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Customer Engagement Solutions Drive Transformational CX And EX Outcomes

CX-Specific Tools Benefit The Industry, Business, Customer, And Employee

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Introduction

In the last year, companies have cut back on customer experience (CX) initiatives, hurting long-term business health in favor of fleeting revenue bumps. Despite a rise in CX quality in 2021, Forrester's 2022 US Customer Experience Benchmark study found CX index scores have dropped for the first time since 2017.[1] Digital CX has worsened, fewer customers perceive that brands' values align with their own, and companies are ill-equipped to meet changes in customer expectations and behavior. But, with 54% of customers saying they are willing to forgive brands that make mistakes, there is an opportunity to put customers at the center of organizational strategy and operations and rebuild CX quality.

In July 2022, CSG commissioned Forrester Consulting to evaluate how an enterprisewide CX strategy enables companies to be more customer-obsessed and drives success for the customer, the employee, the industry, and the business. Forrester conducted an online survey with 484 global decision-makers in CX, operations, and marketing roles to explore this topic. Respondents evenly represented telecommunications, retail, healthcare, and financial services/insurance industries. We found many organizations are not meeting customer expectations and are looking for solutions that engage and prioritize the customer to mitigate the consequences of poor CX. These organizations need a strategy that includes the right tools to support their customers and their workforce. A customer engagement solution enables companies to provide consistent, proactive, and personalized experiences across the customer journey to better meet customer expectations brings significant and transformational benefits.

Industries Included In Survey:

- Financial services and/or insurance
- Healthcare
- Retail
- Telecommunications services

Key Findings

Organizations boost CX budgets and invest in customer engagement solutions to sustain customer loyalty and drive profit. Respondents noted their organizations are responding to these expectations by increasing CX budgets (62%) and turning to CX-specific solutions (60%). Customers are making more purchase decisions based on CX and expect organizations to provide fast, personalized, and consistent support and attention.

CX strategies don't reflect industry-specific challenges and undisciplined strategies reflect an inability to orchestrate journeys. Poor CX is creating high employee turnover and diminishing returns on existing customer relationships for one-third of respondents' organizations. Respondents noted their firms' biggest challenges are strategic and operational as they struggle with siloed priorities, competing departmental needs, and a lack of appreciation for customer journeys. All industries are feeling the pressure to provide a quality CX, but challenges are industry-specific and solutions need to be responsive to unique needs.

Customer engagement solutions drive customer satisfaction, revenue gains, and employee retention. Customer engagement solution users are realizing significant benefits, not only in expected areas like customer satisfaction (68%) and increased revenue (66%), but also with retaining employees (81%) and increasing their satisfaction (61%). Both customer engagement solution users and nonusers see the benefit of CX-specific solutions and are increasing their investments in customer engagement solutions in the next 12 months.

Consequences Of Poor CX Drive Future CX Strategies

In the last two years, customer expectations and behaviors have become more sensitive to their experiences and demands for faster, easier, and more personalized responses have increased. In surveying 484 global decision-makers, we found that:

- **Companies are increasing CX budgets and turning to customer engagement solutions to better serve customers.** Companies are prioritizing CX profits (78%) and customer satisfaction (75%) as the pressure to maximize CX budgets increases and economic uncertainty threatens to undermine CX initiatives.[2]

  Customers now expect fast, seamless, and holistic support, and respondents report their organizations are fortifying CX budgets (62%) and investing in resources to help their company focus on journeys (57%) and meet expectations. (see Figure 1). Respondents recognize their companies need the right tools and customer engagement partners to support both their customers and their frontline employees. While CRMs are most commonly employed as a customer engagement solution, many decision-makers are starting to invest more significantly in CX-specific tools that uniquely and directly support journey orchestration.

Figure 1

"How have the expectations/behaviors of your customers changed over the past two years?"

Customers expecting departments to be seamlessly integrated for quick resolution and support
57%

Increased demand for quicker response times
53%

Increased demand for more personalization
46%

More customers making purchase decisions based on CX
44%

Customers engaging in multiple journeys and expecting our company to be aware of and sensitive to all of them
44%

"How has your company responded to changes in customer expectations/behaviors?"

