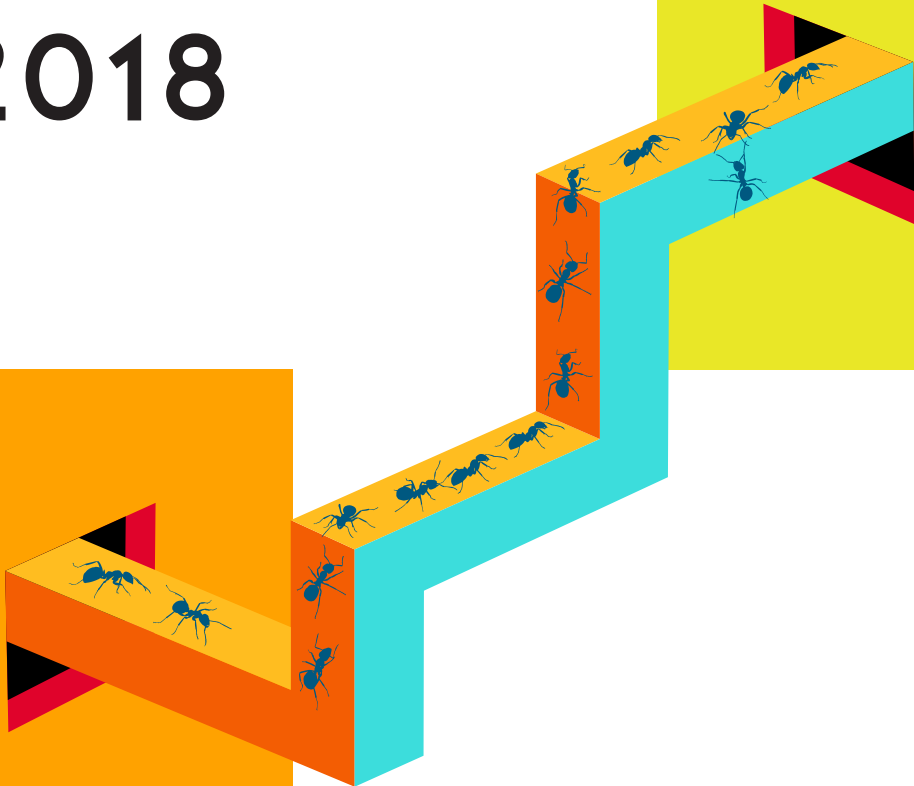


JANUARY 2018

regalix
research

STATE OF CUSTOMER SUCCESS 2018

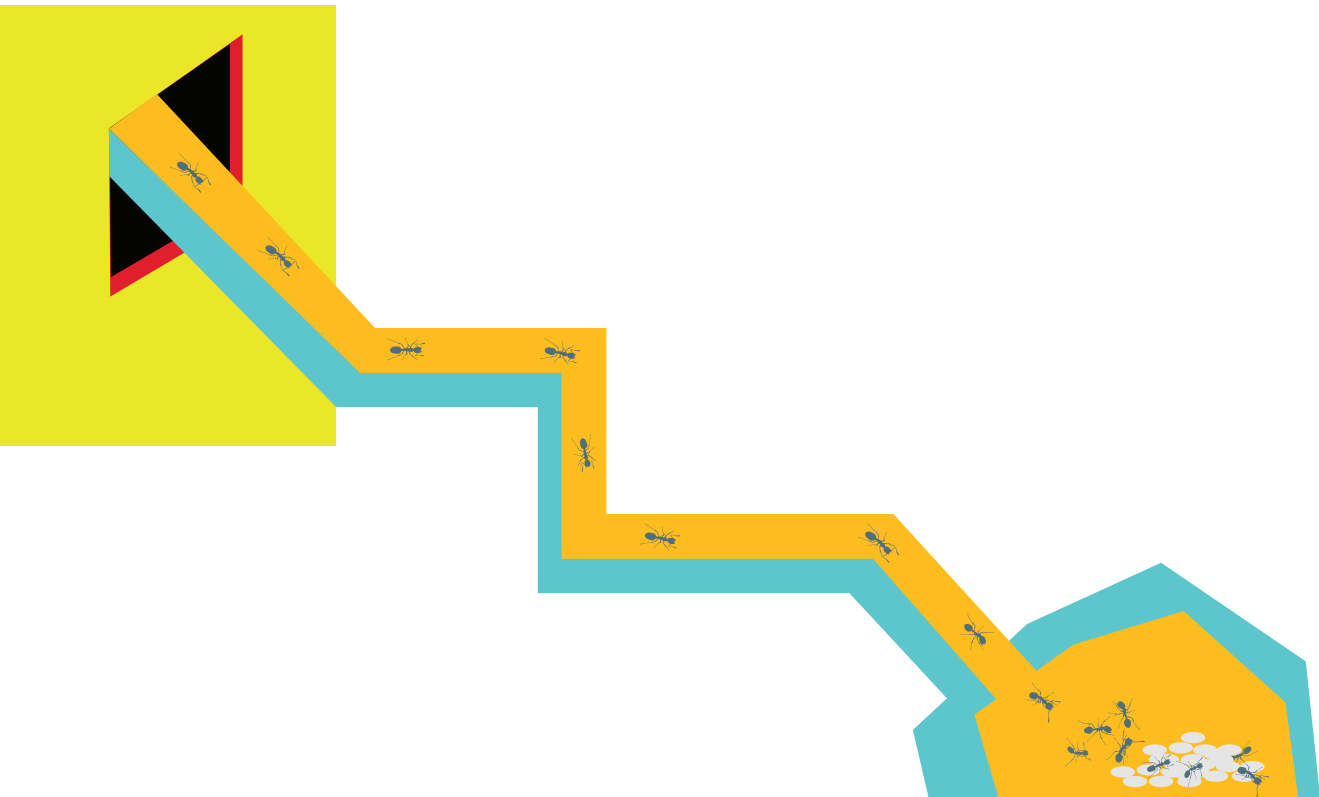


Introduction

Customer Success as a discipline has come of age. Organizations are realizing its importance in their own growth curve and have begun investing in Customer Success teams.

What are these Customer Success teams striving to achieve? And how are they faring in meeting those objectives? What are the challenges they are facing? And what is the positive outcome that organizations are deriving out of their Customer Success initiatives?

These are some questions that we decided to find answers to. So we spoke in depth to 100 senior Customer Success executives in large and medium sized organizations in the technology space. Their inputs helped us shape this report.



