

Industry report

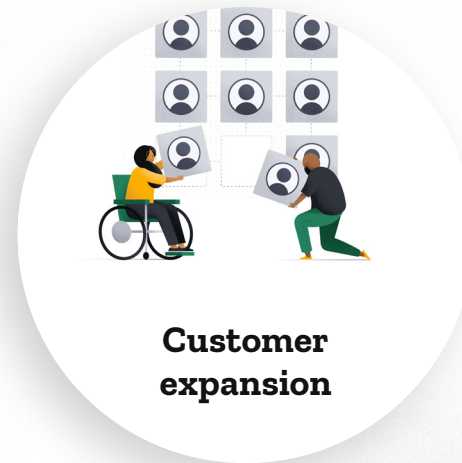
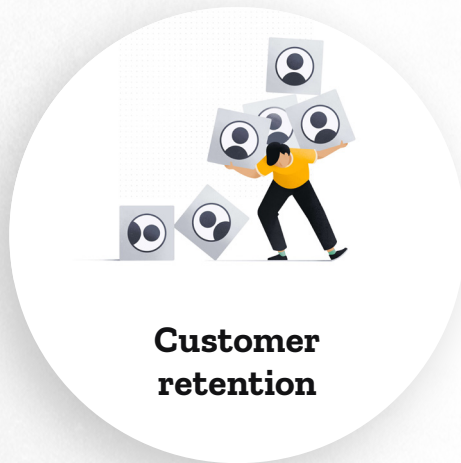
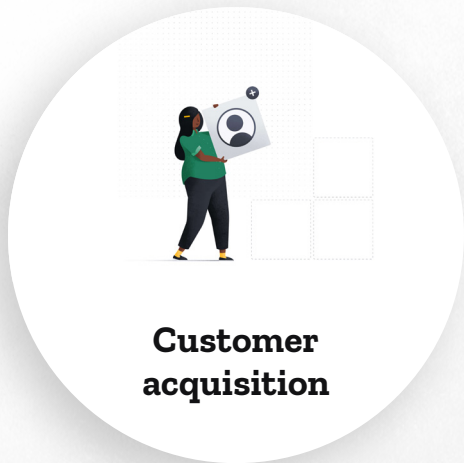
How SaaS companies should use CX to drive sustainable growth



Introduction

Software-as-a-Service (SaaS) companies operate in highly competitive markets, where product innovation must happen at a rapid pace to gain hyper-growth and long-term profitability.

But having a quality product is no longer enough—the experience you provide to customers is just as important. In fact, SaaS companies that deliver an exceptional customer experience (CX), have shown improvement in **3 key areas:**



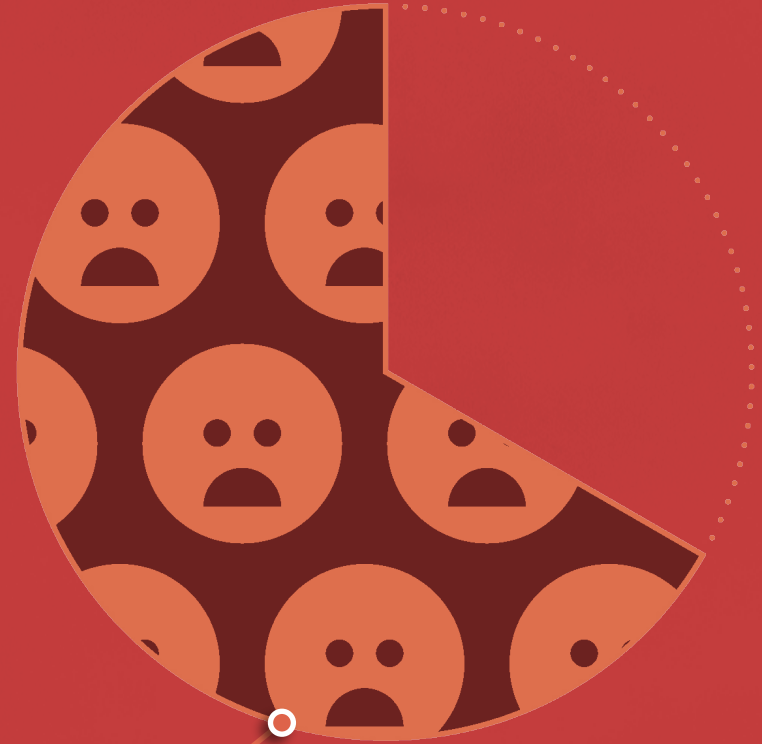
For this report, we surveyed nearly 300 SaaS business leaders across the U.S. and U.K. and uncovered key CX strategies that companies should employ to drive their acquisition, retention, and expansion efforts.

