

A Forrester Consulting
Thought Leadership Spotlight
Commissioned By Adobe

July 2018

The Business Impact Of Investing In Experience

A Spotlight On Asia Pacific



29% of survey respondents in AP qualify as experience-driven businesses who invest strategically in CX and embrace best practices across people, process, and technology metrics.



Experience-driven businesses grew revenue **1.8x** faster and reported **2.1x** higher increases in return on ad spend than other companies.

Introduction

Customer experience has quickly moved from competitive differentiator to business imperative. In a world where the answer to almost any question is at our fingertips, where AI is becoming a part of everyday life, and where we can get a week's worth of groceries delivered to our homes in less than an hour, consumers and business buyers have come to expect highly contextual and personalized experiences. Enterprises prioritize and invest in building the capabilities to deliver real-time, contextual experiences at scale because research has shown again and again that superior experiences drive business growth. For example, in a recent survey of 1,024 companies, Forrester found that customer-obsessed companies have the highest median three-year growth in sales and the highest levels of both customer and employee satisfaction.¹

In February 2018, Adobe commissioned Forrester Consulting to evaluate the business impact of investing in customer experience across the customer life cycle. Forrester conducted an online survey with 1,269 marketing, advertising, CX, digital, and analytics business leaders at global enterprises to explore this topic. This spotlight focuses on the results of the 445 respondents we surveyed in Asia Pacific (AP): professionals with responsibility for CX technology decisions and metrics in Australia, China, India, and Japan. Our study showed that companies that invest in experience transformation across people, process, and technology disciplines demonstrate superior performance. These firms — that we have defined as experience-driven businesses (EDBs) — consistently deliver on metrics that align to their revenue growth, customer acquisition, and customer retention goals.

KEY FINDINGS

- › **To thrive, AP enterprises must improve experiences across channels throughout the customer life cycle.** Eighty-one percent of AP enterprises prioritize improving customer and prospect experience in the coming year, with the ambition to improve customer acquisition and retention, to increase customer loyalty, and to drive revenue growth. They are investing in omnichannel imperatives to improve the entire customer journey.
- › **Less advanced enterprises should take notes on best practices from their more experience-driven counterparts.** Twenty-nine percent of AP enterprises from our study qualified as experience-driven businesses (EDBs) by demonstrating consistent commitment to CX best practices across people, process, and technology pillars. EDBs in AP are more likely to be in retail, financial services, and manufacturing industries, and they are also more likely to be smaller enterprises with 1,000 to 5,000 employees.
- › **It pays to be an experience-driven business.** EDBs in AP are making the required broad investment in CX. And they significantly outperform other firms on a variety of metrics across the entire customer life cycle because of it. EDBs in AP report greater benefits from their investments, particularly with cross-sell/upsell rates and average order value.

As AP Enterprises Invest In CX, Experience-Driven Businesses Rise To The Top Of Their Class

Enterprises understand that to drive revenue growth and customer retention, they must orchestrate effective, easy, and emotionally rich experiences for their customers. These three business imperatives emerged as top business priorities for more than 80% of AP firms in the coming year (see Figure 1). To drive the experiences that will attract new customers and delight existing ones, companies in Asia Pacific need: to embrace a mindset of customer obsession; to build out processes that drive continuous improvements through customer feedback; and to use technology that creates easy and enjoyable experiences. Our research found that:

- › **Enterprises are making the necessary moves toward improving CX across the customer life cycle.** Respondents' CX-specific priorities indicate that their organizations are focusing on improving the end-to-end customer experience instead of focusing on specific channels or journey stages. Better managing the entire customer journey from acquisition to loyalty was the top priority (46%), followed by improving cross-channel experiences (45%), and expanding content marketing capabilities (42%).
- › **But experience-driven businesses have already fully committed to CX excellence.** Our survey outlined best practices for building superior experiences and asked respondents to rate their organizations' effectiveness along people, processes, and technology pillars. While respondents rated their organizations highly on many individual experience categories, we found that businesses have difficulty implementing CX best practices consistently across categories. We conducted a maturity assessment to identify companies in our survey who lead the industry in employing best practices in people, process, and technology, and only 29% can claim that they are experience-driven businesses (EDBs) (see Figure 2).²