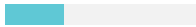
Respondent Profile

Industry

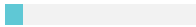
61% Computer Software



30% Internet



9% Information Technology and Services



Employee Size

10,001+ **4%**

5,001 - 10,000 **8%**

1,001 - 5,000 **13%**

501 - 1,000 **17%**

201 - 500 **30%**

51 - 200 **25%**

11 - 50 **3%**

Revenue

> \$1B **12%**

\$501M - 1B **5%**

\$251 - 500M **5%**

\$101 - 250M **9%**

\$51 - 100M **14%**

\$11 - 50M **32%**

\$1 - 10M **23%**

Level

VPs **9%**

Directors **10%**

Managers **68%**

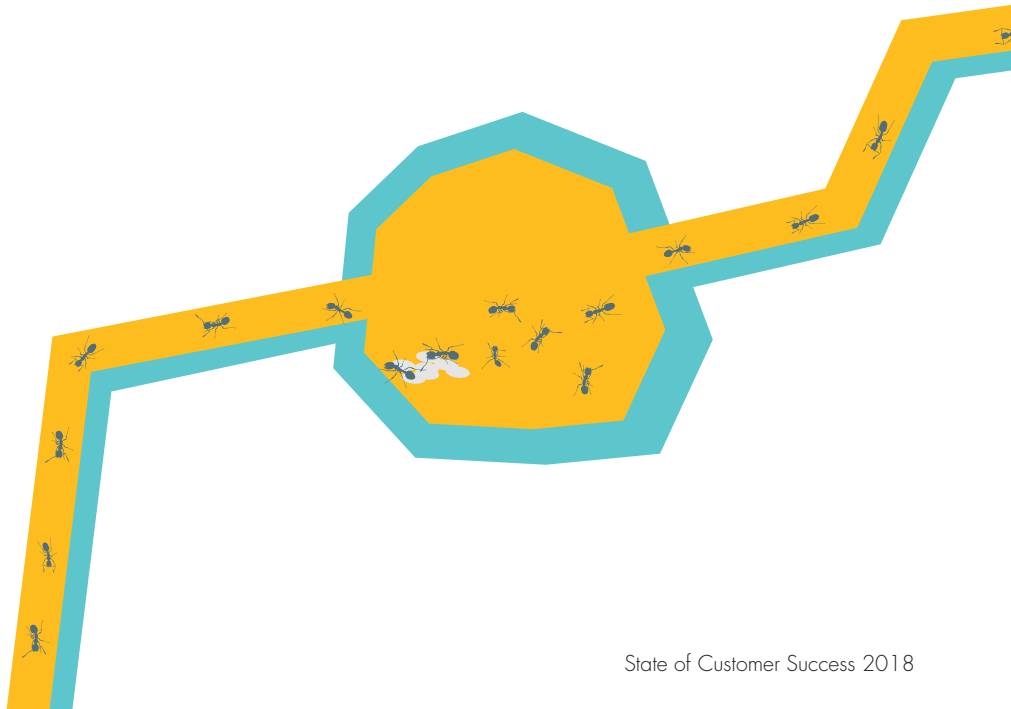
Others **13%**

Key Findings

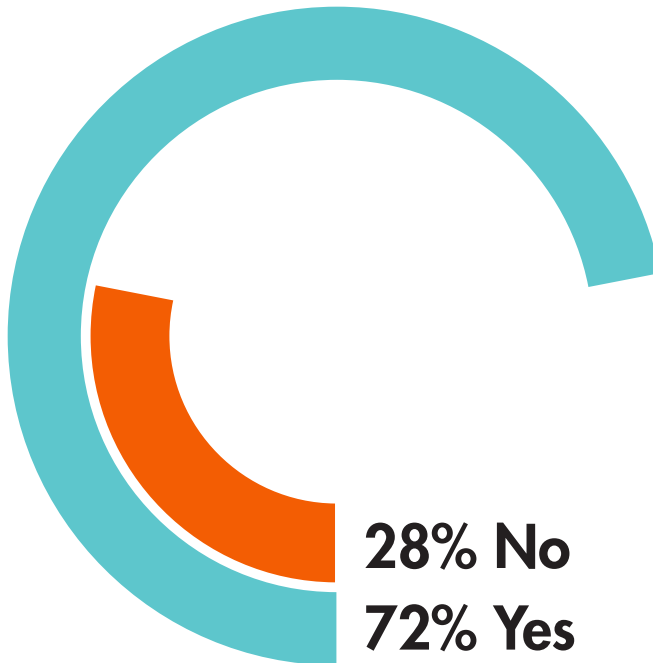
- 72% of organizations have a clearly-defined Customer Success strategy while 28% don't have one yet.
- Reducing churn (66%) and increasing product usage (65%) are the top-ranked objectives of a Customer Success program.
- Upsell & cross-sell (38%) and increasing average revenue from each customer (32%) are less-pursued objectives of a Customer Success program.
- Renewals (68%) is the most-popular metric used by marketers to measure Customer Success; more involved metrics like customer referral rate (10%) and lifetime value (5%) are less popular.
- Email (88%) and phone (80%) are the most-preferred customer engagement channels.
- Social media (12%) and website (10%) are the least-preferred customer engagement channels.
- Managing customer expectations (57%) and measuring customer satisfaction (52%) are the biggest challenges Customer Success programs face.
- Predictive analytics (67%) is the most-sought-after technology in Customer Success; virtual & augmented reality (10%), the least-sought-after.

Majority of organizations today have a clearly defined Customer Success strategy.

72 percent of organizations that we spoke with had a clearly defined Customer Success strategy while the remaining 28% said they didn't have one yet.



Does your company have a clearly defined Customer Success strategy?

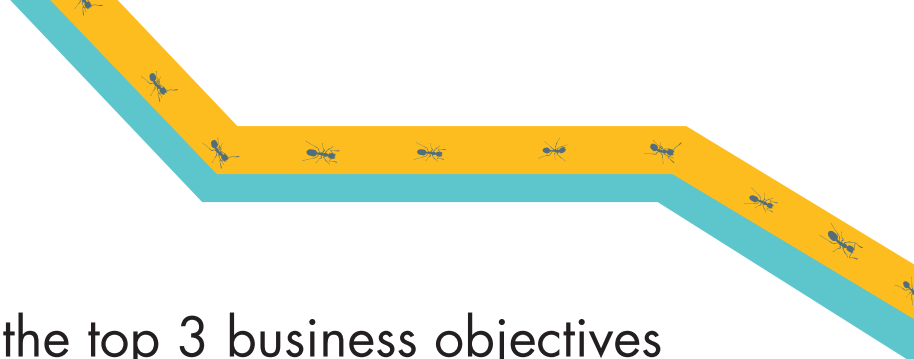


'Reducing churn' and 'increasing product usage' top the list of business objectives driving Customer Success programs.

The top three objectives chosen by marketers as driving their Customer Success program were 'reducing churn' (66%), 'increasing product usage' (65%) and 'increasing renewal' (57%).

While these work well as primary objectives of a Customer Success program, we believe the benefits of such a program could be more far-reaching.

It appears that not many marketers were yet leveraging the program to maximize revenue from their existing customer base through 'upsell & cross-sell' (38%), 'increase revenue from each customer' (32%) or 'gain referrals' (16%).



What are the top 3 business objectives of your Customer Success program?

