



CUSTOMER EXPERIENCE REPORT

August 2007

Sponsored by:

“Today, the success of every business depends on translating knowledge about customers into the reality of the customer experience. If you can’t make it easy and satisfying for people to do business with you, you’ll lose them to someone who does—and quickly.”

Greg Gianforte, CEO of RightNow Technologies

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2007 Customer Experience Impact Report

Negative experiences had a bigger impact this year. Results show that 80% of consumers will never go back to an organization after a negative experience, up from 68% in 2006.

The upside: service continues to be a huge differentiator. 51% of respondents cited outstanding service as the top reason they continue to do business with a company. Another 60% said it was the top reason they would recommend a company.

Based on results from the second RightNow sponsored survey conducted by Harris Interactive of 2,049 US adults, this report examines how consumers engage with companies, both online and via phone, what frustrates and pleases them and how customer experiences impact their thoughts and actions. This report also uncovers regional differences in how consumers engage with companies and react to various customer experiences.



Outstanding service is more important than low prices and quality products.

80% of consumers will never go back to a company after a negative experience

74% of consumers will register a complaint or tell others of a bad experience, up from 67% in 2006.

Connecting with customers across multiple touch points

To understand consumers, companies must first understand how to connect and communicate with them. 60% of consumers cite speaking with a live agent via the telephone as the number one way they want to interact with a company, while 26% said they prefer email. Also, when online, 68% engage with an organization because they need information on a product, service or company. Interestingly, more than half (51%) of those online want the ability to “chat” live via the Web with a customer service representative.

Since preferences vary, companies should be prepared to engage with customers and deliver service across every possible channel: phone, email, web, chat and in person.

Consumer's frustration is affecting behavior

When contacting a company or organization, consumers are most frustrated when they cannot reach a live human being (68%). Also, 56% find waiting on hold, listening to bad music or repetitive messages frustrating. Unanswered emails and phone messages frustrates 33% of consumers. Once frustrated, consumer's behaviour can become aggressive, and they can even feel sick. For example, after a negative experience with a company or organization:

- 80% of US adults decided to never go back to that company;
- 74% registered a complaint or told others;
- 47% swore and/or shouted;
- 29% have had a headache, felt their chest tighten and/or cried;
- 13% posted a negative online review or blog entry.

In addition, after a negative customer experience, 34% have fantasised about emailing friends, family or colleagues asking them to boycott the company or organization. 12% have dreamed of picketing and/or defacing a company/organization's headquarters.

The power of positive customer experiences

Making and keeping customers happy may not be easy, but it is well worth the effort: 51% of US adults cite "outstanding service" as the number one reason why they continue to do business with a company, and an additional 60% said the top reason they would recommend a company is "outstanding service." Despite what many companies assume, outstanding service is more important than low prices and quality products/services.

Delivering the ultimate customer experience

Happy, loyal customers are created one exceptional experience at a time. Keeping these customers also requires outstanding performance in several areas, including:

- **Self-service:** Customers want to be able to help themselves quickly and efficiently – 46% of those online find it gratifying to be able to quickly and easily find the information they need online.
- **Call center:** Arming call centre agents is more important than ever because 60% of consumers prefer speaking with a live agent. Amazingly, 38% claim they have not had a phone-based customer service experience that exceeded their expectations within the past year.



Bad customer experiences can make people sick

29% of US consumers have gotten a headache, felt their chest tighten and/or cried after a negative customer experience.



Compared to their counterparts across the US:

Midwesterners are more likely to swear, feel their chest tighten or get a headache after a bad customer experience.

Westerners are more likely to never return to a company, or post a negative blog entry or online review after a bad customer experience.

Southerners are more likely to register a complaint or tell others about their bad customer experience and are least likely to swear.

Northeasterners are least likely to register a complaint, tell others or post a blog entry or online review after a bad customer experience.

- **Multi-channel choice:** Customers expect choice and convenience, both are prerequisites for a superior customer experience. While most prefer the phone, 25% of consumers online want to engage with a company via email.
- **Feedback:** To exceed customer expectations, companies need to know what customer expectations are and take appropriate action. For example, 9% of consumers continue to do business with a company because it cares about customer feedback and takes action to improve service based on customer feedback.
- **Responsive:** 36% of consumers online said they find it gratifying when email messages are answered quickly.

Consumer strength grows in 2007

Compared with previous research, consumers are even more demanding of excellent customer experiences. In addition to the jump from 68% to 80% of consumers refusing to return to a company or organization after a negative experience, the number of consumers who will register a complaint or tell others of a bad experience jumped from 67% in 2006 to 74% in 2007.



What do consumers want?

More than half of those online want the ability to “chat” live via the Web with a customer service representative.

36% of those online find it most gratifying when email messages are answered quickly when contacting an organization.

46% of those online find it most gratifying to quickly and easily find the information they need online.

About RightNow Technologies

RightNow (NASDAQ: RNOW) delivers the high-impact technology solutions and services organizations need to cost-efficiently deliver a consistently superior customer experience across their frontline service, sales and marketing touch-points. Approximately 1,800 corporations and government agencies worldwide depend on RightNow to achieve their strategic objectives and better meet the needs of those they serve. RightNow is headquartered in Bozeman, Montana. For more information, please visit www.rightnow.com.

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* In this report, the word “consumer” represents adults 18+ living in the United States.

** For regional data, West includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. Midwest includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. South includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia. Northeast includes Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and West Virginia.

Methodology

This RightNow Technologies survey was conducted online within the United States between June 29 and July 3, 2007 among 2,049 U.S. adults aged 18+. Results were weighted as needed for age, sex, race/ethnicity, education, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. Select results were weighted as needed to the U.S. online adult population; for these results, amount of time spent online per week was also taken into account.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the U.S. adult population. Because the sample is based on those who agreed to be invited to participate in the Harris Interactive online research panel, no estimates of theoretical sampling error can be calculated.

About Harris Interactive

Harris Interactive is the 12th largest and fastest-growing market research firm in the world. The company provides research-driven insights and strategic advice to help its clients make more confident decisions which lead to measurable and enduring improvements in performance. Harris Interactive is widely known for The Harris Poll, one of the longest running, independent opinion polls and for pioneering online market research methods. The company has built what it believes to be the world's largest panel of survey respondents, the Harris Poll Online. Harris Interactive serves clients worldwide through its United States, Europe and Asia offices, its wholly-owned subsidiary Novatris in France and through a global network of independent market research firms. The service bureau, HISB, provides its market research industry clients with mixed-mode data collection, panel development services as well as syndicated and tracking research consultation. More information about Harris Interactive may be obtained at www.harrisinteractive.com.

To become a member of the Harris Poll Online and be invited to participate in online surveys, register at <http://go.hpolsurveys.com/PR>.