Increased CX budget
62%

Investment in a customer engagement solution
60%

Increased focus on customer journeys
57%

Base: 484 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy
Note: Showing top responses
Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

- **The consequences of delivering poor CX drive organizations to change.** Across the board, decision-makers report their organizations struggle to keep customers engaged and one in three are experiencing diminishing returns on their existing customer relationships (see Figure 2). These respondents' organizations are unable to generate referrals from their current customers and experience an increase in customer "ghosting," signaling friction or an unresolved breakdown in the customer relationship.

Decision-makers indicate they are also internally motivated to develop a better CX strategy as the consequences of delivering a poor CX are impacting their workforce. Nearly one in three decision-makers report high employee turnover is a consequence of their poorly delivered CX, which is not suprising given poor CX has also contributed to poor EX (28%) and low employee morale (25%).

41% of decision-makers are investing in CX-specific tools to directly support journey orchestration.

Figure 2

"Which of the following drivers are fueling your company's CX strategy?"

35%
We are not getting as many customer referrals as we wanted/expected.

34%
We have seen a decrease in customer lifetime value as a result of poor CX.

32%
The consequences of poor CX contribute to high employee turnover.
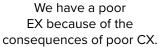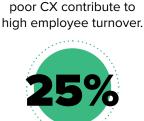
29%
We have low customer retention due to poor CX.

28%
We have a poor EX because of the consequences of poor CX.

25%
The consequences of poor CX contribute to low employee morale.

Base: 484 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy
Note: Showing top 6
Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

Nearly all decision-makers say their organization has experienced consequences because of a poorly executed CX. The lack of a disciplined CX strategy results in poor CX and EX. Employees at respondents' organizations do not have access to the tools and data they need to fully understand customer journeys, leading to poor customer retention (55%) and employee retention (37%).

98%

of respondents report their organizations have experienced the consequences of poor CX.

GATHERING DATA AND USING INSIGHTS EFFECTIVELY ARE CHALLENGING TASKS FOR ALL ORGANIZATIONS
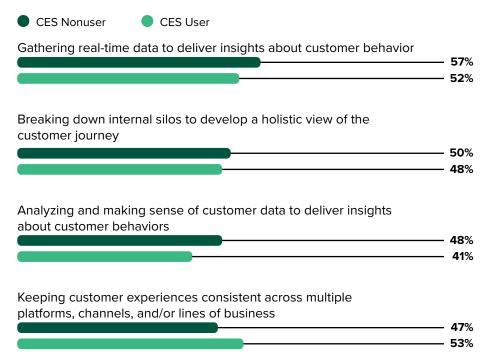
Half of all respondents noted their organizations have the hardest time gathering the information they need and deploying it across the enterprise in a way that is meaningful and consistent for the customer. The inability to consider CX enterprisewide impacts how customer journeys are holistically understood. This is a problem given that 44% of respondents said they want organizations to be aware of and sensitive to all customer journeys.

Though data challenges are top problems for both customer engagement solution users and nonusers, these challenges are manifesting in different ways. Those without a customer engagement solution are struggling to generate the data they need (57%) and analyzing the data they have to extract insights into customer behavior (48%). Respondents with a customer engagement solution can gather and analyze data better but have a hard time actioning on insights gleaned from their data in a way that is consistent throughout the organization and customer journey (53%) (see Figure 3). A customer engagement solution improves data quality but needs to be integrated into a larger strategy for CX to be effective.

Figure 3

Customer engagement solutions users have the data and insights they need, while non-users struggle with the basics.

(Showing "Extremely challenging" and "Very challenging")

● CES Nonuser ● CES User

Gathering real-time data to deliver insights about customer behavior

57%
52%

Breaking down internal silos to develop a holistic view of the customer journey

50%
48%

Analyzing and making sense of customer data to deliver insights about customer behaviors

48%
41%

Keeping customer experiences consistent across multiple platforms, channels, and/or lines of business

47%
53%

Base: 484 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy
Note: Showing top 4 responses
Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