Introduction

Why should SaaS companies care about CX?

Having a quality product may have been enough to win customers in the past, but in today's hyper-competitive SaaS environment, the experience you provide to customers is just as important. SaaS customers aren't locked into expensive hardware investments; they have the flexibility to switch vendors if the customer experience doesn't live up to their expectations.

In fact, **two-thirds of customers** who leave a company do so because of the treatment they received. As a result, SaaS companies that prioritize customer feedback are more likely to see higher growth.



2/3

of customers leave
because of the treatment
they receive

Introduction

A top-down customer-centric culture boosts growth

SaaS leaders that say their CEO is “extremely customer-centric” are over **4x more likely** to say that their company’s growth has increased greatly during the COVID-19 pandemic (53%) than those with less customer-focused CEOs (12%).

4x

SaaS companies that value customer feedback see more growth

SaaS leaders that say feedback is “extremely important” are **5x more likely** to say their company’s growth has increased greatly during COVID-19 (52%) than those that place less importance on feedback (9%).

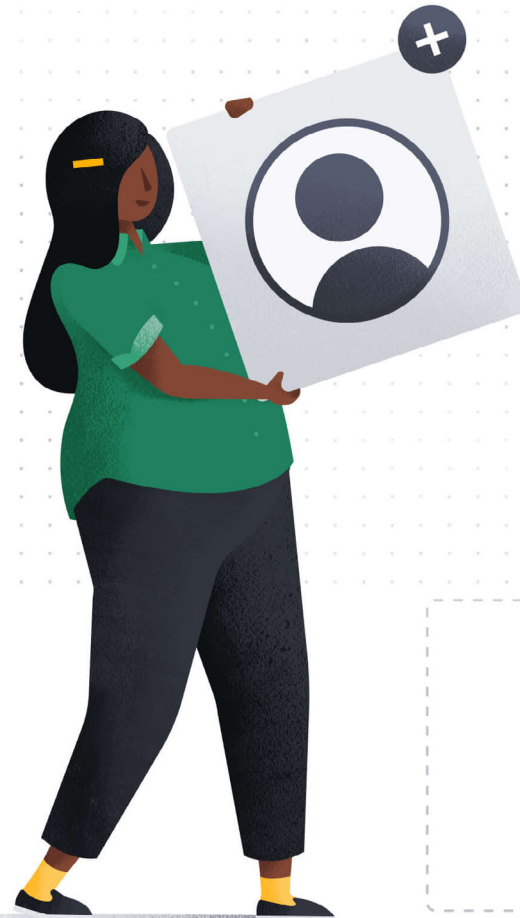
5x

Feedback improves teams’ confidence in customer experience

SaaS leaders that prioritize feedback as “extremely important” are **2x more likely** to say the experience they deliver is exceptional (55%), compared to those that find feedback less important (21%).

2x

Customer acquisition



Customer acquisition

As customer acquisition costs rise, prioritize retention and expansion initiatives

As businesses have scrambled to adapt to a world that's moved online—from remote work to online shopping—they've responded by accelerating digital transformation initiatives and flocking to cloud models. As a result, SaaS businesses have seen a major boost to their business: **72% of SaaS leaders report their companies have experienced accelerated growth during the COVID-19 pandemic.**

While **81% of SaaS leaders say they are prioritizing customer acquisition**, the cost to acquire customers is rising, and growth-minded SaaS companies are feeling the hit. In fact, **43% of SaaS leaders say the cost of obtaining a new customer is one of the biggest challenges impacting business growth today.**

Acquiring a new customer can cost anywhere from **5 to 25** times more than retaining an existing one—and the costs continue to rise. Therefore, focusing too heavily on acquisition, while neglecting retention and expansion, can limit your success.

