND FAMILY



GIVE THE BRAND ANOTHER CHANCE



BOTH STOP USING THE BRAND AND SHARE THEIR EXPERIENCE WITH FRIENDS AND FAMILY





BAD EXPERIENCES MAKE PEOPLE TALK

55% of adults in the U.S. and U.K. say they would be more likely to share a negative experience they've had with a brand online than a positive experience.

A little over 6 in 10 adults (62%) say that the communications they've had with a brand have helped improve their overall opinion of that brand. This could be through email (25%), a brand's website, blog, or social channels (25%), or in-person (24%). Americans (65%) tend to be more receptive to this kind of communication compared to Brits (59%).

The reality is, people like to talk. When given an opportunity to do so, more often than not, they take the bait. Unfortunately, for brands, people are much quicker to take action when they've had a negative experience than a positive one.

No Such Thing As Second Chances!

The saying goes, “Fool me once, shame on you; fool me twice, shame on me.”

Unfortunately, as consumer expectations have become increasingly intense these days, brands are no longer in a position to “fool” consumers twice. They’ve got one shot to make a good first impression—and then must maintain nothing less than a stellar customer experience from that point forward. Otherwise, customers will gladly consider moving on. They have a lot of choices and, thanks to the hyper-connectivity of today’s digital world, can search and find the next best option easily. They no longer have to tolerate a bad brand experience.

The writing is on the wall—consumers aren’t willing to give second chances. **Over 8 in 10 adults (83%) say they would stop using a brand after one bad experience while nearly 9 out of 10 adults (87%) agree that they would look elsewhere if a brand made them unhappy in any way.**

Brits seem to be much less forgiving than Americans overall. Adults in the U.K. are more unlikely (76%) to return to a brand that’s wronged them once compared to adults in the U.S. (65%). And only a slim 5% of adults in both countries say they would be very likely to give a brand a second chance after one bad experience.

Today, brands can’t afford to fail. One slip up could easily mean losing a customer for life.



SO LONG, FOREVER

After one bad experience, 71% of adults say they would likely never use that brand again.

Across different industry segments, tolerance for negative experiences varies; however, across the board, more than 80% of adults in both the U.S. and U.K. would consider switching to another brand after having a negative experience. They tend to be the least patient with insurance

providers, shared economy services, and high-end fashion retailers, where over 50% of adults in both countries would be willing to switch brands immediately after only one negative experience. Conversely, they seem to be

more patient with big box retailers, department stores, telecommunications providers, and general clothing stores, where around 40% of adults would need to have at least two bad experiences before making the switch.

INDUSTRY	WOULD STOP USING THAT BRAND AND SWITCH AFTER BAD EXPERIENCE(S)	NUMBER OF BAD EXPERIENCE(S) TO SWITCH	
		ONLY TAKES 1	ONLY TAKES 2
Insurance Providers	88%	55%	23%
Shared Economy Services	82%	51%	22%
Luxury, High-End Fashion	84%	51%	23%
Hotels	88%	49%	28%
Automobile	86%	45%	28%
Healthcare	86%	45%	28%
Restaurants	91%	44%	36%
Airline	86%	41%	33%
Consumer Electronics	88%	39%	37%
Banks	88%	37%	35%
Consumer Packaged Goods	88%	34%	37%
Fashion & Clothing	87%	30%	39%
Telecommunications	89%	29%	39%
Big Box Retailer & Department Stores	87%	26%	41%

*Includes both US and UK data results

Customer Experience Is King

share this whitepaper

There was a time when customers could separate positive experiences with specific products and services from their experience with a brand as a whole. That time is long gone. Total customer experience is the way in which consumers engage with brands now—and it is increasingly becoming the filter through which they perceive just how much a brand adds to their happiness.

Almost 8 in 10 adults (79%) say having a positive experience with a brand is just as important to them as the experience they have with the product or service purchased. This is more so the case among American adults (83%) compared to British adults (76%). In fact, adding fuel to this fire, 65% of adults say they have decided against purchasing a product or service they love as a result of having a negative experience with a brand. Even more, a surprisingly large 43% of adults would be willing to buy what they perceive to be an inferior product from another brand that they had a positive experience with.

As people, in growing numbers, start to make more and more of their purchase decisions based on their affinity with brands as a whole—beyond simply the products and services they offer—it should become obvious that the total experience a customer has with a brand is now quickly becoming the greatest influencer on their behavior. What was once purely a transactional purchasing behavior has now evolved into something much more experiential.



WE WANT IT ALL

55% of adults admit they place more value on a positive experience with a brand than on the product purchased.

A Great Customer Experience Leads to Happy Customers

The source of a customer's happiness is not limited to a single product or service, a single interaction via social media, or even a single in-store or online visit. Today, it's about the total customer experience across every imaginable touch point. The brands that put the customer's wants, needs, and expectations at the heart of the brand experience are those that will ultimately win long-term customer loyalty.

Consumer behavior has changed dramatically over the last few years, thanks in part to the rise of digital technologies and experiences that have fundamentally transformed how

consumers interact with brands—and vice versa. As a result of this shift towards digital, consumers have grown to expect a lot more from brands. In fact, there's no room to mess up anymore. Brands must deliver an on-point experience at all times, or risk losing customers for life. And in today's highly competitive marketplace, brands cannot afford to lose valuable customers in this way.

So, how can brands deliver a better overall customer experience while creating happy customers at every touch point? Easy. Start with digital.

Start cultivating happy customers with your digital strategy by following these 8 steps today:

- 1 Treat the customer experience completely separate from your product.** Product matters—but when it comes to happiness, experience matters more.
- 2 Pay attention to all digital touchpoints along the customer journey.** Are your customers getting the same experience on your website, Facebook page, and eCommerce? They absolutely must. Always be consistent.
- 3 Quit talking and focus on delivering a better experience.** Promises are words, and words are made of thin air. Actions and experiences tell the real story. So, talk less and deliver more happiness.
- 4 Be fun, be loveable, and speak to your customers as they would want to be spoken to.** It's easy for customers to walk away from brands that speak in corporate jargon. It's much harder for them to walk away from a brand they could equate to being your less-than-perfect best friend.
- 5 Empower your biggest advocates to share their happiness.** If it takes more than one click to share a great experience, that's one click too many. Happy customers want to share their happy experiences. You want that from them, too.
- 6 Pay attention to digital behavior.** You use Facebook, but your target customers use Snapchat. Bridge that disconnect
- 7 Help your customers learn.** Happy customers are naturally curious, so feed that curiosity. Take your customers on a journey from happy to informed.
- 8 Don't mess up in the first place.** Easier said than done, right? It only takes one snag to change perceptions. Your customers believe you are in the driver's seat of your brand's end-to-end experience. So, take control of that experience—and make it a journey of happiness from start to finish.

Survey Methodology

This survey was conducted online by Harris Poll on behalf of Lithium from December 28-30, 2016 among 2,032 adults ages 18 and older in the U.S. and among 1,006 in the U.K. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.



Lithium

The Lithium platform is the leading solution for digital customer care and engagement. Lithium offers Community, Social Media Management and Messaging to help Fortune 1000 companies listen, respond and act on digital conversations – creating deep customer relationships and fostering brand advocacy. With over 15 years of expertise, Lithium has a massive digital footprint of approximately 500 million digital interactions analyzed daily and 50 million digital interactions powered monthly. Learn more at lithium.com, join our community at community.lithium.com, or follow us on Twitter [@LithiumTech](https://twitter.com/LithiumTech). Lithium is based in San Francisco.

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