



Unleashing Experience to Revolutionize the B2B Industry

Medallia
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Key Findings

Revenue growth, increased profitability, operational efficiencies, an engaged workforce, loyal customers ... these success metrics are what every B2B company strives to achieve. But how? Many B2B companies are turning to a new model that prioritizes experiences above all else to achieve desired business outcomes.

Of course, much of this isn't new—managing customers' ever-changing needs has always been critical to a B2B company's success. However, with the massive disruption and far-reaching impact of the pandemic, and the growing expectations of clients who are enjoying better B2C experiences in their personal lives, more B2Bs firms are adopting a new model: one that challenges the long-standing sales or transaction-based model and strategically centers on customer experience.

Meet the New B2B Model: Experience-Driven Sales

New research from Medallia examined how B2B companies differ in their prioritization of and investment in customer experience. It found that an **experience-led approach** drives higher revenue growth than the **traditional sales model**. The Medallia study uncovered that top-performing companies that applied an experience business model are:

- Four and a half times more likely than their lower-performing counterparts to achieve revenue growth of more than 20%
- In stronger agreement that they achieved their financial targets as compared to lower-performing companies

In keeping with the Medallia findings, an Adobe 2020 Digital Trends report found that companies that implement innovative customer experience strategies are three times more likely to substantially outperform their business goals.

Medallia's new *Unleashing Experience to Revolutionize the B2B Industry* research report uncovered three major findings that distinguish top-performing companies from low-performing ones:

Prioritize customers. They focus on customer experience over sales, invest in customer-related tools, and place a premium on customer and employee experience.

Invest in better technology. They capture customer feedback across channels and synchronize it internally, invest in technologies to capture real-time and unstructured customer feedback, and utilize personalization and analytics tools.

Infuse customer experience throughout the organization. They set and cascade customer experience goals to multiple departments and business units, and take accountability for achieving them.

Experience-Led B2Bs Report Results

- Increased revenue
- Achieved financial targets
- Met or exceeded business goals
- Elevated employee experience
- Increased customer satisfaction & retention

The Art and Science of Managing Customer Experience

While many B2B companies collect customer feedback, they often lack the necessary operational practices, procedures, and capabilities to effectively use it. In a separate [study](#) conducted by Medallia, customer experience was cited as a top business concern and priority among B2B leaders. While nine in 10 reported that their company has a process for collecting customer feedback, many were hampered by a combination of limited data and inadequate policies and procedures for managing it, and a lack of investment in the capabilities needed to collect, disseminate, and extract insights from customer input.

Customer experience management is a relatively new concept to many B2Bs. An [earlier Medallia study](#) found that among the B2B Top Performers who regularly collect client feedback, nearly half (48%) said that their current practices are less than five years old.

“As a truly international company, with operations in more than 80 countries, we recognize that the customer experience within the B2C world has begun to drive that experience within the industrial B2B world too.”

**Rich Jahr, Chief Customer Officer,
Air Liquide**

The results of Medallia’s B2B industry research suggest that to mature these efforts, companies must:

- Connect with a greater number of customers to collect feedback in real time and at key moments

- Establish, revise, and clarify policies and procedures to trigger timely and effective action on customer feedback
- Organize internal accountability for customer experience initiatives
- Collaborate internally to identify high-priority capabilities they currently do not have
- Invest in the core capabilities needed to collect and act on feedback. This includes understanding the digital customer experience
- Share feedback data and follow-through action across the organization

Medallia research found the following characteristics are hallmarks of top-performing, experience-driven B2B companies:

- People-first focus (customers & employees)
- Experience is a company-wide priority
- Accountability is diversified and established at all levels
- Desire to listen & seek timely feedback from a majority of customers
- Willingness to invest in technology
- Ability to use data to enact meaningful change

Top-Performing B2Bs Prioritize Customers

They prioritize customer experience over sales, invest in customer-related tools, and place a premium on customer and employee experience.

Taking a page from the B2C playbook, top-performing B2B companies are embracing customer experience and making it their number one objective. Our research found a stark contrast between the organizational priorities of high- and low-performing B2Bs:

Top Two Priorities of Top Performers

1. Increasing Customer Experience and Loyalty
2. Increasing Sales

Top Two Priorities of Low Performers

1. Increasing Sales
2. Reducing Operating Costs

While top-performing B2Bs are focusing on experience over sales, they're still seeing tremendous success selling. A greater proportion of top performers report increasing sales as compared to low performers, who rated it as their top priority. These findings suggest that B2Bs narrowly focused on their own success do so at the expense of their customers—and will see negative business results sooner or later.

