

# Implications of Poor Service: Changes in Customer Behavior Based on the Customer Experience

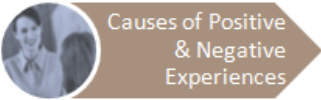


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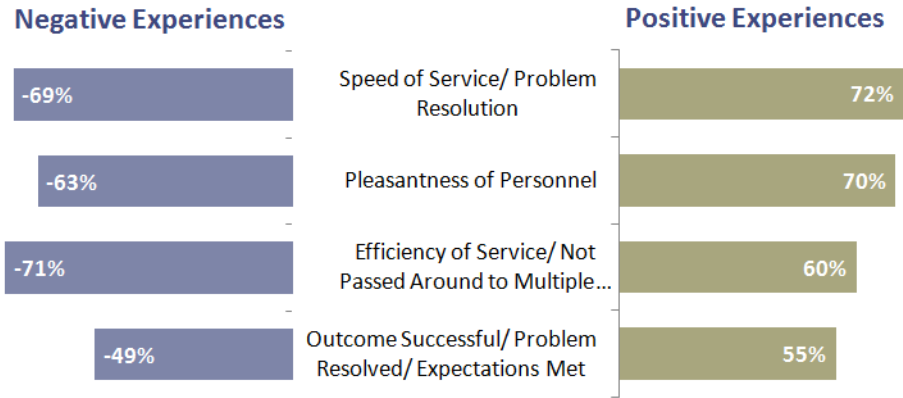
Every time a brand and a customer interact, the customer learns something about the brand. Depending upon what is learned from each experience, customers may alter their behavior in ways that affect their individual profitability.

To test this hypothesis, Kinesis conducted a survey of 500 consumers, using critical incident technique, asking them to recall an experience with any provider that they found to be particularly positive or negative, and examined how these customer experiences influenced customer behavior.

The causes of particularly positive and negative experiences turned out to be mirror images of each other. When asked to characterize the cause of the positive or negative experience, these customers' descriptions generally came from one of four common themes that mirrored each other regardless of whether the experience was positive or negative. The most common themes for both experiences were: speed of service, pleasantness of personnel, efficiency of service, and the success of the outcome.



### Causes of Positive & Negative Experiences



The speed of service was cited with about the same frequency (7 out of 10 cases) as a cause of the experience being positive or negative. Pleasantness of personnel was mentioned 70% of the time as a driver of positive experiences compared to 63% for negative. Efficiency of service (or lack thereof) was more commonly cited as a reason for the experience being



negative (71%) compared to positive (60%). The fourth most common theme mentioned as a reason for the success or failure of the customer experience is the successful outcome of the experience itself (55% for positive experience, 49% for negative).

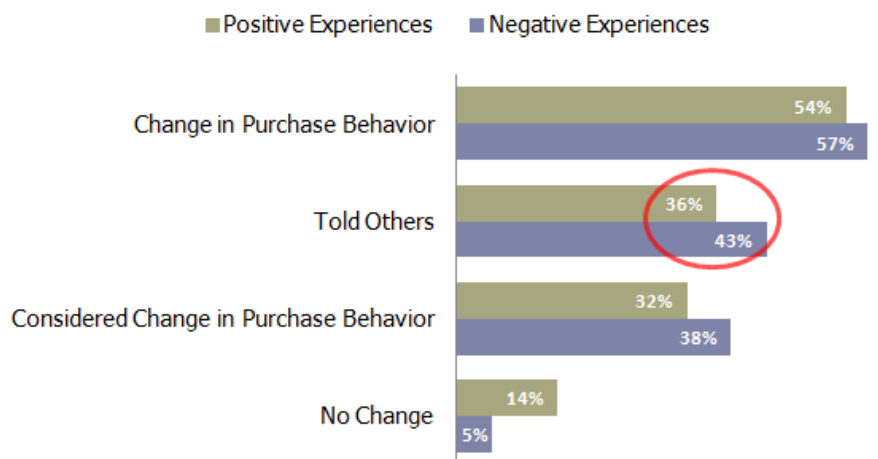
Again, every time a company and a customer interact, the customer learns something about the brand, and adjusts their behavior based on what they learn. So...how do these experiences (positive or negative) influence customer behavior?



### How Behavior Is Influenced

To answer this question, we asked respondents how they changed their behavior based on the positive or negative experience. Once again, the results of positive and negative experiences mirrored each other:

### Changes in Customer Behavior Based on Experience



Over half of the respondents said they changed their purchase behavior as a result of the experience, 54% of the customers recalling a positive experience told us they purchased more from the provider as a result of the positive experience, while 57% told us they purchased less as a result of the negative experience.

Furthermore, about a third of the respondents told us they considered a change in purchase behavior as a result of the experience; 32% considered purchasing more as a result of the positive experience, and 38% considered purchasing less as a result of a negative experience.

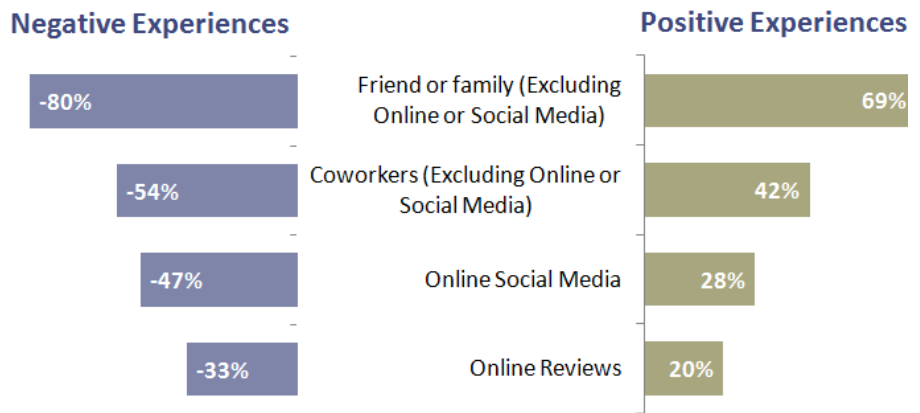
Finally, roughly four out of ten told others of the experience. Thirty-six percent of participants told us they gave positive word of mouth as a result

of the positive experience, while 43% gave negative word of mouth as a result of the negative experience.

The benefit of purchasing more is obvious, the benefit of word of mouth requires a little more investigation.

Respondents shared positive word of mouth a median 4.3 times as a result of their positive experience, compared to negative experiences, which were shared about 20% more often (median 5.2 times). In fact, they were more likely to share negative word of mouth across all mediums:

### Word of Mouth as Result of Experience



Customers are far more likely to share negative experience using online mediums. While they are about 1.2 times more likely to share a negative experience with a relative, friend or coworker via an off line medium, they are 1.7 times more likely to share negative experiences over positive via online mediums.



#### Benefit of Positive Word of Mouth

But what about the recipients of this word of mouth advertizing? How does one customer's experience influence the behavior of others?

Approximately 90% of respondents said their purchase decisions were influenced positively (93%) or negatively (85%) by social media or word of mouth reviews.

With customer trust at an all time low, and social media providing a much more far reaching medium of person to person communication, positive word of mouth is becoming far more important in terms of defining the brand. Increasingly social media is becoming the media. With 9 out of 10 potential customers saying their purchase decisions are influenced reviews of others, it is increasing important that managers manage their customer experience to support and reinforce the brand.

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