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The Customer Expansion Report: Identifying Untapped Opportunities

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The Easiest Deals **Are Lost**

Customer expansion is not just a passing trend, it's become a vital business growth accelerator in 2023. Every B2B company understands that acquisition costs are over the top today.

Tapping into customer growth, upselling, and cross-selling opportunities is where the money is. All also realize the importance of being customer-centric to retaining and growing existing accounts. But there is a problem.

Why are customer expansion deals still the hardest ones to close, even in an uber-challenging 2023 with a looming recession?

We took the initiative to survey revenue professionals in order to obtain insights into this crucial question, as well as to identify their most significant challenges and understand the main sources of friction. This report will illustrate how organizations tackle customer expansion, emphasizing the collaboration between sales and customer success teams in driving NRR growth.

The findings in this report will provide revenue leaders with a better comprehension of the obstacles that Sales and Customer Success teams confront in today's landscape, which should aid them in maximizing efficiency and converting customer teams into genuine revenue-driving forces.
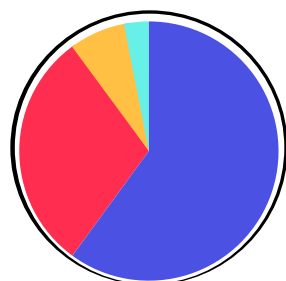
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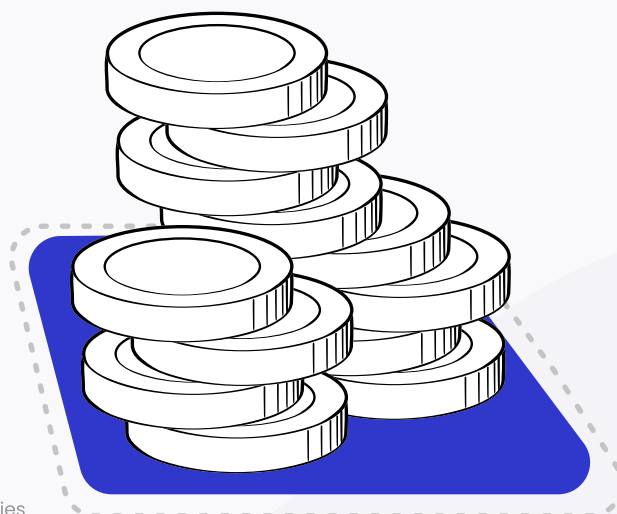
Who Took Part?

We surveyed a total of 300 professionals, 150 Sales Executives and 150 Customer Success managers, to learn about the challenges of customer expansion, and roadblocks that are most commonly found in B2B businesses today.

Functions of respondents

50%
CSMs

VS

50%
Sales Managers
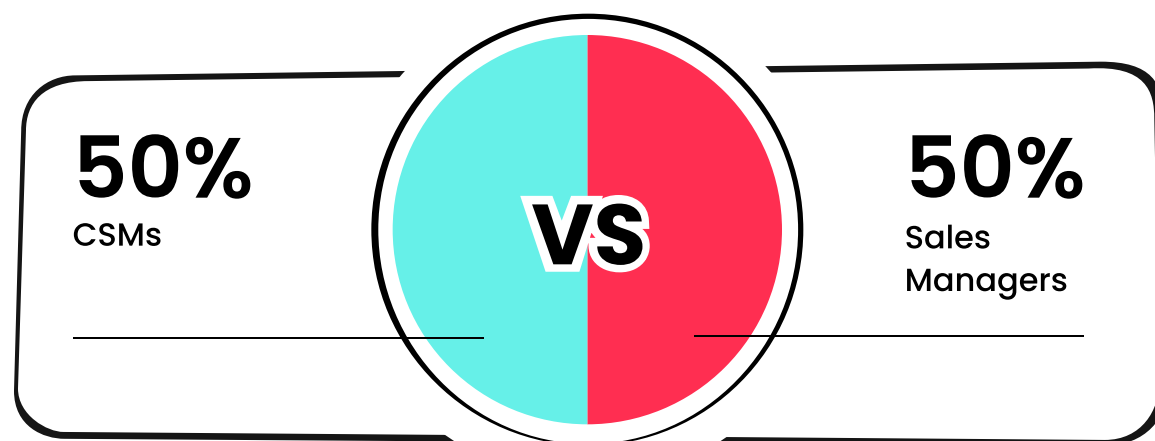
Location of respondents

- **60%** USA
- **30%** UK
- **7%** Canada
- **3%** Germany

90%+ of the survey respondents are based in North America or United Kingdom.