The research also found gaps in the methods experience-led B2B and sales-driven B2B models use to capture customer feedback and turn it into meaningful action. It's not surprising that high-performing companies distinguish themselves with a heightened, multi-dimensional focus on important customer experience practices, including:

- **Signals:** practices related to employee feedback and data capture
- **Insight:** analytics and measurement practices
- **Engagement:** leadership, data sharing, and work routines practices
- **Action:** practices related to ownership, responsiveness, and innovation

	Top Performers	Low Performers
Signals	3.11	2.47
Insight	3.08	2.45
Engagement	2.97	2.42
Action	3.04	2.42

**Measured on a 5-point Likert scale from 0 to 4 asking for agreement with different statements about practices in each area.*

Experience-led B2Bs strategically use tools and technology to enhance data collection, elevate customer experience, boost customer loyalty, and increase sales. They leverage digital listening channels, recognizing that customer preferences have shifted and buyers rely on digital journeys to research and purchase their products and services online. And they collect customer feedback through their websites, social channels, and mobile apps to gain actionable insights into all facets of the customer experience.

When it comes to listening, the more types of feedback a B2B company collects through its digital channels, the more likely they are to be a top performer. A past [Medallia study](#) uncovered that the B2B companies that utilize six types of digital feedback increase their probability of being a Top Performer by 36%.

However, listening is only part of the equation. [Medallia research](#) further revealed that B2B organizations willingly admit they could get more value from customer feedback. Only a quarter (24%) of respondents were very satisfied with their company's current practices for collecting and taking action on customer feedback.



Customer Feedback: An Organizational Opportunity

Customer feedback is invaluable, especially when it's proactively requested, collected, and acted upon in real time. It can deepen and improve customer relationships, improve existing products and services, identify and recover at-risk customers or revenue, and enable customer renewals or expansion. In addition, it can be further leveraged to reduce costs through operational improvements, realize upsell opportunities, land new customers through referrals, or launch new products and services.

However, a past Medallia research study *The State of Customer Experience Management in B2B* found that:

- Most companies rely on annual or semi-annual surveys, while only 38% request regular feedback after specific customer interactions.
- Only 21% of respondents say their companies tie feedback requests to specific points in the relationship cycle (e.g. months before a renewal deadline).
- A mere 29% offer customers the chance to leave feedback on their own timeframe through the company's website or mobile app.
- Only about half (48%) of the B2B companies surveyed request feedback from the end users of their products or services.

The new experience-led B2B business model requires a 360-degree view of customer experience – through their lens. Top Performers willingly invest in the ability to capture feedback to better understand all facets of their customers' experiences. This continuous learning and understanding provides a real-time, holistic view that is crucial in any B2B organization's quest to elevate customer experience.

Sixty-one percent (61%) of top-performing B2Bs report that their organizations use feedback to identify and resolve customer issues, but 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 10—propel future growth by using feedback to prepare for customer renewals or expansions, or to identify opportunities to introduce new products and services.

Case in Point

Experience Leads the Way: Collecting Feedback & Taking Action

Customer feedback can trigger product-related opportunities that help companies better meet their customers' needs, and even transform their own businesses. RingCentral, a leading cloud communications system provider, incorporated customer suggestions about how to improve reporting capabilities, compliance requests, and user admin features into its product roadmap. One example of this innovation was the company's integration with Google for Work.

"The feedback we heard informed us that many of our customers were relying on Gmail™ in their everyday work," said RingCentral President Dave Berman. "We wanted to respond to our customers and provide a complete solution that embeds RingCentral into important business applications."

On an even larger scale, a major European software company used customer feedback to inform and prioritize over 500 changes to its products, processes, and policies across the two dozen countries where it operates. Along with other changes to its CX program, these innovations helped produce a 10-point increase in the company's customer Net Promoter Score® in a single year.

B2B Customer Experience Leaders Invest in Technology

Leaders capture customer feedback across channels and synchronize it internally, invest in technologies to capture real-time and unstructured customer feedback, and utilize personalization and analytics.

In order to provide customers with a great experience, the top performers understand that they must know as much about their customers as possible, in terms of preferences, wants, behaviors, and even yet-to-be-realized needs. They willingly invest in customer-related tools and technologies, much more so than low-performing B2Bs.

Top-performing B2Bs are more likely to prioritize investments into customer-related tools and technologies.

% Very High Priority Top Performers		% Very High Priority Low Performers
51%	Marketing analytics/personalization	10%
48%	Customer relationship management (CRM)	21%
47%	Workflow automation	18%
43%	Contact center agent productivity	12%
41%	Customer data platform (CDP)	12%
35%	Speech/text analytics	12%
33%	Business intelligence (BI) reporting	11%
31%	Customer feedback management	16%

Note: % of respondents indicating that these customer-related technologies and tools are a very high priority for investment for their organization in the next 12 months.