DEVELOPING AND IMPLEMENTING AN ENTERPRISEWIDE CX STRATEGY IS A TOP CHALLENGE

Organizations need a CX strategy that leverages their resources to support the entire enterprise, but many struggle with identifying where and how to effectively initiate a strategy. We found that:
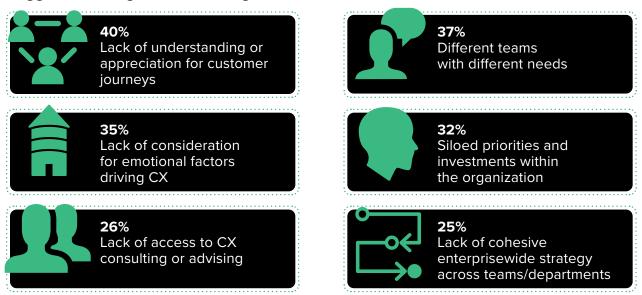
• **Knowing where to start is the first step in developing a successful CX strategy, but it's easier said than done.** Though respondents indicate that increasing customer satisfaction and initiating an enterprisewide CX strategy are top priorities for their organization, 90% admit they find it challenging to know where to start to improve customer journeys and experiences. The majority of decision-makers report their organizations have increased CX budgets (62%), indicating the issue is not about a lack

of funds, but rather confusion around how to effectively leverage and invest them. To complicate matters further, 30% of respondents say they are hesitant to invest because their past experiences with CX tools were not successful. Until organizations can identify a launch point for their CX strategy, further initiatives will remain stalled and investments will not align to an effective, enterprisewide strategy.

- **Having the right tools helps, but only if they are well socialized within the company and part of a CX strategy.** Though decision-makers have a difficult time extracting and analyzing data, almost three in four say they are not struggling with access to data or the right tools at their disposal; their biggest challenges are strategic and operational with siloed priorities (32%), competing departmental needs (37%), and a lack of appreciation for the customer journey (40%) (see Figure 4). Despite organizational challenges and a lack of customer focus, less than half of respondents' firms (46%) are making

> A lack of understanding or appreciation for customer journeys is the biggest challenge to delivering a good CX.

Figure 4

Biggest Challenges To Delivering A Good CX

40% Lack of understanding or appreciation for customer journeys	**37%** Different teams with different needs
35% Lack of consideration for emotional factors driving CX	**32%** Siloed priorities and investments within the organization
26% Lack of access to CX consulting or advising	**25%** Lack of cohesive enterprisewide strategy across teams/departments

Base: 484 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy
Note: Showing top 6
Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

organizational changes or developing customer-centric strategies (49%) to meet customer expectations and needs.

While customer engagement solution users report strategic and operational challenges, they experience fewer difficulties with understanding customer journeys (36%), signaling they have the tools they need for success but lack a strategy to act on their insights. A lack of internal organization and strategy makes it difficult to leverage customer data and effectively orchestrate journeys, but those with a customer engagement solution have a tool that provides the data needed to better appreciate and understand customer journeys.

1 in 4 respondents noted their organizations lack a cohesive enterprisewide CX strategy.

- **Lack of strategy and organizational support is a barrier to entry for nonusers of customer engagement solutions.** Fifty-five percent of respondents are not currently using a customer engagement solution as part of their CX strategy. In some instances, just getting started is the biggest hurdle as 39% of decision-makers report being unaware that solutions like these exist and 42% do not know where to start to improve customer journeys. Other decision-makers are hesitant to invest in a customer engagement solution because they do not have a CX strategy (43%) or the internal expertise needed to implement or support a new tool (46%). They are looking for out-of-the-box solutions (36%) or providers that can fill gaps in expertise through training (51%).

  - **Strategy focus needs to be sensitive to unique industry needs and challenges.** Though a lack of understanding and appreciation for customer journeys is a top challenge for delivering a successful CX across industries, each industry is struggling with its own set of unique challenges (see Figure 5).

Industry-Specific Challenges

Financial Services/Insurance

For banks to be leaders in CX and demonstrate care for their customers, they need to start building personalized, emotionally engaging experiences throughout the customer's lifecycle.[3] Financial services/insurance firms need better access to customer data (30%) to make better business decisions that are customer-focused and based on data insights (32%). Until these organizations can implement solutions that allow them to fix broken customer journeys, breakdowns in communication, and cumbersome processes, they will struggle to earn the loyalty and trust of their customers.[4]