Company size of respondents

- **31%** 501-1000
- **26%** 1000-5000
- **24%** 251-500
- **19%** 101-250

We surveyed professionals from a range of business sizes, with the majority working in enterprise or SMEs.

Key Takeaways

1. The question of expansion ownership remains an ongoing debate

Sales executives are red, CSMs are blue, customer expansion is a team effort, but what about the ownership? One of the biggest takeaways from our survey was the fact that the customer expansion ownership question has no clear answer.

Although 67% of Sales executives claim to handle both new deals and expansion deals, opinions on who should own expansion opportunities are still very much divided.

2. Identifying customer expansion opportunities is tricky

Reporting CSQLs (Customer Success Qualified Leads) heavily relies on human input, implying that expansion knowledge is ultimately held within an individual's mind at any given moment. 100% of CQLs flow that way, assuming they are indeed reported.

The report highlights these data issues and the challenges respondents associate with identifying new opportunities that hinder customer expansion.

3. As long as Expansion is hard to execute, sales will favor new logos

Sales executives confess: striking new deals is easier. It's second nature to them, unlike customer expansion deals where a deeper understanding of the situation is required.

The information missing can include customer journey information, up-to-date sentiment levels, usage patterns, and historical trends, along with a proper stakeholder mapping to connect with the right personas and build their upsell strategy.

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Key Survey **Findings**

1.

Almost ⅔ of sales executives are handling all deals, and believe they should own expansion

67% of Sales professionals are responsible for closing both new business and expansion deals. In addition, 52% of sales reps believe they are the ones who should be doing upsells and cross-sells, believing they have the right skills to do the job.

2.

Identifying customer expansion opportunities presents a major challenge

Both sales and CSMs attributed their top customer expansion challenges to identifying the right opportunities, and understanding the customer:

The top 3 customer expansion challenges ranked by both CSMs & Sales

#1 Which customers are happy & likely to expand?

#2 Which customers have pains we can solve?

#3 Data accuracy on the customer account (scores, contacts, value received, data is outdated)

3.

Reporting and communicating customer information is the weak link

Communication around new CSQLs is either manual or verbal. The survey reveals that the most popular way to report CSQLs is verbal. 77% of CS professionals claim to report CSQLs during weekly or monthly syncs.

77% report CSQLs on weekly or monthly syncs.

Top Customer Expansion Challenges: Where Do Companies Fail?

We've surveyed the respondents to understand what their biggest roadblocks are while trying to win expansion deals, while asking them to rank their main challenges. Interestingly enough, it seems like Sales and CS teams are very much aligned and highlight their challenges in similar fashion. The following chart shows how Sales executives and CS professionals rank the top challenges from 1 (the most challenging) to 7 - (the least challenging).

CSMs Top Challenges

1. Identifying which customers are likely to expand or are satisfied

2. Identifying which customers are expressing a need or a pain

3. Customer background: why is the customer likely to expand and what is their current state?

4. Finding the right moment to address the account

5. Data accuracy on the customer account (scores, contacts, value received, date is outdated)

6. Lack of upsell strategy internally

7. Not identifying the new economic buyer

Sales Top Challenges

1. Identifying which customers are expressing a need or a pain

2. Identifying which customers are likely to expand or are satisfied

3. Data accuracy on the customer account (scores, contacts, value received, date is outdated)

4. Customer background: why is the customer likely to expand and what is their current state?

5. Not identifying the new economic buyer

6. Finding the right moment to address the account

7. Lack of upsell strategy internally

*Q2: What are the biggest challenges when it comes to expanding existing customers?*

Challenge #1

Who Owns Customer Expansion? The Debate Continues.

When it comes to taking ownership of customer expansion within organizations, our survey reveals that the opinions are split - 52% of Sales Execs feel that they should own expansion deals, whereas 48% believe CS should be the owner.

What do CS professionals think? 60% believe Sales should own it while 40% believe CS should. Interestingly, this arguably surprising result remained the same regardless of the company size or industry.

Q3. Who should be responsible for closing customer expansion deals?

WHO **CSMS** THINK SHOULD OWN EXPANSION?

60% Sales

40% CS

WHO **SALES** THINK SHOULD OWN EXPANSION?