50% of top-performing B2Bs measure customer feedback across all channels compared with 17% of low-performing ones

Medallia research uncovered vast differences in terms of how B2B companies capture, store, and handle customer feedback data in order to generate insights and trigger action. Using account experience management, account feedback analytics, and integration with sales and service CRMs, experience-led B2Bs embrace new technologies and utilize them to:

- Capture feedback across channels (both partner and direct sales) and at every touchpoint (sales, onboarding, service, delivery and more) and synchronize the data internally
- Obtain real-time and unstructured customer feedback
- Identify issues and opportunities in real time and take proactive action to save accounts at risk and increase revenue at healthy accounts
- Deploy personalization and analytics
- Leverage machine learning and deep analytics to identify key trends, predict churn, and identify cross-sell and up-sell opportunities

In concert, this allows top-performing B2Bs to generate invaluable insights and trigger meaningful action that elevates customer experience and retention. Getting data to the right people to operationalize it can identify pain points, emerging issues, trending topics, and unrealized needs.

In fact, investing in improved customer experience was shown to lower customer churn by 10-15%, increase the win rate of offers by 20-40%, and lower costs to serve by up to 50%, according to [McKinsey & Company](#) research on customer-centric strategies.

Case in Point

An “Electric” Investment

Schneider Electric selected Medallia and its Experience Cloud to capture customer feedback all along their digital journey and gain a 360-degree view of its digital customer experience. After partnering with Medallia, Schneider Electric has been able to:

- Increase Net Satisfaction Score by 34 points over two years
- Achieve a 33% increase in employee engagement with employees leveraging the platform to help improve the overall customer experience
- Improve product search capability and user experience

“By capturing insights directly from our customers’ viewpoint, we can translate information into knowledge and then into action plans to improve their experience. Our teams now have the tools to listen to their customers anywhere and at any time for a better and more consistent experience and to continuously improve customer satisfaction.”

Sophie Grugier, Senior Vice President of Customer Satisfaction & Quality at Schneider Electric

Medallia's *Unleashing Experience to Revolutionize the B2B Industry* research study uncovered the following priorities and investment trends.

Top-Performing B2Bs:

- Prioritize investments in **customer data platforms** (currently 69% have invested in this technology vs. 39% of Low Performers). And 41% agree that it will continue as a high-priority investment over the next 12 months, compared to only 12% of Low Performers.
- Place a stronger emphasis on **collecting real-time and unstructured customer feedback**
- **Infer experiences** from customers who did not provide direct feedback
- Are twice as likely — when compared to Low Performers — to collect customer feedback from **social and digital channels** (50% vs. 26%) and **external ratings and review websites** (44% vs. 19%)
- Are more likely to utilize and invest in technology related to **text and speech analytics**
- Have invested in **marketing analytics and personalization** (71% of Top Performers vs 37% of Low Performers)

This 34 point gap in adoption of marketing analytics and personalization was the largest gap observed within this research study, followed by the adoption of customer data platforms (30 point gap). For this type of technology, there was a similarly strong discrepancy in terms of both adoption and prioritization during the next 12 months.

This significant gap demonstrates how top-performing B2Bs distinguish themselves by utilizing analytics and personalization to enhance customer experience. A past [Harvard Business Review article](#) reported that personalization can reduce acquisition costs by up to 50 percent, boost revenues by five to 15 percent, and increase

marketing spend efficiencies by 10 to 30 percent. Customer data platforms further the customer experience by creating 360-degree customer profiles that generate coveted opportunities for hyper-personalization.

In addition, a [2019 Gartner report](#) predicted that B2B companies with e-commerce personalization will outsell by 30% their competitors that don't provide a personalized experience.

Top Performers Infuse Customer Experience Throughout the Company

They set and communicate customer experience goals and demonstrate accountability for them.

Unfortunately, many B2B companies often lack clear accountability for customer experience and distribute customer feedback too narrowly or fail to prioritize high-impact forms of action. To combat these common obstacles, recent Medallia research identified three areas of opportunity for experience-led B2B companies:

- Broaden access to customer feedback data and provide relevant employee training
- Assign clear lines of responsibility for results
- Prioritize customer-specific, forward-looking forms of action

Within the B2B landscape, Top Performers make an organization-wide commitment to creating unique and memorable experiences that keep their customers engaged and wanting more. They establish customer experience goals and clearly communicate how they align with organizational strategy. The Medallia study found that 46% of top performing B2Bs indicate they do this, while only 13% of Low Performers agreed.

And it's not just at the top, employees at all levels have role-specific goals that support a customer experience-led business model. To further weave customer experience into organizational culture, this study uncovered that 44% of top-performing B2Bs recognize employees who are mentioned positively in customer feedback.