66%



Reduce churn

65%



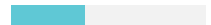
Increase product usage

57%



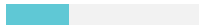
Increase renewals

38%



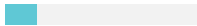
Upsell and cross-sell

32%



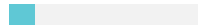
Increase average revenue from each customer

16%



Gain referrals

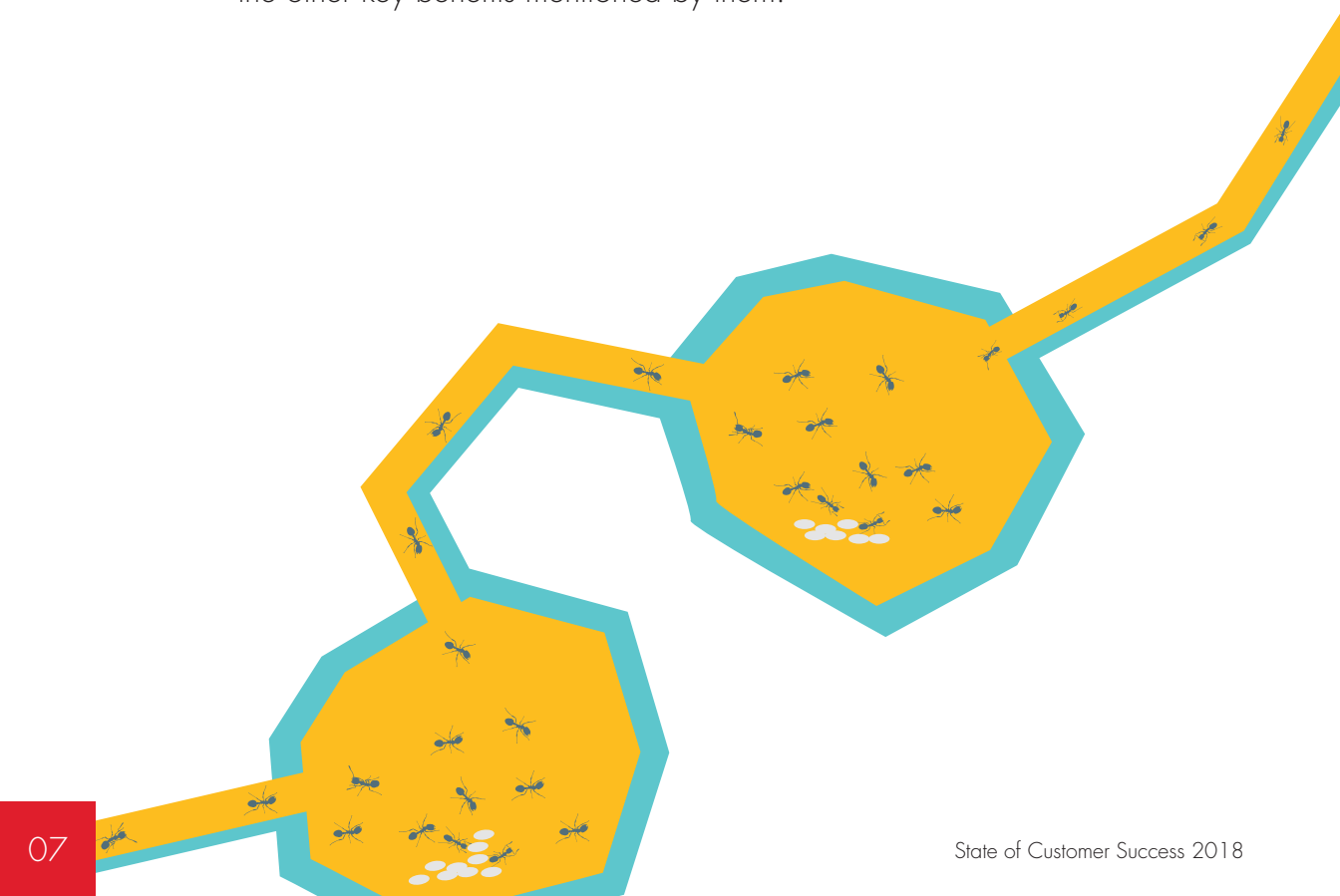
13%



Reduce the time spent in supporting each customer

'Product adoption' is the key benefit to a customer, say marketers.

87 percent of respondents believed their Customer Success programs helped their customers in 'product adoption'. 'Better ROI' (82%) and 'easier onboarding' (60%) were the other key benefits mentioned by them.



What are the key benefits to your customers from your Customer Success programs?

87%



Help with using the product (product adoption)

82%



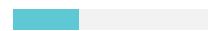
Customers get a better return on their investment

60%



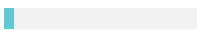
Easier onboarding

34%



Customers save time

5%

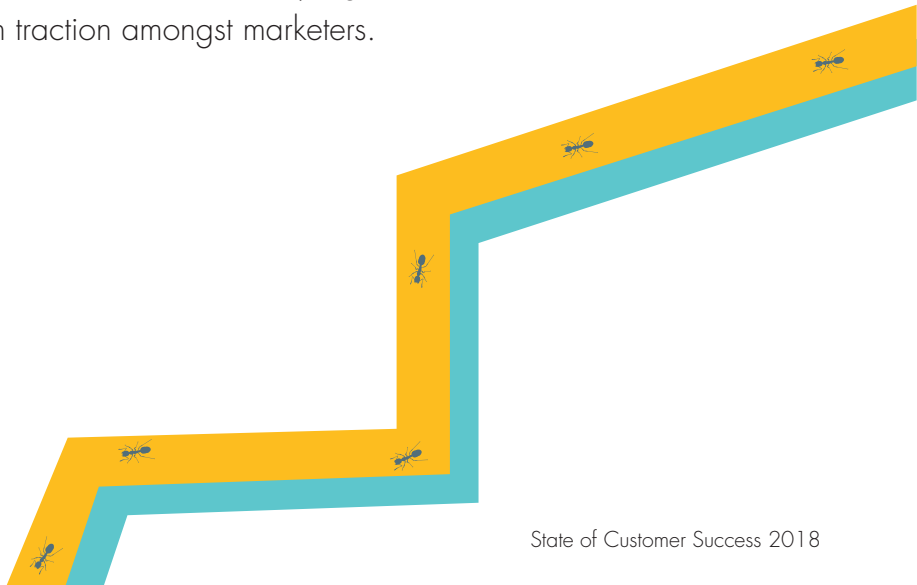


Customers are monetarily benefited (through referral promotions, loyalty programs)

'Renewals' is the most popular metric used by marketers to measure Customer Success.

When asked about the key metrics used to measure the performance of Customer Success in their organization, 68% of respondents mentioned 'renewals' and 55% chose 'customer churn rate'.

Metrics like 'quantum of upsell and cross-sell' (16%), 'customer referral rate' (10%) and 'lifetime value' (5%) to gauge the long term performance of a Customer Success program are yet to gain traction amongst marketers.



What are the key metrics used to measure the performance of Customer Success in your organization?

