

Why customer experience is the cornerstone of small business success

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Please note this content was curated for SME businesses in the UK

Who do you think of when you think of good customer experience? Perhaps it's Amazon for its fast and efficient delivery and personalised recommendations. Or perhaps it's Tesco for its Clubcard, which provides money-off vouchers, access to exclusive partner discounts, and an easy-to-use app.

All these brands benefit from sizeable teams devoted to designing initiatives to listening to the voice of their customers and match their customers' needs. Most small businesses don't have that luxury, but it shouldn't stop you from applying similar principles on a smaller scale. After all, just like bigger brands, your business depends on attracting customers and keeping them loyal. And that means it could be a good idea to make your business more customer-centric (1).

You might not have the resources to guarantee next-day delivery, like Asos, or generate personalised content from sophisticated algorithms, like Netflix or Spotify. But it could be possible, for example, to improve your website, make better use of your customer database, or share more content that keeps people engaged.

This article discusses some of the business benefits of listening to the voice of the customer to provide a great customer experience, and outlines six simple things your business could do without spending too much time or money.

Better customer experiences lead to better business

A business is nothing without its customers. And if your business competes with others for clients, customer experience could be critical to your success.

Among the many reasons to focus on customer care, research shows that over 50% of people will switch to a competitor after a single bad customer experience, and three in every four customers will spend more after positive customer service (2).

Some common business benefits include:

Loyal customers: when a business takes time and care to get to know its customers and their needs, it is usually rewarded with loyalty. A loyal customer base could reduce churn (fewer people stop buying from you), lower acquisition costs (because loyal customers tell others about you) and increase profits from upselling and spending less on your sales funnel (3).

Referrals and word-of-mouth: quality customer experiences are more likely to generate word-

of-mouth marketing – essentially free, highly-targeted, trusted advertising. Whether through personal recommendations and referrals or positive feedback shared on social media, word-of-mouth marketing could be invaluable to your business.

Feedback and improvement: feedback is your friend. According to a recent survey, **98% of people read online reviews for local businesses**. The quality of the customer experience you provide could help lead to more positive reviews. But by engaging with all feedback – good or bad – you could make changes to ensure your customers’ experiences are constantly improving **(4)**.

Increased sales: the more closely connected people feel to a business, the more likely they are to spend more money with them. Revenue from customers with positive experiences tends to increase across their lifetime, through spending more on products and buying additional products and services **(5)**.

Brand advocacy: outstanding customer experiences could create brand advocates – customers whose affinity with your brand is so strong that they choose to actively promote and support it through word-of-mouth and other activities. Brand advocates could enhance your reputation, grow awareness, and present an authentically positive impression of your brand to other customers **(6)**.

Competitive advantage: research shows that **customers value a positive experience more than price**. So high levels of customer satisfaction and connection could help you steal a march on your competitors – even if your brand is not the lowest-cost on the market **(7)**.

The benefits to small businesses of positive customer experiences are wide-ranging, both for retaining customers and attracting new ones. Connected, engaged customers could also save you money – through ‘free’ advertising and savings on ‘cold’ customer acquisition.

Six affordable ways to improve customer experience

With a little careful planning, there are several steps your small business could take to improve your customers’ experience. Better still, none of these actions need to break the bank.

Below are six things you could do to help create more engaged, satisfied and loyal customers. Consider which of the below might be best suited to your business:

Send personalised communications: even if you can’t afford a sophisticated Customer Relationship Management (CRM) system, simply using customers’ names in emails and messages – and personalising the content where possible – could help build closer relationships. There is some useful advice about personalisation [here](#).

Have a clear and informative website: your website doesn’t need to be award-winning. But for many customers, it could be their first point of contact with you. Making time to keep it updated, ensuring it is easy to navigate, and including a ‘FAQ’ section could all help with that all-important first impression. This blog has [18 helpful tips](#).

Create a loyalty programme: loyalty programmes don’t need to be complicated – they could be as simple as printing a loyalty card and stamping it each time a customer makes a purchase. Rewarding repeat customers with discounts, offers or early access to new products could keep them from switching to competitors. You can find out more about loyalty programmes [here](#).

Track satisfaction scores: an easy way to gain valuable customer feedback is to track satisfaction scores. It can be as straightforward as asking customers to rate different aspects of their experience on a scale of 1-5. **Your customer satisfaction score is the number of people who gave a 4-5 rating divided by the total number of ratings, multiplied by 100.** Many businesses choose to track this through email or survey, but consider what works best for the context of your business.

Engage on social media: the vast majority of your customers will use one or more social media platforms, providing you with the opportunities to engage with them on their terms. Being proactive and responsive on social media could show the human side of your brand. You can discover some helpful strategies [here](#).

Have responsive customer support: listening, responding quickly, not over-promising, and providing personalised communication all could help contribute to a positive customer experience. As [these strategies show](#), quality customer support is a key element of customer satisfaction.

If you’re a small business owner, you’ll no doubt have already considered the importance of happy customers. But properly understanding the benefits and deciding on the right strategies for you could be one of the most rewarding aspects of your business success.

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- 1 Nucleus Commercial Finance: <https://nucleuscommercialfinance.com/blog/how-can-smes-create-a-loyal-and-satisfied-customer-base>
- 2 Zendesk: <https://www.zendesk.co.uk/blog/customer-service-statistics/#:~:text=A%20%25%20improvement%20in%20customer,directly%20improve%20retention%E2%80%94and%20profit>
- 3 Yelp for business: <https://business.yelp.com/grow/how-to-build-loyal-customers/>
- 4 Investopedia: <https://www.investopedia.com/terms/w/word-of-mouth-marketing>
- 5 Forbes: <https://www.forbes.com/sites/forbesbusinesscouncil/2022/09/06/why-negative-reviews-can-help-your-business-improve/>
- 6 Lumoa: <https://www.lumoa.me/blog/customer-experience-key-to-revenue-growth>
- 7 Sprout social: <https://sproutsocial.com/insights/brand-advocacy/#why-it-matters>
- 8 3 pillar global: <https://www.3pillarglobal.com/insights/customer-experience-as-a-competitive-advantage/>
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