Healthcare

Siloed priorities (40%) and competing department needs (38%) are key challenges in healthcare organizations, signaling a lack of enterprise awareness and appreciation for a seamless CX. Given that healthcare and treatment are transitioning to a more holistic and comprehensive delivery model, CX priorities need to be developed from a more inclusive perspective to maximize patient experience and outcomes.[5]
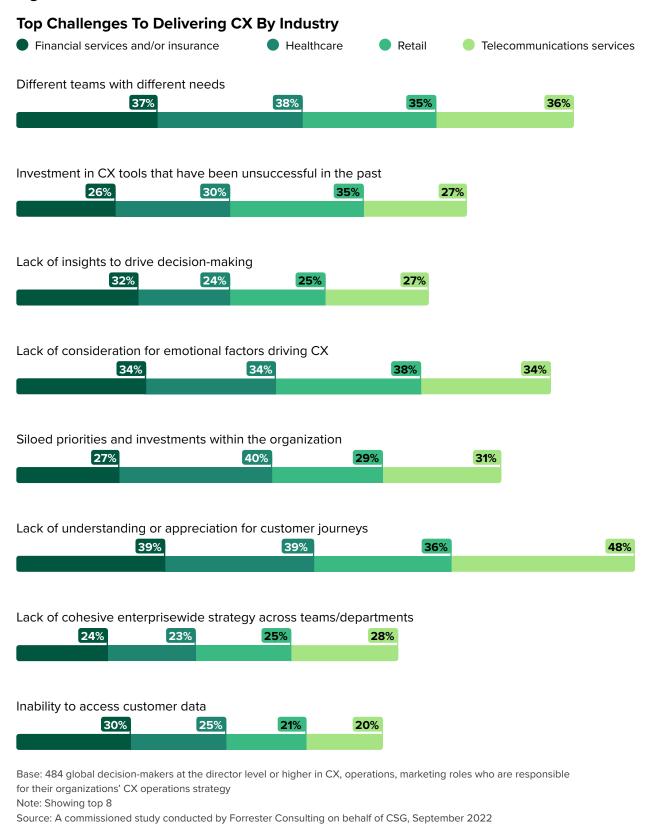
Retail

Of the factors determining CX quality in the retail industry, emotion is pulling ahead as the most important when it comes to differentiation.[6] In such a competitive industry, it is problematic that retail companies can't effectively consider and respond to the emotional factors that are currently driving CX (38%).

Telecommunications

The inability to understand customer journeys is most prevalent in telecommunications companies (48%) and it is significantly impacting their ability to retain customers. A lack of a cohesive enterprisewide strategy across teams/departments within the organization (28%) is making it difficult for these companies to deliver the kind of consistent experience customers expect. Having a robust strategy developed around customer journeys is especially relevant when discussing call center experiences as companies that can solve problems quickly are seven times more likely to stay with that company and eight times more likely to increase their spending.[7]

Figure 5

Top Challenges To Delivering CX By Industry

● Financial services and/or insurance ● Healthcare ● Retail ● Telecommunications services

Different teams with different needs

| 37% | 38% | 35% | 36% |

Investment in CX tools that have been unsuccessful in the past

| 26% | 30% | 35% | 27% |

Lack of insights to drive decision-making

| 32% | 24% | 25% | 27% |

Lack of consideration for emotional factors driving CX

| 34% | 34% | 38% | 34% |

Siloed priorities and investments within the organization

| 27% | 40% | 29% | 31% |

Lack of understanding or appreciation for customer journeys

| 39% | 39% | 36% | 48% |

Lack of cohesive enterprisewide strategy across teams/departments

| 24% | 23% | 25% | 28% |

Inability to access customer data

| 30% | 25% | 21% | 20% |

Base: 484 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy
Note: Showing top 8
Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

Customer Engagement Solutions Achieve CX Goals And Benefit Customers And Employees

Though challenges to delivering a quality CX exist, decision-makers are committed to overcoming them and improving their CX because delivering a good CX is how they continue to drive benefit for their organizations (80%). For companies to achieve CX-related goals, we found that:

- **Firms need partners and solutions to guide successful CX strategy and implementation**. More than half of respondents reveal their organizations do not have a CX strategy because they find it difficult to navigate and understand (51%). CX strategy development overwhelms decision-makers, and they are looking for CX experts and advisors (57%) who can guide them in the development of an enterprisewide strategy (53%) (see Figure 6).