68%



Renewals

55%



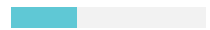
Customer
churn rate

42%



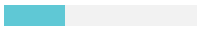
Customer
health score

34%



Net Promoter
Score (NPS)

31%



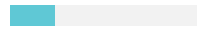
Customer
Satisfaction
level (CSAT)

27%



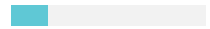
Revenue
generated

23%



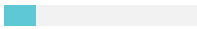
Engagement
metrics

19%



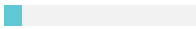
Adoption rate

16%



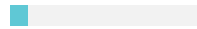
Quantum
of up-sell &
cross-sell

10%



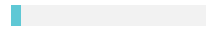
Customer
referral rate

10%



ROI

5%



Lifetime Value

'Regular account updates'
and 'tutorials and demos'
are the most popular
activities run in a Customer
Success program.

'Regular updates with clients' (82%) topped the list of activities that marketers ran as part of their Customer Success program, followed by 'tutorials and demos to help use the product' (63%).



What are the various activities you run as part of your Customer Success program?

82%



Regular account updates with clients (QBRs, EBRs, etc.)

63%



Tutorials and demos to help use the product

60%



Live screen-shares to help use the product

58%



Collect feedback about the product

53%



Welcome emails

44%



Customer satisfaction surveys

38%



NPS surveys

35%



Workshops

24%



Voice of customer surveys

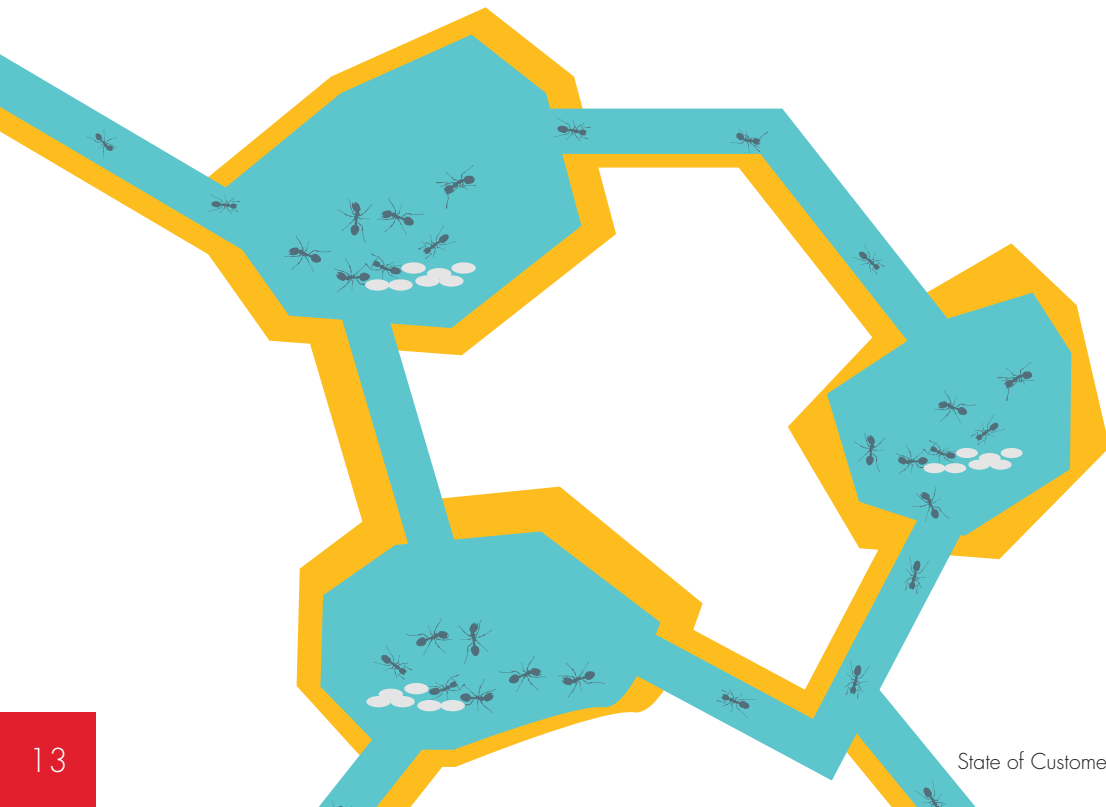
14%



Automated emails based on product usage

Salesforce tops the list of preferred Customer Success software.

64 percent of respondents said their preferred Customer Success software was Salesforce while 26% said that they used Gainsight.



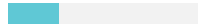
Do you use a Customer Success software or platform? If yes, which one:

64%



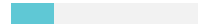
Salesforce

26%



Gainsight

22%



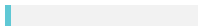
We don't use
one at the
moment

7%



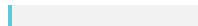
Marketo

3%



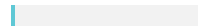
ClientSuccess

2%



Totango

2%



Amity

Email and Phone are the most preferred customer engagement channels.

When choosing a channel for engaging with existing customers, companies preferred using 'email' (88%) and 'phone' (80%).

'Webinar & online events' (37%) and 'social media' (12%) did not seem to find much favor despite having proven advantages.

Which of the following channels do you use more often for engaging with your existing customer base?

88%



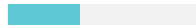
Email

80%



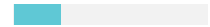
Phone

37%



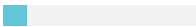
Webinars &
online events

24%



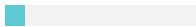
Offline events
(workshops/
seminars etc.)