81%

prioritize customer acquisition

43%

say rising acquisition costs are a top challenge impacting growth

72%

experienced accelerated growth during the COVID-19 pandemic

Customer acquisition

Customer feedback bolsters acquisition, upsells, and cross-sells

Could a bad user experience on your website or platform be hurting your acquisition efforts? It's hard to know if you don't ask. But according to SaaS leaders, **only half of their companies use website surveys to gather in-the-moment feedback.**

Gathering feedback from your buyers during their interactions with your business will help you pinpoint where you're losing both prospects and customers and how you can improve the experience.

To drive sustainable growth, SaaS companies should leverage feedback to identify where they're losing deals in the sales cycle as well as when and why customers churn.



Expert tips to get started

Follow the customer data

Find out where you're losing potential customers during the buyer's journey. To gather valuable information about what's working and what parts of the acquisition experience need your attention, [embed surveys on your website](#), send a [transactional NPS®](#) survey post interaction with Sales, and/or use [win-loss surveys](#) to uncover the top reasons you're losing deals.

Deliver an exceptional acquisition and onboarding experience

Your reputation is important for attracting new customers, and reviews and word-of-mouth recommendations are some of the top ways customers evaluate your company. To ensure your CX efforts are helping you win new business rather than scare off potential customers, deliver an exceptional [acquisition and onboarding process](#).

Gather product feedback from customers

Before you release a new product or make major improvements to an existing one, make sure you're tuned in to what your customers want. Gather and act on [product feedback](#) to empower your team to prioritize product roadmaps and improve your product-market fit.

Customer retention



Customer retention

Ditch the “growth at all costs” mentality to minimize churn

SaaS companies can easily fall into the “growth at all costs” mentality—particularly if they aren’t prioritizing the experience for existing customers; acquiring new customers can only get your business so far. If your churn rate is high, you may soon find yourself in a losing position where you must acquire more and more customers to make up for the ones you’re losing.

Customer churn has been exacerbated by the COVID-19 pandemic, which has shifted customer’s budgets and priorities. Many of today’s buyers have a reduced budget for SaaS subscriptions. In fact, roughly **1 in 3 SaaS leaders say their business is losing more than 10% of its annual revenue due to customer churn.**

10%

loss of annual revenue due to customer churn



Customer retention

SaaS companies have responded by doubling down on their retention efforts. Our study found **94% of SaaS leaders agree customer retention has become a bigger priority in 2021**. With all eyes on retention, SaaS companies will be poised to invest in positive customer experiences that will improve satisfaction and loyalty.

The good news is even small improvements to your retention rate can make a big impact. A 5% increase in customer retention can increase profits from 25-95%; a 2% increase to retention equals cutting costs by 10%.

2% = 10%

customer retention
increase

annual cost
reduction

94%

agree that customer
retention has become a
bigger priority in 2021

41%

say there's no customer
support team to address
technical issues

60%

employ a customer
success team



Customer retention

Invest in customer support resources

A major reason customers churn is due to lack of access to the support they need to be successful. As SaaS companies strive to reduce churn, hiring the right teams to support customers will be vital to build stronger relationships and boost loyalty.

Still, **41%** of SaaS leaders say there's no customer support team available at their organization to address technical issues. However, **60%** of SaaS companies choose to proactively help customers maximize value with their products by employing a customer success team.



Expert tips to get started

Ask for feedback in real time

Sending a **CSAT survey after a customer churns** will help you understand why you lost them and can shed light on what areas of the product or experience need your attention.

