

FORRESTER®

New Insights Into Employee And Customer Experiences

Organizations Must Rethink Experience Delivery To Yield
Profitable Results

[Get started →](#)

FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY KYNDRYL OCTOBER 2022

The Future Of Business Is Experience-Based

Delivering great experiences is a necessity for any organization looking to compete in today's marketplace. Modern technology strategies that are aligned with business outcomes are critical for delivering a unified environment that enables both improved employee experiences (EX) and customer experiences (CX).

However, many organizations lack in-house capabilities to navigate massively complex transformation initiatives to achieve these goals and sustain progress through continuous improvements.

Integrated digital user experiences through connected people, process, technology, and data enable organizations to provide ideal experiences that yield greater engagement, improved employee and customer loyalty, and better bottom-line results.

Key Findings



Organizations struggle with data, insights, and technology to improve experiences that yield transformative benefits.



Modernization and optimization efforts must start with the right data and technology foundations to make insights actionable across the ecosystem. The data-to-insights-to-action value chain will feed ongoing continuous improvement efforts.



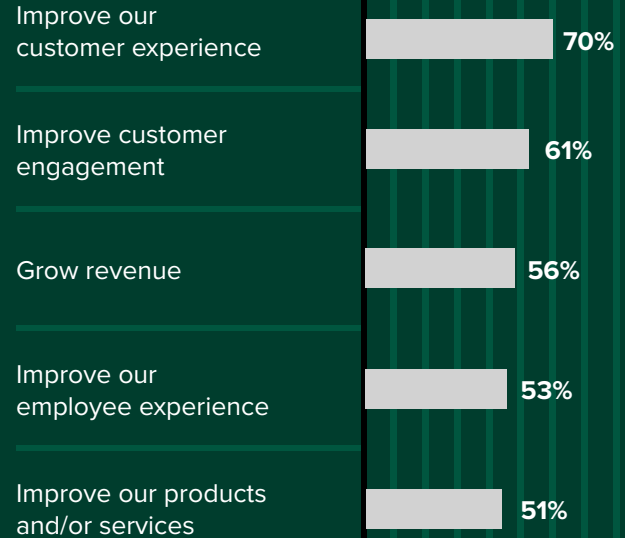
Having the right partner in place to provide ongoing support and using a digital experience management tool to gain better insights on experiences over time are critical to ensuring long-term success.

Organizations Set Business Strategies With Improved Experiences In Mind

The link between strong employee engagement, customer experience, and tangible business outcomes has been well documented over the years. Gallup pegs the profitability benefit at 23% higher for organizations in the top quartile of employee engagement. Meta-analysis from other studies shows that high engagement is associated with productivity gains of 18%, 81% lower absenteeism, 10% higher customer metrics such as satisfaction, and 23% higher profitability.¹

These positive impacts are shaping how organizations set their business strategies. In Forrester's study of 161 CX and EX decision-makers in the US, more than half report that their leading business priorities are experienced-based. Organizations are prioritizing CX and customer engagement improvements over revenue growth; improving EX is also a top priority because businesses know such goals can only be delivered through engaged employees.

“In general, which of the following, if any, are top priorities for your organization in the coming year?”



Experience Efforts Target Specific Relationships

Building better customer and employee experiences is part of a larger plan to extract greater value from established relationships. For example, organizations are keenly aware that enhancing their bond with existing customers through improved CX will better position them to optimize loyalty, grow customer lifetime value, and increase upsell/cross-sell opportunities.

The primary goals of improving EX are centered on increasing employee productivity, engagement, and retention for many survey respondents. Decision-makers also align better employee experience to improved customer experience, making it another top priority. This strategy ensures their employee focus offers well-rounded tangible benefits both internally and externally.



Employee experience strategies must consider both employee needs and those of the customer.

“You indicated that you are involved in employee experience at your organization. What are the most important benefits to achieve by improving your employee experiences?”
(Showing top 5)

Improve employee productivity

52%

Improve employee engagement

48%

Improve customer experience

45%

Improve employee retention

45%

Improve employee collaboration

41%

Firms Need Better Resources To Achieve Experience-Based Goals

While decision-makers understand the impact a strong employee experience has on customer experience, organizations need better resources to achieve their goals. Fewer than a third said they are very satisfied with their organization's abilities to improve their employee experiences; one-quarter expressed similar sentiments about their organization's ability to improve their customer experience and customer engagement.

Resource constraints also have a direct impact on how organizations retain top talent and innovate, as only 19% of respondents report being very satisfied with their abilities in these areas. These issues indicate problems with culture and EX; however, many organizations struggle to secure investment in improving employee experience because they don't have adequate data and insights to support their needs.

“How satisfied or dissatisfied are you with your organization’s current abilities to achieve the following?”

(Showing “Very satisfied”)



Accelerate our move to digital business



Improve our employee experience



Improve our products and/or services



Improve our customer experience



Improve customer engagement



Lack Of Proper Insights Weakens Experience Efforts

The top challenges for many organizations looking to improve customer experience are interconnected. Roughly one-third of survey respondents reported an inability to glean insights and action from data due to poor data management, fabric, and design as a leading obstacle. Thirty percent said they lack insights to evaluate and measure customer experience. These data-rich organizations with poor systems of insight are the byproduct of siloed technology ecosystems with weak integration points between cloud environments. Limited insights not only prevent organizations from improving customer experience — they also inhibit advancements in employee experience. For example, one-third of these insights-deficient organizations said they face challenges to effectively collaborate with colleagues.