Figure 1

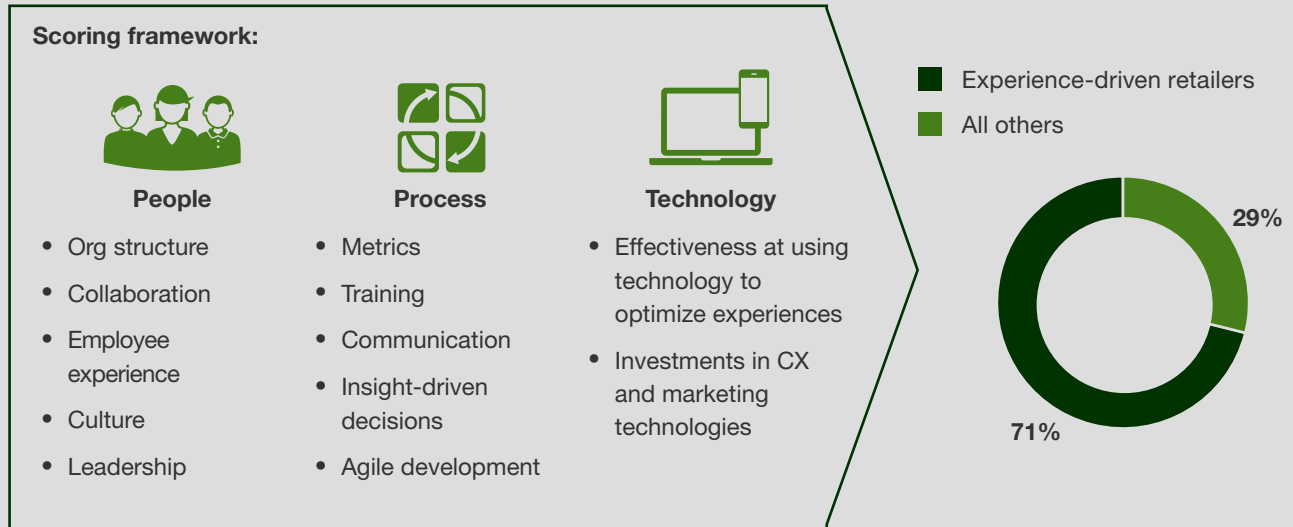
Top business priorities over the next 12 months (rated "critical" or "high" priority)



Base: 445 CX technology and metrics decision makers at enterprises in Australia, China, India, and Japan
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018.

Figure 2

We used a three-pillar scoring framework to define experience-driven businesses:



Base: 338 CX technology and metrics decision makers at enterprises in China, India, and Japan
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018.

EDBs' Investments Drive Superior Performance Across The Customer Life Cycle

Becoming an experience-driven business doesn't just happen overnight. It requires broad and long-term investments toward supporting organizational change, process improvements, and advanced technology capabilities. Our study evaluated how experience-driven businesses differ from other organizations, both in how they invest and the payoffs they see from those investments. We found that:

- › **Experience-driven businesses invest deliberately in initiatives and technologies that support strong CX.** You can identify an EDB by their dedicated budgets for specific CX and marketing initiatives. At rates 2.1x higher than others, AP EDBs increase their budgets year-over-year across 13 of the 17 categories we asked about, while other companies have specific budgets for 8.7 categories on average. Most notably, EDBs invest in cross-channel experience design — with dedicated, growing budgets for mobile, web, and physical location design — and in areas like customer analytics and real-time interaction management to help inform and optimize those experiences. These investments echo the cross-journey CX priorities that emerged as important across respondent groups — EDBs are just more committed to investing in these areas.



“The solutions that our company has invested in has made it easier for us to reach out to our customers.”

Customer experience director at a travel and hospitality company



- › **EDBs make customer-obsessed, long-term tradeoffs.** Our data also shows that EDBs sacrifice short-term wins in favor of creating holistic experiences. For example, EDBs report a greater average YoY increase in time-to-market at 2.2x higher than firms who are more likely to go to market in silos. EDBs report higher costs for attracting and acquiring customers, (1.6x more for cost per lead and 3x more for cost per click) but with more than twice the return on ad spend (2.1x), these investments prove to be worthwhile.