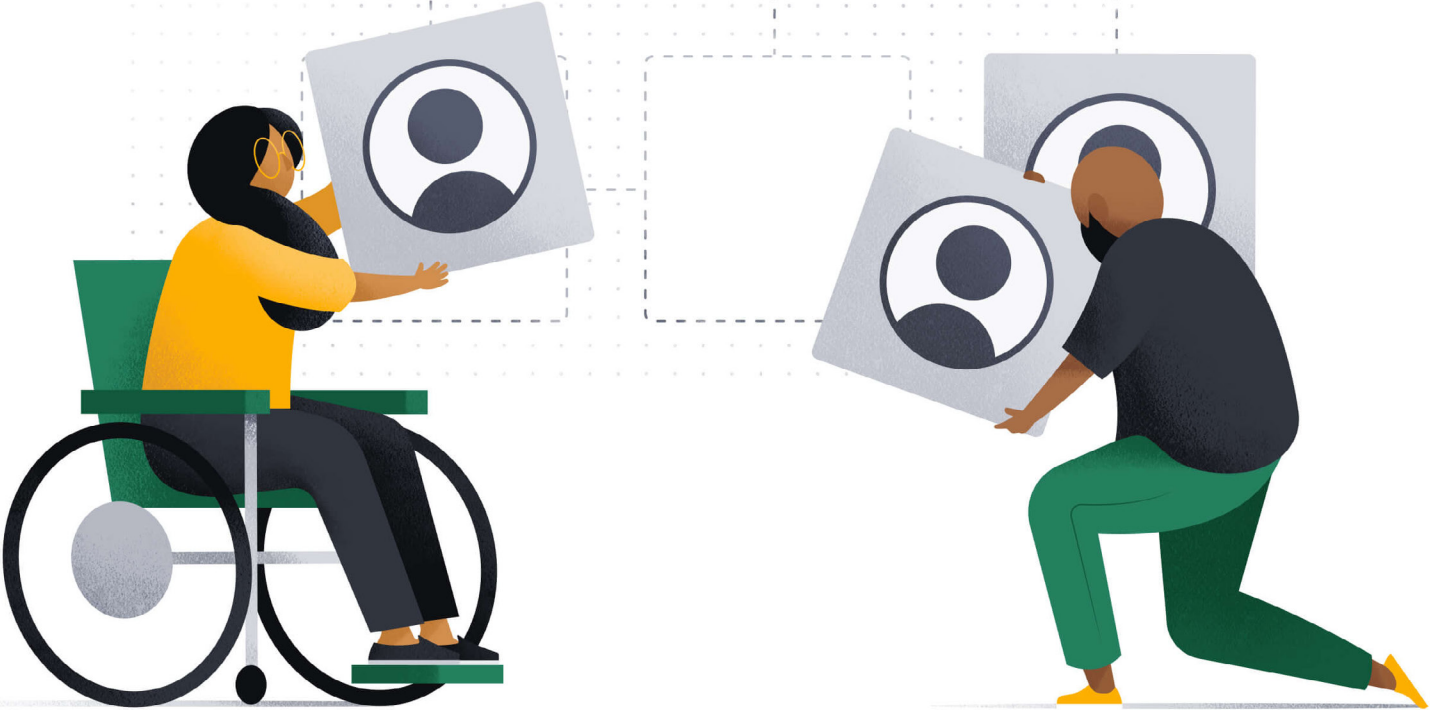
Provide better support

A whopping **70% of customers** churn due to poor customer service. That's why it's vital to provide robust support across all key touchpoints like email, phone, and live chat. Strive to make the experience across each of these channels as seamless as possible to provide a cohesive and positive experience that will resolve any issues efficiently and delight your customers in the process.

Don't ignore unhappy customers

Listen to customers before you lose them. Simply reaching out to a customer after a negative experience goes a long way. Your unhappy customers often give the most honest feedback, which can provide actionable insights for your product and service teams.