These costly challenges lead to tangible negative consequences for the business.

“What impact do these challenges have on your organization?”

25%

Employee frustration

25%

Unnecessary complexity

28%

Inability to streamline tech/tool portfolio

29%

Inability to take action from data

30%

Poor customer experience

35%

Fragmentation of the working environment

Solve Problems Using Digital Experience Solutions And Technology Integration

To confront their insights issues, decision-makers are turning to digital experience management tools to gain better understanding of customer and employee experiences. Digital leaders and other decision-makers invest in these solutions to create coherent customer experiences, enable developer and practitioner agility, and fuel insights-led optimization and automation.²

To address collaboration challenges that prohibit positive EX and CX, decision-makers are seeking to improve technology interoperability/integration (e.g., the ability for different systems, devices, applications, or products to connect and communicate with one another in a coordinated way, without effort from the end user). As they make these investments, organizations also recognize the need to increase training on and awareness of their technology.



Leading Actions Organizations Are Taking To Improve Customer Experience And Employee Experience

	Leading Actions To Improve CX	Leading Actions To Improve EX
Technology interoperability/integration	43%	39%
Improving user experience	41%	32%
Using a digital experience management tool to gain better insights on experiences	39%	30%
Increasing training and awareness of technology	27%	34%

Partnerships Are Needed To Continuously Improve

To help their organization more effectively improve experiences for their employees and customers, nearly 60% of decision-makers want help with continuously enhancing technology and service offerings dedicated to these efforts. Continuous improvement is vital to modernization, especially given the rapid evolution of technology and business.

The value of these experience efforts is linked to tangible outcomes that yield measurable ROI for most of the respondents' organizations. Outcomes are measured by improved customer retention, employee productivity, revenue growth, agility, and improved customer satisfaction (CSAT) scores, demonstrating the importance of aligning EX investments with CX opportunities.

Firms are confident about designing tech/service offerings but less confident about continuously enhancing them.



FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY KYNDRYL OCTOBER 2022

What support would help you more effectively improve experiences for your employees and customers?



Help continuously enhancing technology and services offerings dedicated to improving employee and/or customer experiences

58%

Help implementing technology and service offerings dedicated to improving employee and/or customer experiences

54%

Help developing strategies for improving employee and/or customer experiences

53%

Help managing technology and service offerings dedicated to improving employee and/or customer experiences

50%

Help designing our technology and service offerings dedicated to improving employee and/or customer experiences

45%

Expertise in how to make tech more useful to employees/customers

39%

Base: 161 CX/EX decision-makers in the US

Source: A commissioned study conducted by Forrester Consulting on behalf of Kyndryl, July 2022

Conclusion

Market dynamics necessitate product and service evolution, but it's experience that distinguishes offerings and yields growth. In our survey of 161 CX and EX decision-makers in the US, we found that:

- Leaders prioritize customer experience and customer engagement over revenue growth. Employee experience is also a top five priority, slightly ahead of improving products and/or services.
- Organizations know that strong EX leads to superior CX, but they need better resources to help them achieve their goals. Critical areas to focus on are improved insights and technology interoperability/integration.
- Experience strategies require thoughtful planning and execution, but it doesn't end there. Continuous improvement is needed to keep pace with evolving customer demands. Partners in the experience space can help decision-makers achieve long-term results.

Project Director:

Brett Chase,
Senior Market Impact Consultant

Contributing Research:

Forrester's Future Of Work
research group

Methodology

This Opportunity Snapshot was commissioned by Kyndryl. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 161 CX/EX decision-makers in the US. The custom survey began and was completed in July 2022.

Demographics

COUNTRY

United States	100%
---------------	-------------

RESPONDENT LEVEL

C-level executive	5%
Vice president	32%
Director	63%

DEPARTMENT

Marketing/advertising	17%
Operations	17%
IT	17%
Finance/accounting/ procurement	17%
Human resources	16%
Customer experience	16%

INDUSTRY

Financial services	31%
Healthcare	12%
Consumer product goods	12%
Retail	12%
Manufacturing and materials	12%
Transportation and logistics	11%
Telecommunications services	10%

COMPANY SIZE

1,000 to 4,999 employees	58%
5,000 to 19,999 employees	34%
20,000 or more employees	7%

FINAL DECISION-MAKER

Technology/service procurement	57%
Employee experience	56%
Customer experience	52%
Setting budgets	45%
Business strategy	36%

TECHNOLOGY ENVIRONMENT

Completely in the cloud with multiple cloud providers	58%
Multicloud hybrid environment (on-prem and in multiple clouds)	34%

ENDNOTES

¹ Source: “Blueprinting An Employee-Centered EX Initiative,” Forrester Research, Inc., March 16, 2021

² Source: “Now Tech: Digital Experience Platforms, Q2 2021,” Forrester Research, Inc., April 27, 2021

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester’s seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

© Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to forrester.com. [E-54474.]

The image features the Forrester logo centered on a dark green background. The background is composed of several overlapping, semi-transparent, rounded shapes in various shades of green, creating a layered, abstract effect. The logo itself is the word "FORRESTER" in a white, serif, all-caps font, with a registered trademark symbol (®) to its upper right.

FORRESTER®