

# Happy Customers Make Happy Investors: New Study Highlights Critical Role Of Customer Experience (CX) In Driving Business Results

*Watermark Consulting research finds firms that lead in Customer Experience financially outperform those that lag by a more than 5-to-1 margin in shareholder return*

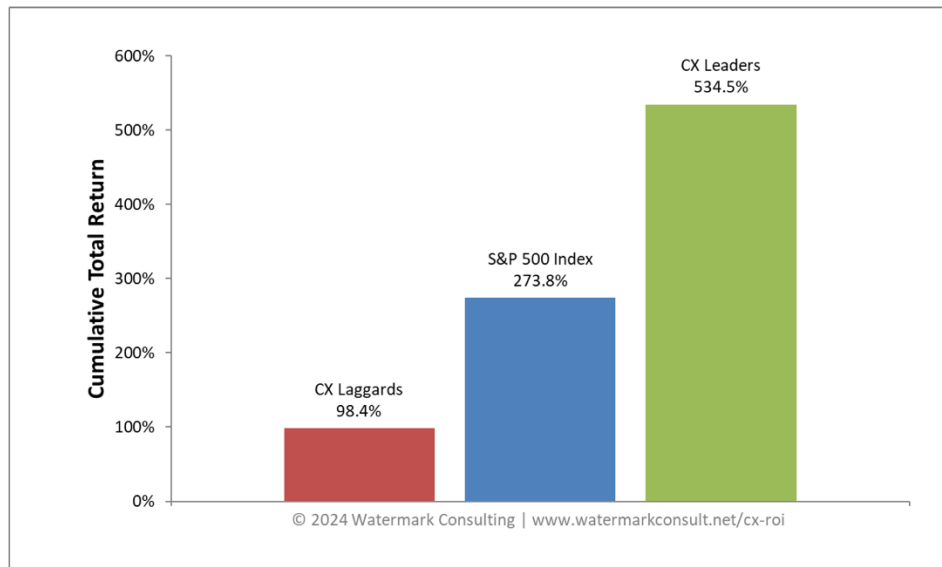
**HARTFORD, Conn. [Aug. 20, 2024]** – A great customer experience is rewarded by both Main Street *and* Wall Street. That’s the key finding from a new analysis of stock market returns for firms that lead in customer experience versus those that lag.

With 16 years of data analyzed, the [Watermark Consulting](#) study vividly illustrates the payoff businesses enjoy by delighting their customers – as well as the penalty incurred for disappointing them. Widely loved brands with strong consumer feedback ratings posted an average shareholder return that was over 260 points higher than the S&P 500 market index, while widely loathed ones lagged the index by more than 175 points.

“Being good to customers really does pay dividends,” remarked Jon Picoult, founder of Watermark Consulting and author of [From Impressed to Obsessed: 12 Principles for Turning Customers and Employees into Lifelong Fans](#). “Over the long-term, beloved businesses are seeing shareholder returns that average **5.4 times** greater than their less customer-centric competitors.”

## Customer Experience Leaders Outperform The Market

16-Year Stock Performance of Customer Experience (CX) Leaders vs. Laggards (2007-2022)



While customer experience has garnered greater C-suite attention in recent years, many companies still resist investing in it, viewing the benefits as soft and intangible, the payoff uncertain. The Watermark study suggests those judgements could be very shortsighted.

“Many companies claim to be customer-focused, but in truth, they subject their customers to a whole host of aggravations and indignities,” Picoult noted, before citing some examples: Poorly designed websites, complicated purchase processes, hidden fees, unintelligible product instructions, interminable waits for customer service, infuriatingly unhelpful AI chatbots, confusing billing statements, and overall poor responsiveness. “These are among the common markers of frustrating, loyalty-sapping customer experiences,” he added, “and the Watermark study shows that companies ultimately pay a price for that.”

Conversely, firms that consistently impress customers reap the rewards – through enhanced loyalty, stronger word-of-mouth, increased referrals, greater wallet share, and more cost efficient operations.

Picoult summed up the findings by highlighting their relevance to public and private companies alike: “The message here is clear: A great customer experience pays off in the long run, enabling companies to combat commoditization, differentiate from the competition, and pave the way for exceptional financial performance.”

Learn more about the study’s methodology and results by visiting Watermark’s [CX ROI Study](#) website.

Several industry-specific versions of the study are also available, for [Airlines](#), [Insurance](#), and [Wealth Management](#) firms.

### **About Watermark Consulting**

Watermark Consulting is a customer experience advisory firm that helps companies impress their customers and inspire their employees. Watermark has worked with some of the world’s foremost brands, helping organizations capitalize on the power of loyalty in both the marketplace and the workplace. Learn more about Watermark’s consulting services, educational workshops or conference keynotes at [www.watermarkconsult.net](http://www.watermarkconsult.net).

### **About the Customer Experience ROI Study**

First published in 2010, Watermark’s landmark study on the ROI of customer experience was among the first cross-industry analyses showing a connection between customer experience quality and shareholder returns. The study has since become one of the most widely cited pieces of research in the industry, referenced by firms such as McKinsey, Deloitte, Accenture, Forrester, SAP, and Oracle.

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