Customer expansion



Customer expansion

Yield expansion opportunities via strong customer relationships

Strong customer relationships can lead to long-term loyalty as well as open the door to cross-sell and upsell opportunities down the road. However, building long-term loyalty is easier said than done. More than **1 in 3 SaaS leaders believe customer loyalty is one of the biggest challenges impacting their company's growth (35%).**

Businesses are **60-70% more likely** to sell to existing customers. That's why expansion activities, like cross-selling and upselling, can help SaaS businesses increase revenue and boost key customer metrics like average revenue per customer (ARPC) and customer lifetime value (CLV). But surprisingly, only **43% of SaaS leaders say upselling and cross-selling are focus areas for their company.**

43%

of SaaS leaders say upsells and cross-sells are a focus area for their company

Upselling and cross-selling are about more than boosting the bottom line—done right, they add value for customers and are a competitive differentiator compared to companies with less robust offerings. These growth drivers shouldn't be treated as an aggressive sales tactic, but rather as a vehicle to enrich the customer experience and create more satisfied customers.

Customer expansion

Build customer loyalty by taking action

Delivering a top-notch customer experience is key to creating customer relationships that yield long-term loyalty and expansion opportunities.

Providing a great experience starts with listening to your customers. Our study found that **SaaS leaders who believe they create the strongest relationships with customers are nearly 3x more likely to consider customer feedback extremely important.** Your customers want to feel heard—and taking action on their feedback is a great way to show them you value their business.



Expert tips to get started

Track customer behavior to identify opportunities for cross-selling

This could look like a combination of analyzing how customers are using your product and **surveying customers** to understand their wants and needs as they relate to your product offerings.

Measure customer loyalty

Loyal customers are more likely to stay with your business for the long-term and grow their product spend over time. To measure customer loyalty, try sending an **NPS survey** to identify your Promoters, Passives, and Detractors—then put an action plan in place to turn your **Detractors into Promoters** and your Promoters into brand advocates.

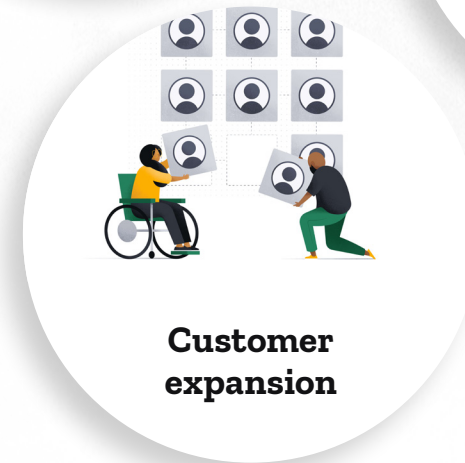
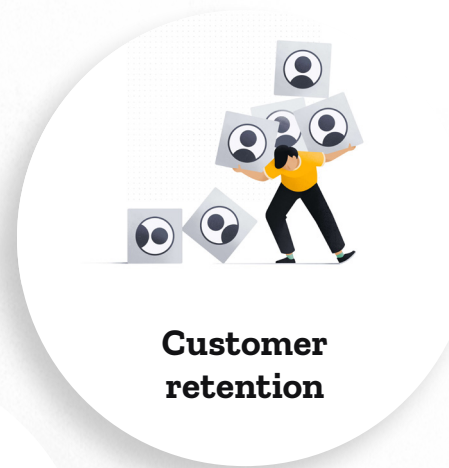
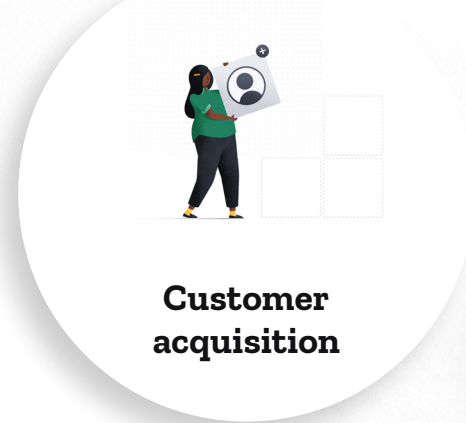
Conduct quarterly business reviews

Another great way to drive expansion is by conducting quarterly business reviews, which double as an opportunity to showcase the successes customers are seeing with your platform and highlight areas where they can expand and grow usage for more impact.