12%

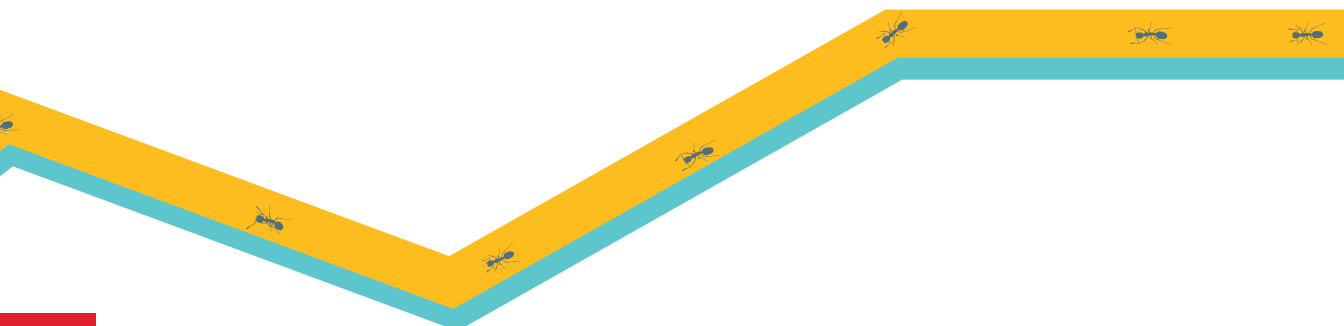


Social media

10%

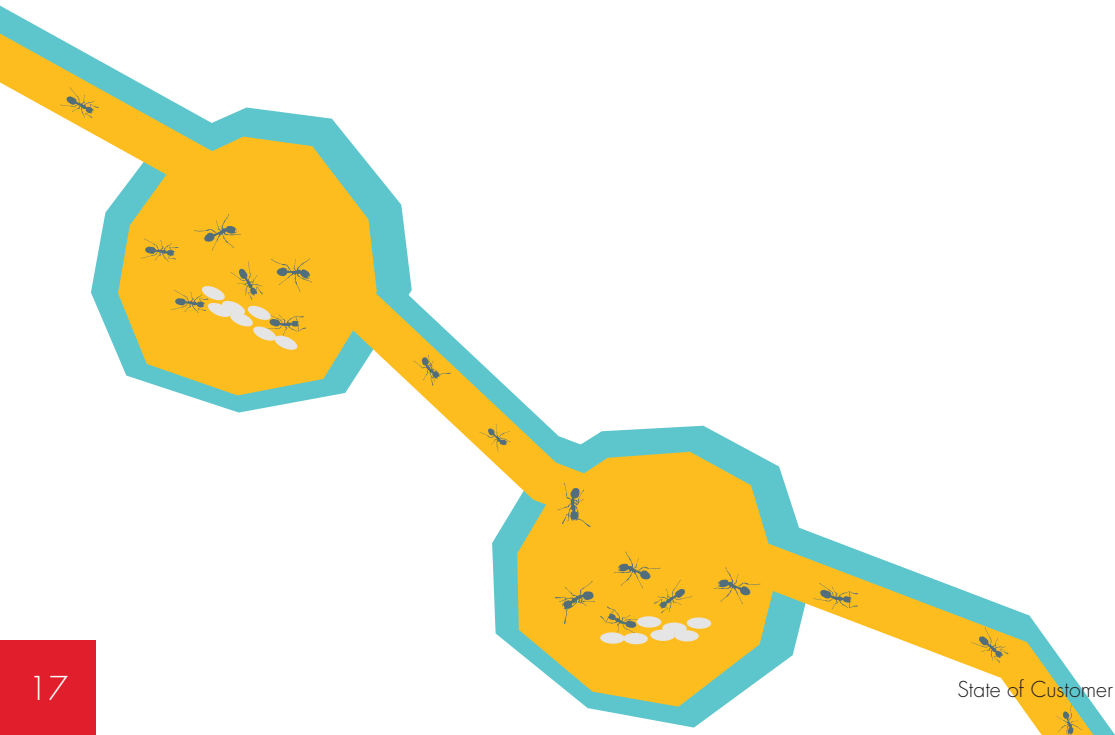


Website



'Managing customer expectations' and 'measuring customer satisfaction' are the biggest challenges Customer Success programs face.

When we asked marketers what they found most challenging in ensuring the success of their Customer Success programs, 57% of them said it was 'managing customer expectations'. 'Measuring customer satisfaction' (52%) came next in their list followed by 'getting actionable insights from customer data' (48%).



What do you find most challenging in ensuring the success of your Customer Success program?

57%



Managing customer expectation

52%



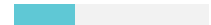
Measuring customer satisfaction

48%



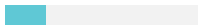
Getting actionable insights from customer data

31%



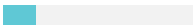
Working with internal teams like sales & marketing

21%



Retaining customers

17%



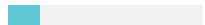
Onboarding customers

17%



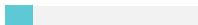
Upselling / cross-selling of products and services

16%



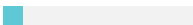
Getting budgets approved

14%



Getting referrals

10%

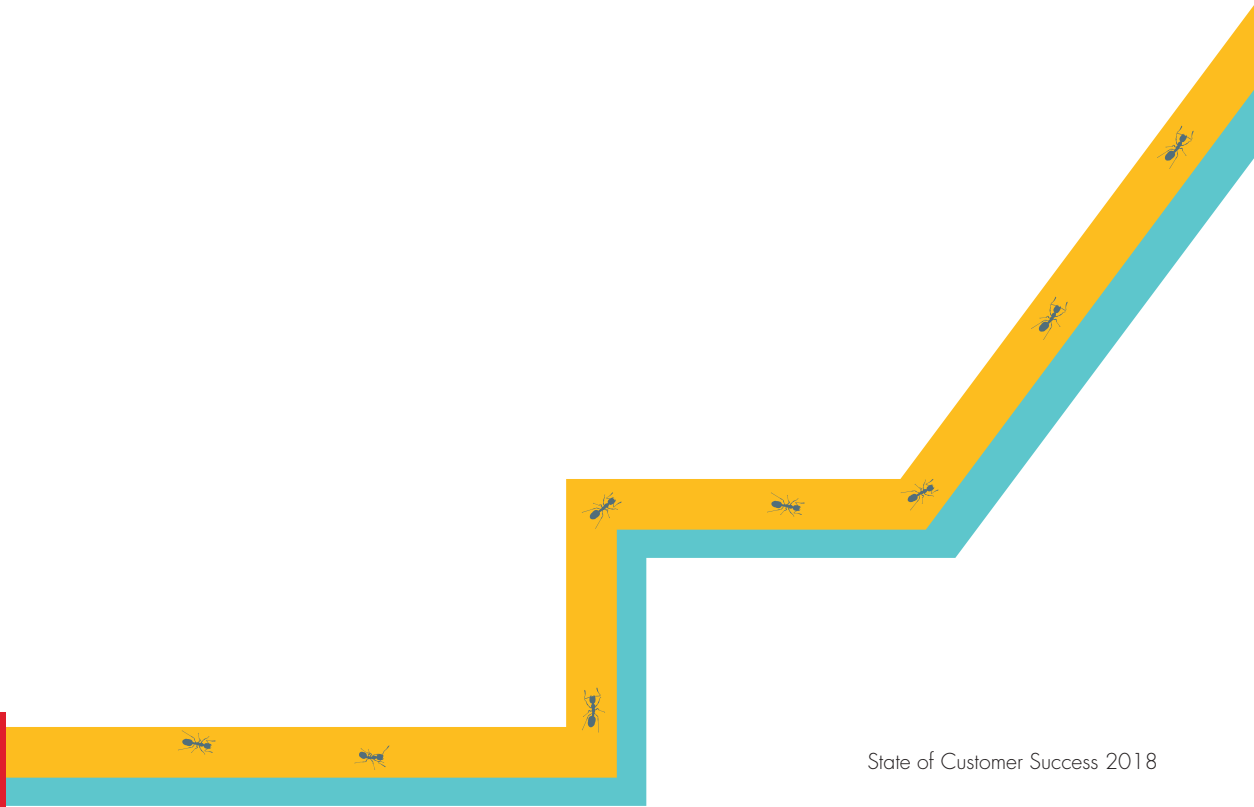


Renewing subscriptions

'Live demos' is the most-used asset for customer onboarding.

'Live demos' (78%) topped the list of assets used for customer onboarding, followed by 'telephonic support' (55%) and 'web walkthroughs with images' (55%).