Recent Medallia research found the following distinctions between Top Performers and Low Performers:

Leaders		Laggards
91%	Percent that listen to input from their employees as a way to understand and improve the customer experience.	62%
82%	Percent that have a clear process for employees to suggest ideas for improving customers' experiences and interactions with the company.	53%
70%	Percent that have a formal communication strategy to drive understanding of customer feedback and to communicate results and successes.	45%

Organizational accountability is a hallmark of experience-led B2Bs, as they have made the business case for customer experience and tied it to concrete performance outcomes. When asked if decision makers had quantified the impact of customer experience on performance outcomes, 50% of Top Performers strongly agreed compared with 17% of Low Performers.

50% of Top Performers have quantified the impact of CX on performance outcomes.

In fact, recent Medallia research revealed that top-performing B2Bs diversify accountability by sharing the responsibility for customer experience decision-making and outcomes among a centralized team and other primary business units. In addition, executives across departments are held accountable for the quality of their customers' experiences.

Medallia's *Unleashing Experience to Revolutionize the B2B Industry* research study found that top-performing B2Bs are more likely to:

- Conduct experiments or cost-benefit analyses to identify whether customer experience investments pay off
- Evaluate customer experience data for priority setting at a monthly interval
- Have high accountability for customer experience improvements within the company

In fact, a willingness to experiment and conduct cost-benefit analyses was one of the largest gaps between Top Performers and Low Performers, in terms of practices related to generating insights from customer feedback. Since top-performing B2Bs have a heightened understanding of the business impact of customer experience, they are more likely to set priorities—usually every 30 days—and establish clear accountability.

Clearly, top-performing B2Bs have established customer experience as a core tenet of their daily business practices. Employees at all levels — from the C-suite to the frontline — understand its importance and are held accountable in different ways, based upon their roles and responsibilities. Customer experience is approached **strategically**, in terms of business impact and proactive priority setting, and **creatively**, in terms of a willingness to experiment. Experience-led B2Bs astutely listen to their employees to identify ways to reduce customer pain points, create value, drive innovation, and elevate customer experience.

The following five B2B customer success strategies were shared by thought leaders at Medallia Experience 21:

- Focus on delivering meaningful and sustainable business outcomes
- Measure success in real time and understand the risk factors
- Align with customers on the why (purpose) and how (strategic goals)
- Establish a prescriptive engagement model
- Enrich and improve business value

Source: <https://www.medallia.com/blog/b2b-customer-success-strategies/>

Case in Point

Organizational Accountability at Generali: We're All in This Together

In the mid 2010s, Generali, the world's third largest insurance company, set an ambitious goal: to leverage customer experience to transform their corporate culture and grow their business. The catalyst occurred when this international organization realized they needed to change their focus from product-driven to customer-centric. A significant undertaking in both size and scope, Generali began this journey by demonstrating the full support of its CEO, creating company-wide ownership (vs. siloed ownership), and holding all 74,000 employees, at virtually every level, accountable for Net Promoter Score (NPS) development.

To transition to and sustain an experience-led approach, Generali knew that visible support from upper management was essential. These leaders embraced the opportunity to serve as role models, to actively engage with customers, and to energize and recognize employees for their impact and contributions. Generali also utilized a bold approach by proactively reaching out to all detractors within 48 hours. This enabled them to uncover invaluable feedback that was utilized to improve and elevate customer experience.

Utilizing a cross-functional approach, Generali successfully integrated enterprise-wide ownership, executive role-modeling, employee accountability and empowerment, and an internal recognition culture to transform itself and be an early adopter of the experience-led business model.

Conclusion

Focusing on experience is one of the best strategies to ensure a B2B company achieves long-term operational and financial success. Some B2Bs are moving away from the long-standing sales business model in favor of embracing an experience-driven model that prioritizes people (the customer) over transactions (sales).

This new model requires a reframing of priorities and focus and a willingness to embrace and invest in technology. Additionally, it calls for

the establishment of enterprise-wide goals and accountability for customer experience and ultimately a shared commitment to ask for, listen to, and act upon customer feedback in real time.

It is a significant undertaking, but one that positively benefits B2B companies and their customers by fueling business growth, customer loyalty, and financial success in our increasingly competitive and rapidly changing global economy.



Methodology

In September 2021, Medallia surveyed 175 marketing and customer experience professionals in B2B organizations via an online research panel. Respondents represent leaders at organizations with more than 100 employees, based in the following countries: U.S., Canada, Mexico, Argentina, Colombia, Great Britain, Germany, France, Spain, New Zealand, and Australia. Our researchers screened potential survey participants based on their familiarity with their company's customer experience program to include only those that were at least somewhat familiar with the company's practices.

Respondent and Company Characteristics

Geographical representation

- US/Canada: 44%
- Latin America: 5%
- Europe: 38%
- Australia/New Zealand: 12%

Number of employees

- 10,000 or more: 12%
- 1000 to 9,999: 33%
- Fewer than 1000: 55%

Annual revenue

- \$1 billion or more: 33%
- \$100 million to \$999 million: 22%
- \$99 million or less: 38%
- Declined to state: 8%

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. www.medallia.com

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