52% Sales

48% CS
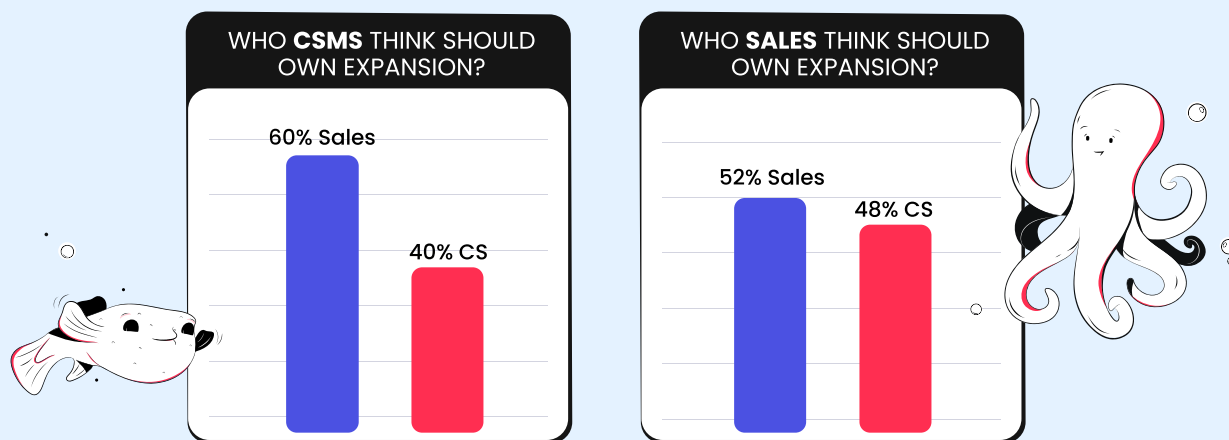
These findings shed some light on the non-conclusive nature of things. While many tend to believe that customer success teams prefer handing over deal duties to Sales executives, 40% of them would rather retain the ownership of their accounts.

When asked why, both groups, CS and Sales, highlight the same reasons - Sales have the skills, while CS have better knowledge of accounts and deeper relationships with customers. Can we combine the two? And what's happening in reality? It varies from company to company, with no clear trend.

Challenge #2

# The Problem with Communicating CSQLs

According to our survey, the two top challenges for both Sales and CS are identifying the right customers, the right people, and the new problems their customers face.

However, once identified, CSMs say they communicate most of their CSQLs during meetings. Information about CSQLs ultimately relies on information that only one person has, and the confidence that they will not forget to update a system.

Q4. How do you report CSQLs?

77% During weekly/monthly sync meeting

48% Through the CRM

34% via an email
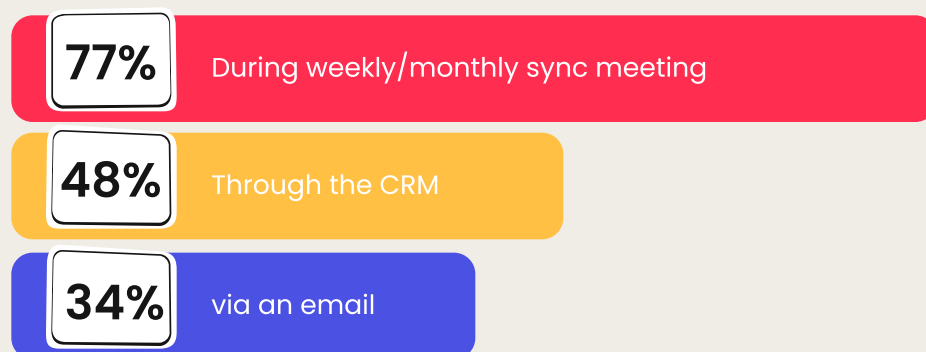
Combining Sales expertise with Customer Success insights is highly beneficial for customer expansion; however, this cooperation is frequently impeded by an inability to effectively communicate customer data and real-time account updates. Presently employed methods rely extensively on manual or verbal inputs, which are insufficient. The absence of automation negatively impacts customer expansion potential.
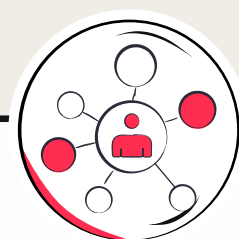
Challenge #3

New Logos Don't Require History Lessons

Even when there's a clear customer expansion opportunity, the Sales executive has to take a history lesson or two to get it right. You can't get on a call without knowing anything about your long-time customer. It's far easier to start afresh than to learn the relationship history between the customer and the company.