'Videos' (49%) elicited a more muted response from marketers, which was surprising given the rising consumption level of video as a medium and its power to engage.



What assets do you use for onboarding customers?

78%



Live demos

55%



Web walk-throughs with images

55%



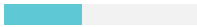
Telephonic support

49%



Videos

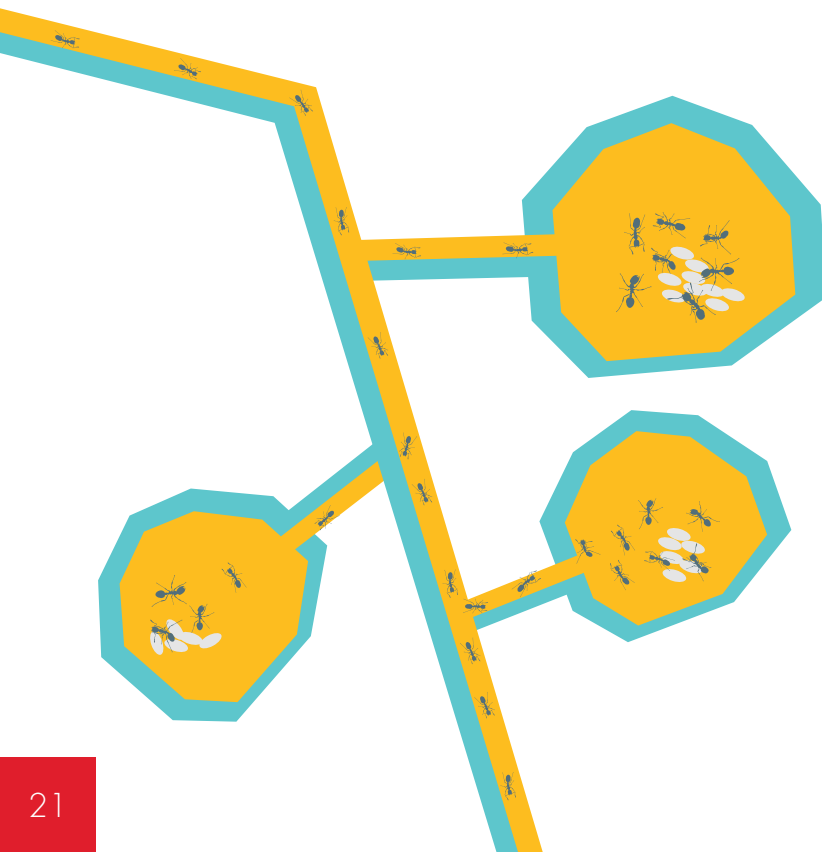
40%



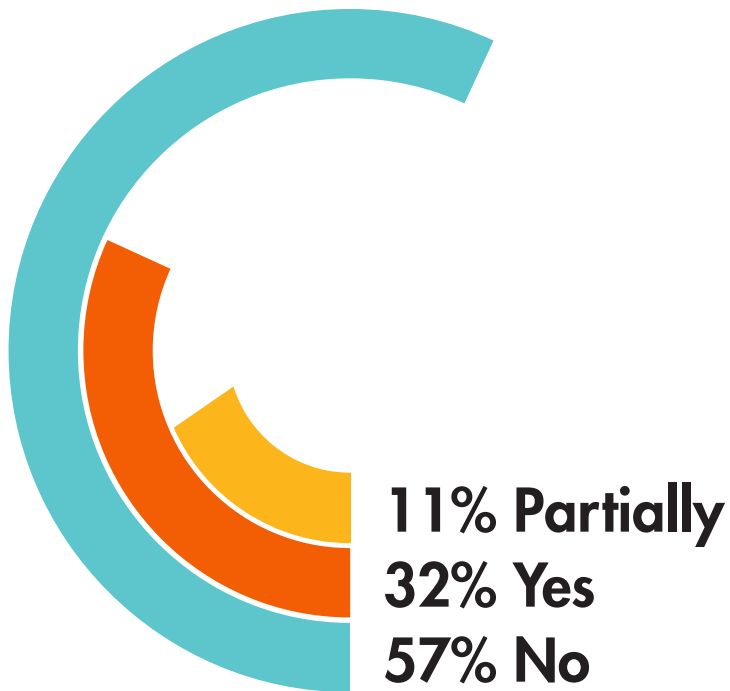
Text based content

Majority of organizations do not track the Customer Lifetime Value of their customers.

57 percent of respondents said they do not track the Customer Lifetime Value of their customers. 11% said they track it only for a few significant clients.

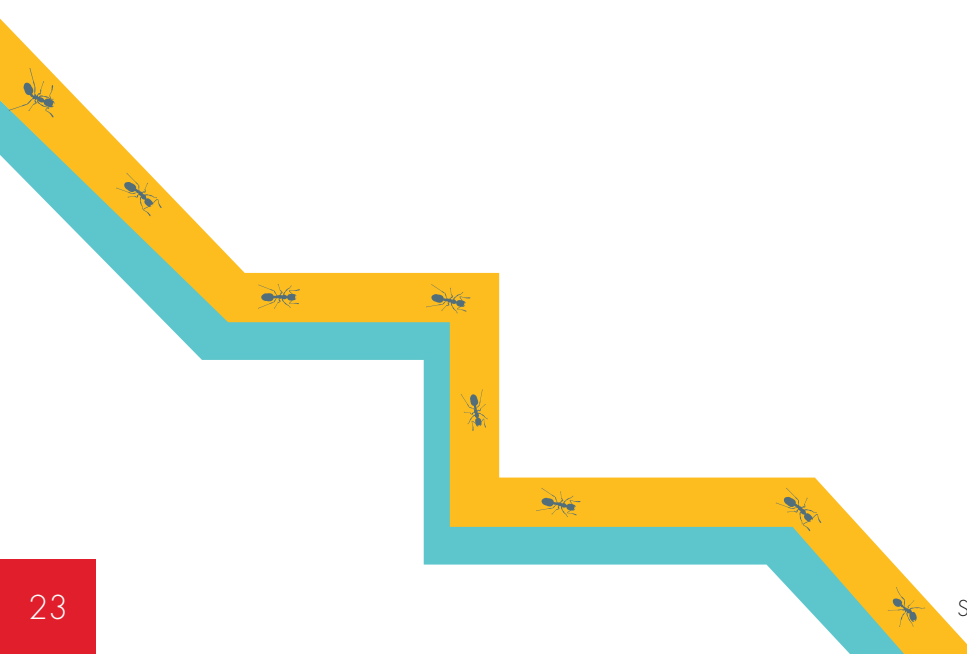


Do you track the Customer Lifetime Value of all your customers?