EDBs Drive Business Value At Each Stage Of the Customer Life Cycle

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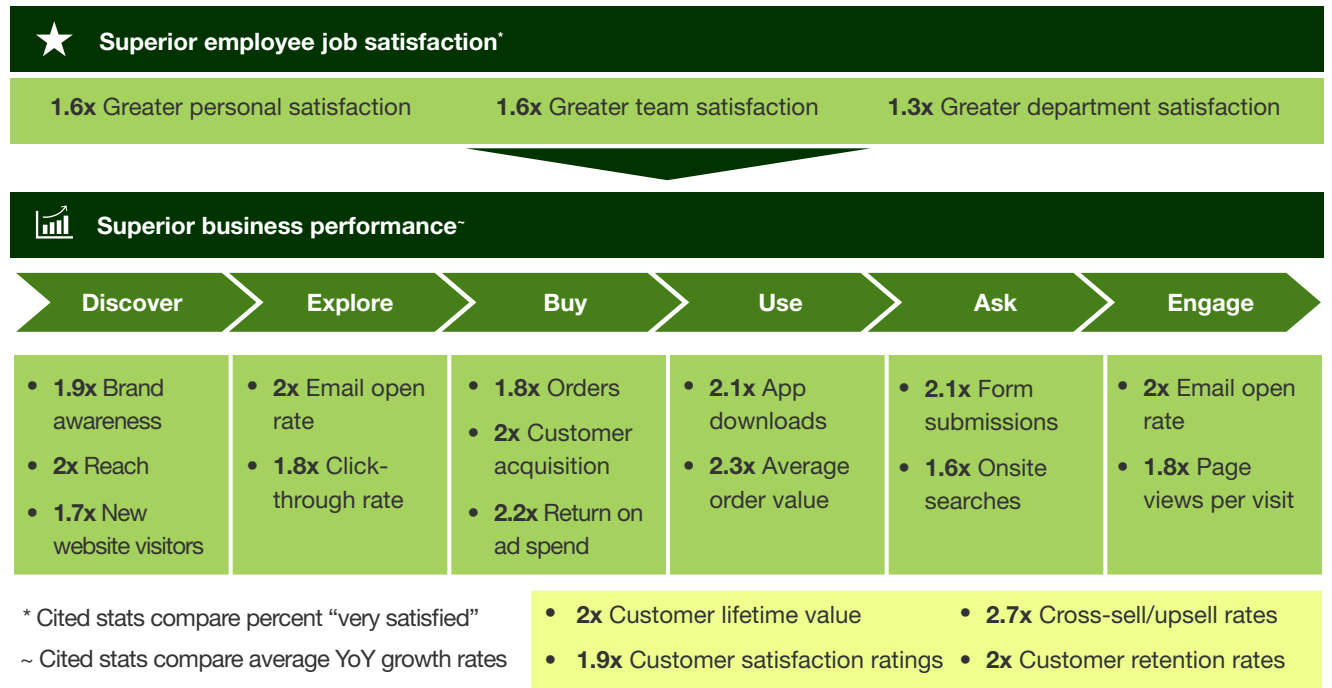
- › **Supporting strong business growth.** EDBs report faster topline growth, with an average revenue growth rate of 23%, compared to an average of only 13% among other companies in our survey.
- › **Drawing in prospects.** EDBs capture more mindshare than their competitors, which leads to greater interest in their products and services. For example, EDBs reported 1.9x higher growth in brand awareness metrics and 1.7x higher growth in new website visitors than their counterparts at less mature companies.
- › **Winning customers.** EDBs are more effective than others in turning prospects into customers — valuable customers. Their number of newly acquired customers are growing at 2x the rate of other companies. The average order values are also 2.3x higher than their counterparts.
- › **Engaging customers.** EDBs are great at delivering experiences that keep customers engaged. Customers 2.1x more likely to download their apps, submit forms and requests for information, engage on social media, and are 2x more likely to visit their websites more than they do with other companies.
- › **Retaining customers.** EDBs report 1.9x to 2.3x higher YoY growth than other companies in customer retention, repeat purchase rates, average order values, and customer lifetime value. What's more, EDBs are more effective at turning loyal customers into advocates. Half of EDBs saw increased customer advocacy as an outcome of their experience investments — a 1.6x lift over the 36% of other companies who saw the same benefit.
- › **Engaging employees.** Enterprises have long known that happier employees make happier customers — and by extension, happier shareholders. Our maturity assessment further supports this assertion. EDBs drive greater employee satisfaction than other companies at the individual, team, and department level. This enables these EDBs to deliver better experiences.



EDBs report faster topline growth, with an average revenue growth rate of **23%**, compared to an average of only 13% among other companies in our survey.

Figure 3

Experience-driven businesses have happier employees and superior performance across the customer life cycle.



Base: 445 CX technology and metrics decision makers at enterprises in Australia, China, India, and Japan
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018.

Key Recommendations

While being an experience-driven business is a proven strategy for driving long-term business success, it's hard work to become one. However, fast-paced growth and changing market dynamics in the AP region raise the stakes of becoming experience-driven. Companies looking to drive competitive advantage through experiences should:



Determine the level of urgency to transforming into an experience-driven business. Greater freedom of choice for customers, coupled with competitors' strong CX prowess, increases the urgency of becoming an EDB. To assess freedom of choice, add up the "yes" answers to these four questions: Can customers easily switch to competitors? Are competitors likely to provide greater choice in the near future? Can customers easily do without your firm's products or services? Do the firm's products or services create up- or cross-sell opportunities? To evaluate competitor CX prowess, add up the "yes" answers to the following questions: Do any major competitors offer better CX? Do they promote their CX in marketing materials? Do they have large CX investments underway? Does the current state of CX create an opening for a disruptor with superior CX?