- **52% of Sales executives claim** "new business deals" are easier than "customer expansion deals". Only 15% thought the opposite.

- **All top 5 challenges for sales executives are related to the lack of customer information** - identifying pain, spotting the right stakeholders, data accuracy on scores, contacts or customer background, and more.

Customer Data is Key to Customer Expansion

There are valid arguments for both sides regarding which team should own expansion opportunities - Customer Success or Sales. If Customer Success teams have the necessary training and resources, they may be better equipped to handle expansion opportunities given their comprehensive customer knowledge. However, if Sales teams are prepared to take on the challenge, they should be provided with appropriate tools and customer data to implement an effective sales strategy.

If you choose the latter, this report highlights the need for better collaboration and tools between customer success and sales teams to capitalize on these opportunities.
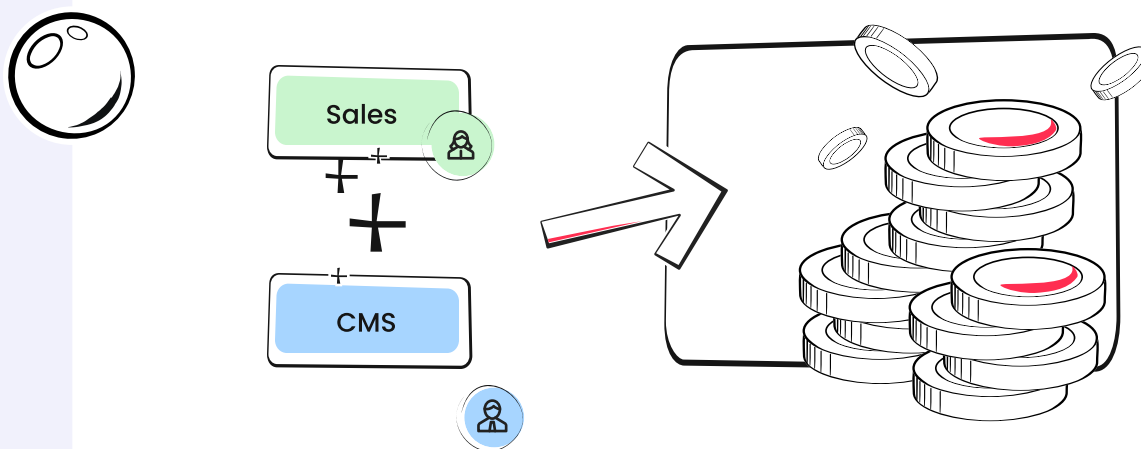

Addressing the challenges outlined in this report will help shift the perception of the customer group from a cost-center to a revenue driver. Customer Success teams and leaders will have the power and tools they need to drive revenue growth.

How can you reduce the impact of the human factor and improve communication around customer expansion?

1. **Don't be left behind: integrate AI in your processes**

The advent of AI and Generative-AI solutions enables the analysis of millions of data points to deliver continuous insights about customers without relying on the human factor.
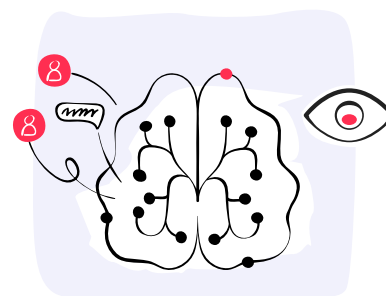
AI can eliminate friction points and significantly improve the approach companies take to growth opportunities and upsell strategy. By using AI, you can feed data into CRMs to improve visibility and define relevant success metrics. Both sales reps and CSMs can see opportunities in real-time and strike while the iron is hot.

2. **Sales gets its share, why should it be any different for CSMs?**

In addition to providing better tools and resources, incentivizing customer success managers CSMs on CSQLs can also help improve collaboration between sales and customer success teams. By incentivizing CSMs on the number and quality of CSQLs generated, they will be motivated to work closely with sales reps to identify and nurture potential expansion opportunities. This will help ensure that both teams are aligned and working together towards the common goal of driving revenue growth through customer expansions.
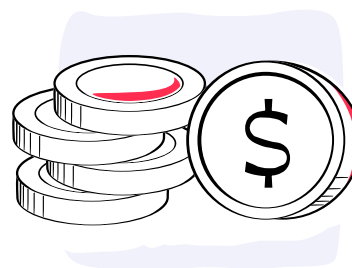
Be Ahead of the Curve and Leverage AI to Identify Growth Opportunities Automatically.

Talk to Our Experts