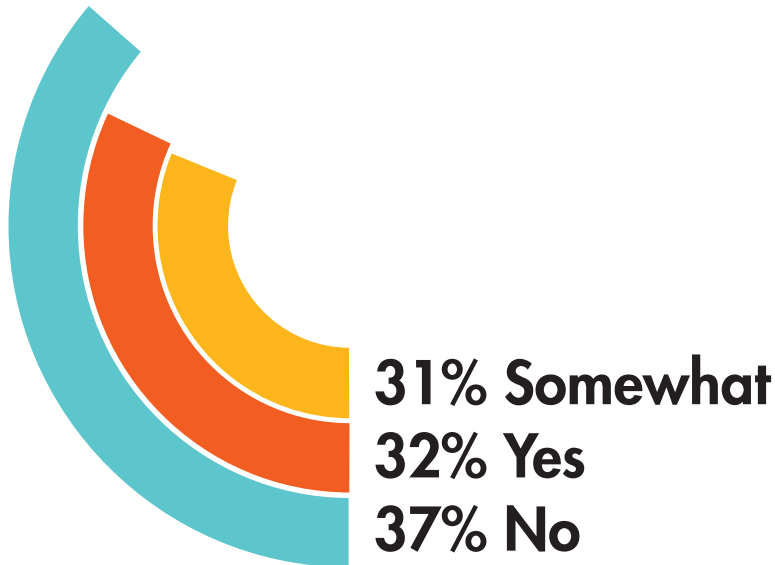


Majority of organizations, at least to some extent, track what customers are saying about them on social media.

While 32% of respondents said they do track what their own customers are saying about them on social media, another 31% said they do so 'somewhat'. 37% said they did not.



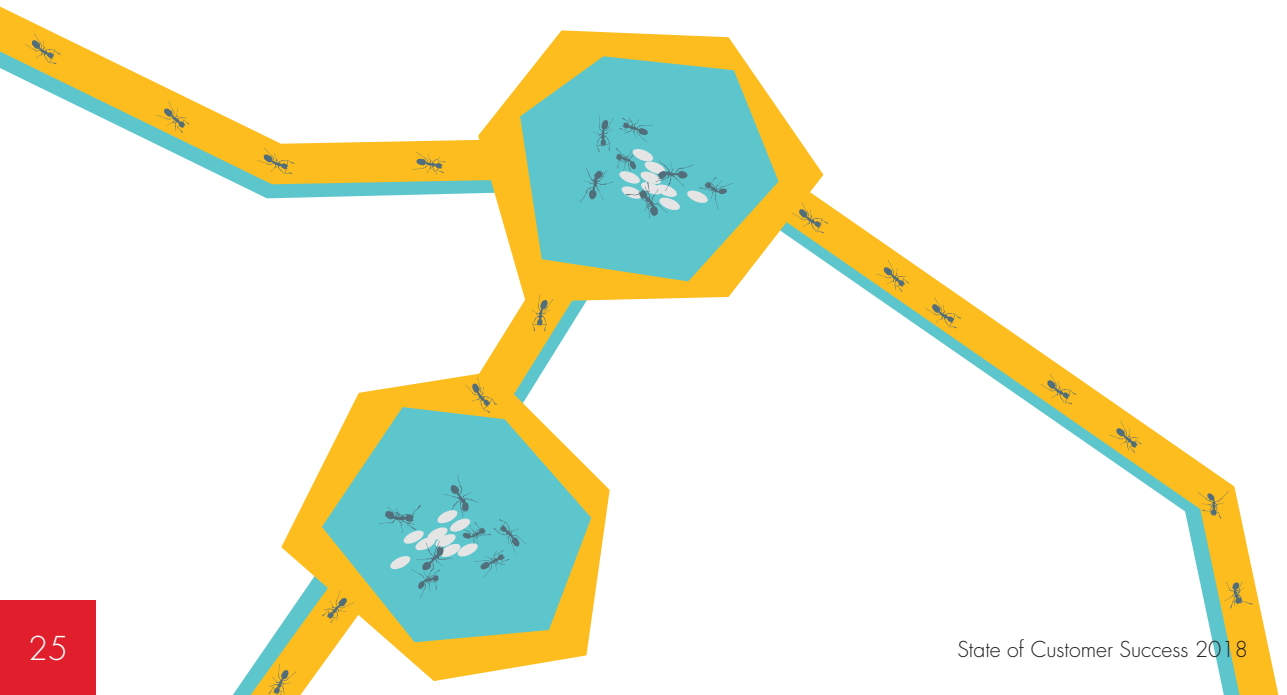
Do you track what your own customers are saying about your organization or product on social media?



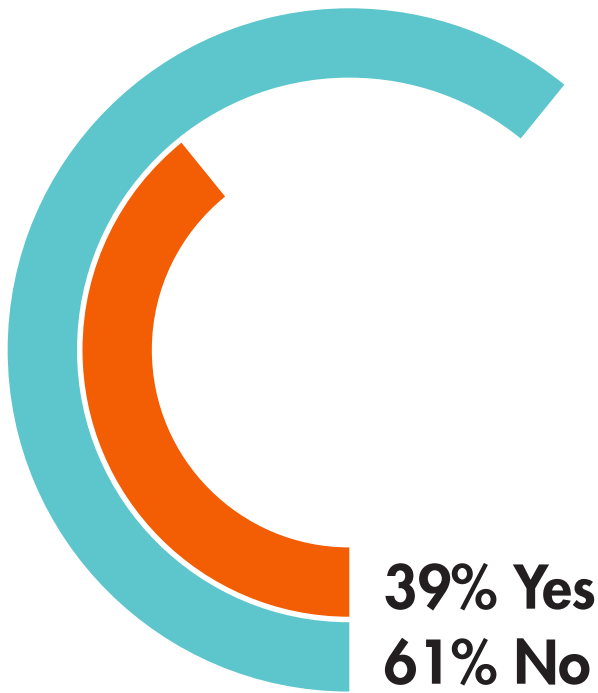
Rewarding customers for referrals not the norm.

61 percent of respondents said that they do not reward their customers for referrals; only 39% said that they do.

This perhaps is in line with our earlier finding wherein respondents placed referrals in the bottom half of the list of objectives that drove their Customer Success program.