Lean into executive support as the keystone of CX transformation. Without strong and sustained CX commitment from executives, CX transformations will fail. To convert lip service into strong commitment, articulate a clear "why" for the CX transformation that connects to executives' hot buttons — like achieving goals on numerical metrics or leaving behind a certain legacy. Then, develop a vision and shared CX values. Finally, craft a road map for how to achieve the overall goals, with key milestones and objectives for each phase. This north star — the purpose coupled with a plan — will help businesses overcome the inevitable setbacks every transformation encounters as executives notice the short-term sacrifices required to become and remain an EDB.



Model and track the ROI of being an experience-driven business. Anchor the ROI model around the benefits defined as north-star success metrics (e.g., reduced churn, lower customer acquisition costs). Identify the technology, people, and process investments that are needed to achieve these goals. Then define realistic ranges of investment and benefits, and a timeline for when investments and benefit occur. Add a risk adjustment to account for potential externalities and create a low investment/low benefit case and a high investment/high benefit case. Record a baseline on those metrics and create a scorecard that regularly reports the status of the CX transformation and whether benefits and ROI develop in line with expectations. If reality falls short of your original forecast, adjust the model with new assumptions based on what you observe.

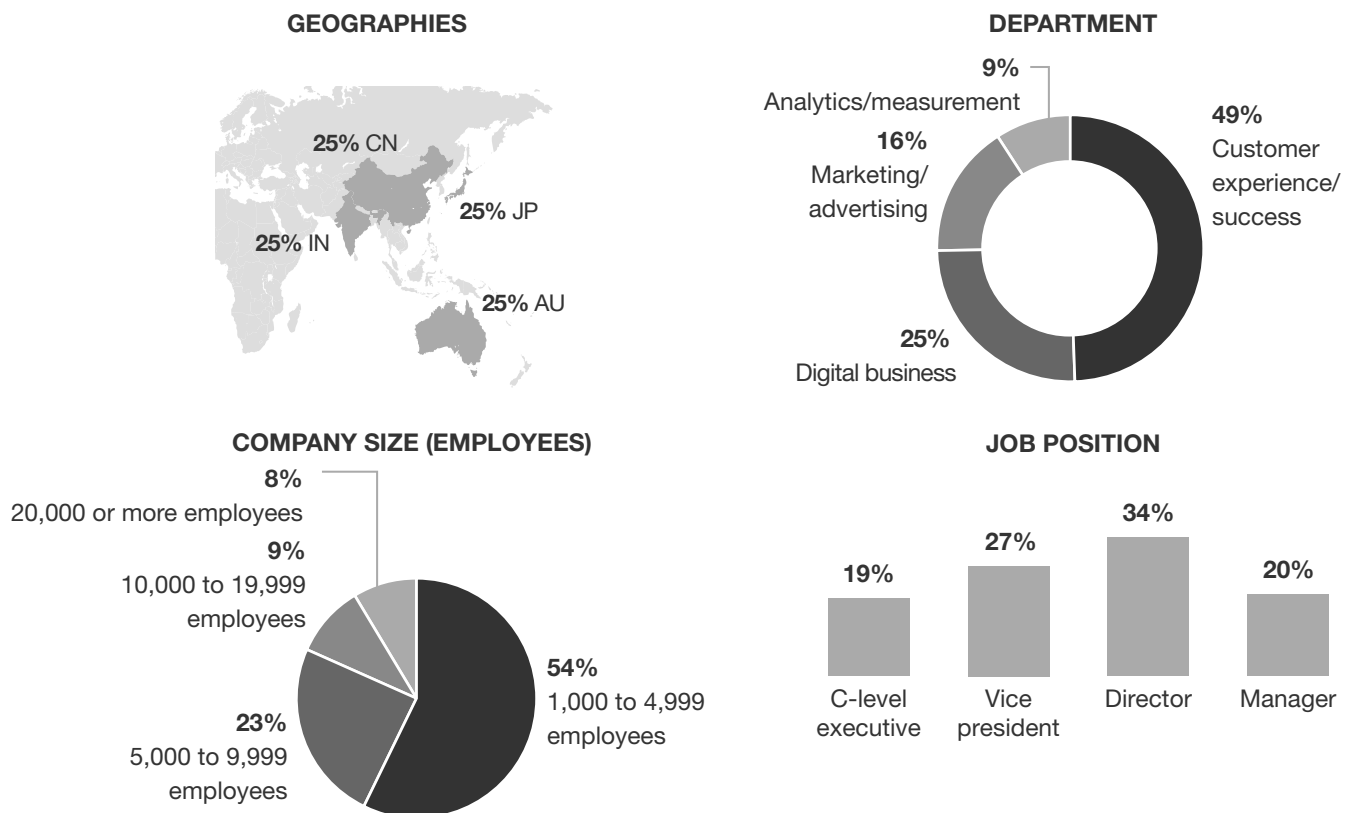


Invest in changing the organizational habits that undermine CX. Many organizational habits are not customer-centric. Take for example the urge to invest in a new technology (e.g., an app) or bring a new product to market quickly without first understanding the specific customer problem that needs solving. To change organizational habits, first identify and remove systems, processes, and policies that prevent employees from delivering great CX. Then enable employees to deliver great CX through role-specific training on behaviors and establish a routine of feedback and coaching on their performance.

Appendix A: Methodology

This spotlight focuses on the AP-specific results from a global study conducted by Forrester Research: an online survey of 1,269 organizations in North America, Europe, and Asia Pacific to evaluate their approaches to engaging customers and prospects across the customer life cycle and the investments they have made in these areas. Survey participants included decision makers in customer experience/success, marketing, digital business, and analytics roles. Questions provided to the participants asked about business priorities and challenges, current approaches to supporting CX across the customer life cycle, and business metrics resulting from marketing and CX efforts. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in January 2018 and was completed in February 2018.

Appendix B: Demographics/Data



Base: 445 CX technology and metrics decision makers at enterprises in Australia, China, India, and Japan
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018.

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“Drive Business Growth With Great Customer Experience, 2017,” Forrester Research, Inc., October 12, 2017.