Deliver excellent CX to drive customer acquisition, retention, and expansion

Driving growth, particularly as acquisition costs rise, requires a balanced approach that taps into each of the key growth levers: acquisition, retention, and expansion.

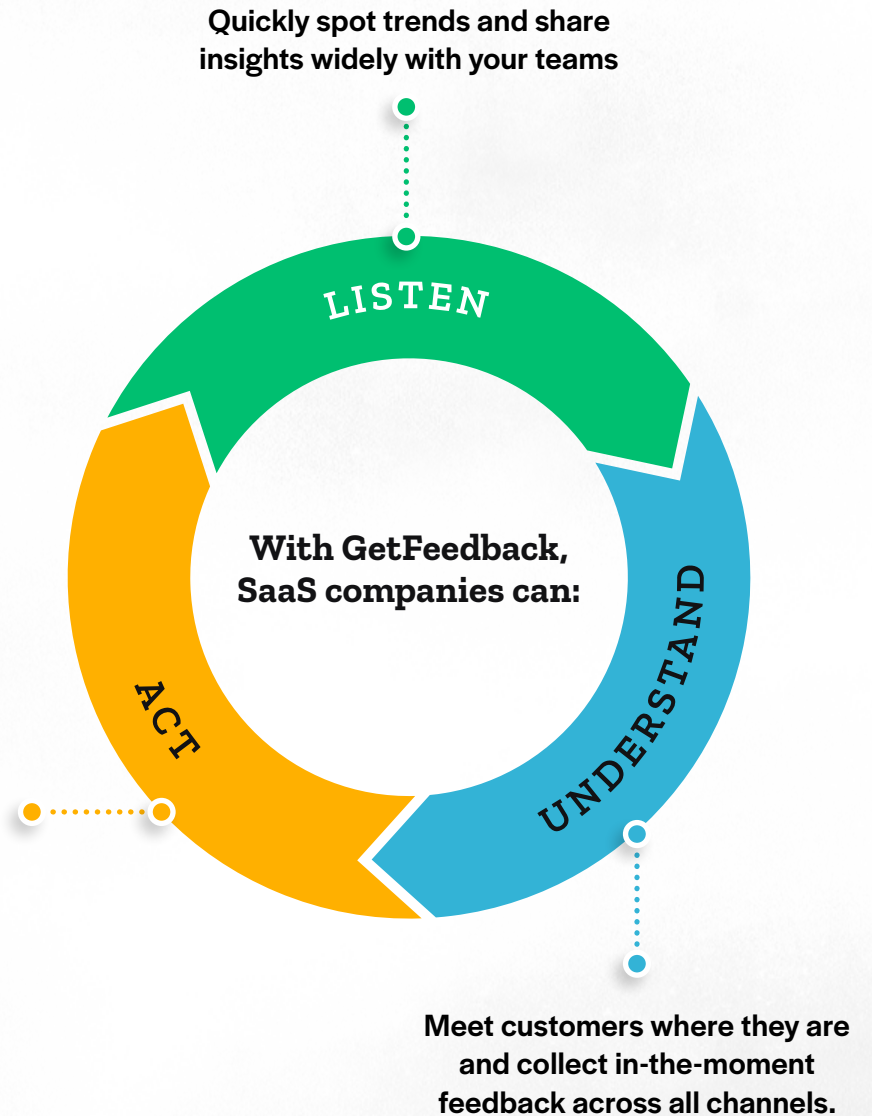
These drivers have one thing in common—your ability to deliver an excellent experience across the customer journey, from the customer’s first interaction with your business through renewal and beyond.



Identify the points across the customer journey where your customer experience program needs improvements by taking our [CX maturity assessment](#). And for more expert advice and learning opportunities, browse our [resource center](#).

GetFeedback is an agile CX platform that can help you achieve all of your customer experience goals—from acquiring new customers to retaining them and building customer loyalty.

Close the loop on critical feedback as it happens and drive action to improve the customer experience.





Learn more about GetFeedback's agile CX platform and sign up for a free trial. ↗