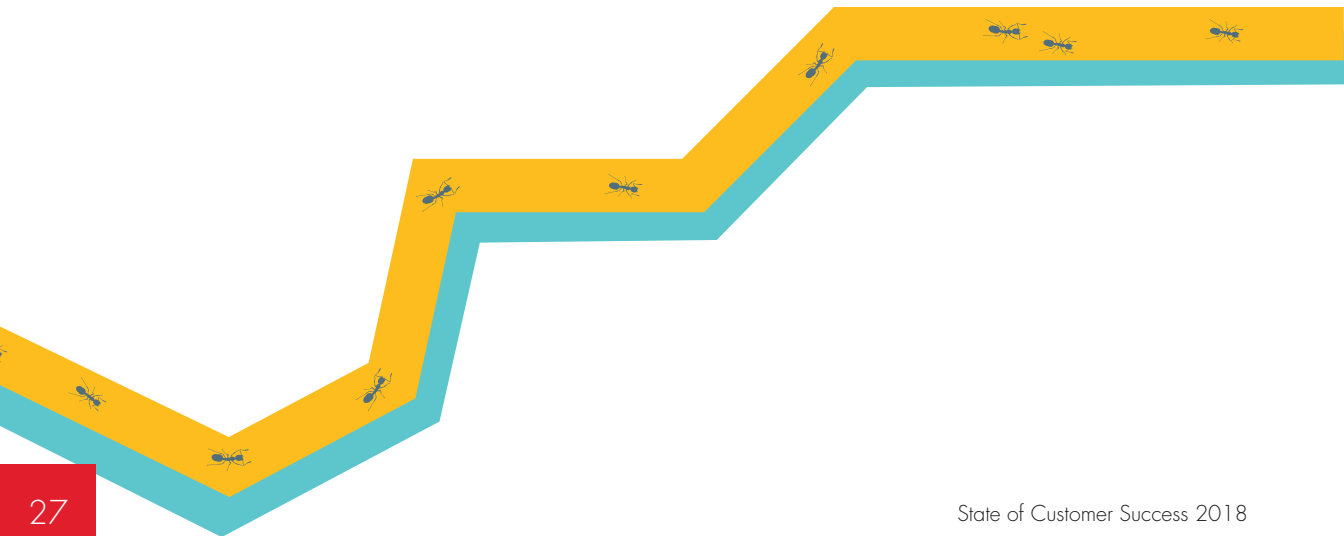
Do you reward customers for referrals?



Predictive analytics is the most sought-after technology in Customer Success.

67 percent of respondents currently employ or hope to employ predictive analytics technology in their Customer Success program. 'Artificial intelligence & machine learning' (38%) and 'chatbots' (27%) were the other picks.

Given the intense buzz around chatbot technology in recent times, its deployment in the Customer Success space seems surprisingly modest.



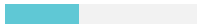
Which of the following technologies do you currently employ or hope to employ in the near future in your Customer Success program?

67%



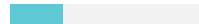
Predictive analytics

38%



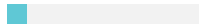
AI & machine learning for automating processes

27%



Chatbots

10%



Virtual & augmented reality for enhancing customer experience

Key Recommendations

- **Have a clear Customer Success strategy, and invest in a dedicated Customer Success team**

Our research findings reveal that acquiring a new customer is considerably more expensive than retaining an existing one. A well thought-out Customer Success strategy can increase customer retention and maximize profits for you.

- **Expand the number of customer interaction points to increase engagement**

A majority of companies still remained too focused on email and telephone for their customer interactions, even though the number of customer interaction points has expanded to include social media, webinars and other types of online activities.

We have observed that companies which are present at all touchpoints where their customers are, take their engagement to a higher level.

- **Increase Feedback from Customers**

Existing customers can add immense value to a business by providing honest feedback on products and services. By knowing what is working and what is not in its business offering, an organization can put itself in the sweet spot for future growth and profitability.

- **Measure and maximize Customer Lifetime Value**

Thinking from a “Lifetime Customer Value” perspective helps an organization understand the true cost of losing existing customers, and thereby, the critical importance of treating them right.

■ Embrace Digital Transformation

Many organizations are failing to grasp the significance and impact that digital technologies such as artificial intelligence, machine learning, NLP (natural language processing) and chatbots can have on their business and customer success processes.

We recommend that companies review their customer success processes to determine where automation, AI and machine learning can augment their employees' efforts and help them create personalized and contextually relevant customer interactions, provide faster resolution to problems, and reduce customer acquisition and support costs.

■ Listen and respond to what your customers are saying

Monitor your customers' sentiments on social media and thank them for sharing their opinion. Recognizing both negative and positive sentiments is a great way of demonstrating to your customers that feedback matters. We believe this will improve CSAT scores and help you in building customer loyalty.

■ Reward fans and champions

Identify, cultivate and reward champion customers and fans who act as advocates for your products and services on social and other media. Celebrate them publicly and you can be sure referrals will follow.

■ Measure the right metrics to gauge the success of your Customer Success Program

We recommend that companies expand the number of metrics they use to measure their customer success programs beyond the traditional ones of renewals and churn to include quantum of upsell and cross-sell, customer referral rates and lifetime customer value. These will provide a more accurate representation of current and future success of such programs.

Final Thoughts

Customer Success has caught the imagination of marketers in recent times, and not without reason.

There are enough studies on the subject that show that acquiring a new customer is considerably more expensive than retaining an existing one and that increasing the customer retention rate increases profits.

Keeping in line with these findings, it's heartening to see that marketers have begun to realize the importance of having a clearly-defined Customer Success strategy and the relevance of investing in a dedicated Customer Success team.

What came out in our study, however, was that while marketers have invested in Customer Success programs, they were still primarily driving them to reduce churn and increase product usage. While these are commendable initiatives by themselves, we believe marketers can benefit a lot more by digging deeper into such programs.

Upselling and cross-selling of products and services and building referrals are some of the more immediate benefits that marketers can hope to gain. Measuring and maximizing Customer Lifetime Value, a performance parameter that marketers don't seem to be actively tracking would probably be the next logical step.

Knowing your customers better is all about engaging with them actively. To do this, organizations need to look beyond email and telephone. Webinars, online events and social media immediately come to mind. Harnessing the inherent power of these media can take their engagement with customers to a whole new level.

Existing customers can not only deliver profits, but can add immense value to a business by providing honest feedback on products and services. By knowing what is working and what is not in their business offering, an organization can put itself in the sweet spot of future growth and profitability.

About Regalix Research

Regalix Research focuses on helping organizations across the globe to augment their marketing, customer satisfaction and retention initiatives. Headquartered in Mountain View, California, the organization boasts an extensive network of top business executives. It employs practitioners for in-depth analysis of industry data for meaningful insights that answer the 'whens' and 'whys' of disruptive trends.

The research methodology employed by Regalix filters scores of data sets, making them insightful and enables industry leaders to arrive at impactful business decisions.

About the analysts



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SVP, Principal Analyst

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Nimish, works with CMOs and senior marketing professionals. His research focuses on customer success management, predictive analytics, mobile enablement and other emerging trends that help customers leverage technology as an enabler of marketing and business outcomes.



Arunh Krishnan
Senior Analyst

Arunh started his career with consumer product marketing, moved to brand management, and been involved in new product launches. In his various roles, he has had deep involvement with consumer and product research. Arunh is currently involved in studying emerging trends and understanding consumer behavior in the digital space.

About Regalix

Regalix is a Customer Success company that re-imagines customer experiences across hi-tech, ad-tech and retail domains. It is headquartered in Silicon Valley with branches across Europe and Asia. The company has partnered with some of the biggest global B2B organizations in their efforts at customer acquisition, growth and retention.

Regalix, with its roots in data-driven and ROI-oriented marketing, is a full-fledged Customer Success company, delivering seamless customer experiences in today's subscription-based economy. The company combines technology and human intelligence to boost efficiency, while improving CSAT.

For more information

To find out how we can help you,
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