“Establish A CX Measurement Program In Seven Steps,” Forrester Research, Inc., October 19, 2017.

“Elevate And Scale Your CX Measurement Program,” Forrester Research, Inc., October 19, 2017.

“How Top Performers Improved Their CX Scores And Achieved Strong Revenue Growth,” Forrester Research, Inc., March 29, 2018

Riccardo Pasto, “Customer Experience Trends In China, 2018,” Forrester Blogs, June 5, 2018, <https://go.forrester.com/blogs/customer-experience-trends-in-china-2018/>.

Appendix D: Endnotes

¹ Source: “The Five Essential Steps To Plan Your CX Transformation,” Forrester Research, Inc., June 19, 2017.

² The maturity assessment to identify experience-driven businesses was based on responses to a series of questions about the respondent’s organization, processes, and effectiveness in using technology. Each question contained a series of statements reflecting best practices along these pillars of CX. Respondents rated their organization on a five-point scale, where a score of 5 reflected the strongest adoption of each best practice. The sum of the ratings reflected the respondent’s score for each pillar. For the technology pillar, respondents received an extra point for each technology their organization has adopted. The distribution of scores was divided into thirds to assess the individual respondents’ maturity level as high, medium, or low compared to the rest of the sample. This distribution analysis was done at the regional level to minimize any cultural bias in the ratings; for this exercise only, Australia was included as part of the European distribution. Experience-driven businesses were defined as those whose scores landed in the top third (high maturity) of at least two pillars, with no less than a medium level of maturity on the third pillar. Additionally, experience-driven businesses needed to demonstrate consistent commitment across pillars, with no rating less than 3 for any question/statement.

³ For more examples of how employee experience drives business value, see “The Employee Experience Imperative,” Forrester Research, Inc., December 15, 2017.

⁴ Source: “The Five Essential Steps To Plan Your CX Transformation,” Forrester Research, Inc., June 19, 2017.

⁵ A set of shared values flows from the vision and clarifies the intended experience.

⁶ A laser-like focus on customer experience (CX) is the best path to business success. Forrester has proven this by analyzing major brands’ financial results and showing that they correlate with how customers perceive their interactions with those brands. Few companies have achieved that focus — for most, it will require a journey of deep transformation toward a new mindset and a new way of operating. The CX transformation playbook is Forrester’s framework for how to complete this journey successfully. To read our CX transformation playbook, see the Forrester report “Why And How To Lead A CX Transformation,” June 19, 2017.

⁷ For more information and tools for calculating the ROI of CX investments, see the Forrester report “The ROI Of CX Transformation,” June 19, 2017.

To read the full results of this study, please refer to the Thought Leadership Paper commissioned by Adobe titled “The Business Impact Of Investing In Experience”

Project Director:

Karin Fenty,
Senior Market Impact Consultant

Contributing Research:

Forrester’s Customer Experience research group

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