Figure 6

Resources Companies Need To Deliver A Better CX

57% Access to advisors and consultants who are experts at CX delivery

55% Proven ROI for our business case to support new CX investments

53% Development of an enterprisewide CX strategy

46% Operational processes evaluation and redesign

Base: 484 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy
Note: Showing top 4
Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

In addition to working with experts who can help navigate nuanced and complex CX goals, implementing the right technology to support CX outcomes is also critical and beneficial for customer engagement solution users. Those who have incorporated a customer engagement solution as part of their CX strategy report they can deliver more consistent customer experiences across multiple platforms, channels, and/or lines of business (42%).

- **Customer engagement solution users are better positioned to meet key customer demands and overcome top challenges.** Decision-makers at companies using a customer engagement solution as part of their CX strategy are providing consistent experiences that are personalized to the customer across channels and lines of business for the duration of their journey to meet customer expectations. These outcomes of customer engagement solution deployment demonstrate an ability to be responsive to customer needs and expectations.

Adopting a customer engagement solution also allows companies to realize benefits that overcome challenges and align with top priorities. Though industry challenges are unique, effective solutions with positive outcomes can be found with customer engagement solutions:
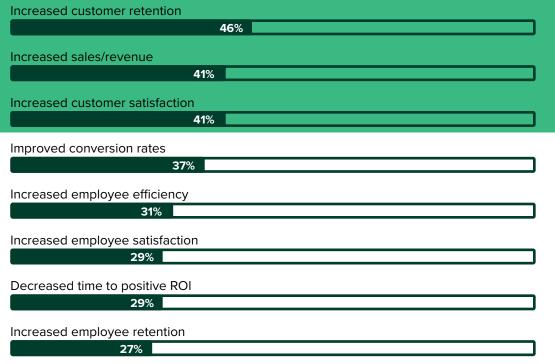
REPORTED OUTCOMES FROM CUSTOMER ENGAGEMENT SOLUTION USERS BY INDUSTRY		
Industry	**Challenges**	**Reported Outcomes**
Retail	Unable to respond to emotional factors driving CX	Improved ability to create personalized experiences across platforms, channels, and lines of business (34%)
Financial services/ insurance	Lack of access to customer data and data insights	Increased access to customer data and insights about customer behavior (20%)
Healthcare	Siloed priorities and competing department needs	Improved ability to make more informed business decisions (19%)
Telecom	Unable to understand customer journeys	Improved journey discovery and orchestration (21%)

Across industries, decision-makers reported their organizations want to maximize profits related to CX (78%) and increase customer satisfaction (75%) within the next year. Respondents who are currently using a customer engagement solution as part of their CX strategy are seeing increases in customer retention (46%), sales/revenue (41%) and customer satisfaction (41%) that are directly aligned with their goals (see Figure 7).

Even nonusers of customer engagement solutions see the potential for benefits, though they are not currently invested in this type of solution. Nonusers admit they would expect to see improvements in journey discovery/orchestration (28%) and in their ability to provide the same consistent customer experiences (36%) that customer engagement solution users are already realizing. Nonusers intend to pursue expected benefits by increasing their investments in customer engagement solution in the next 12 months (78%).

Figure 7

Business Benefits From Customer Engagement Solution Implementation

Increased customer retention
46%

Increased sales/revenue
41%

Increased customer satisfaction
41%

Improved conversion rates
37%

Increased employee efficiency
31%

Increased employee satisfaction
29%

Decreased time to positive ROI
29%

Increased employee retention
27%

Base: 217 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy with a customer engagement solution
Note: Showing top 8
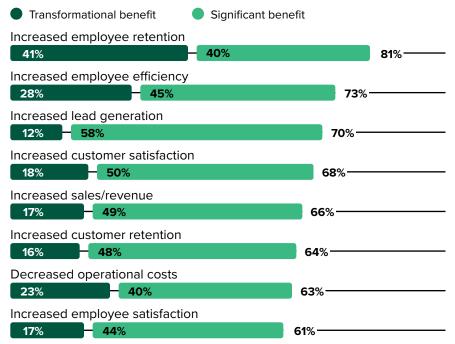Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

80%
of respondents agree good CX drives benefits for their organizations.

- **Customer engagement solution implementation brings CX and EX improvements.** Seventy-four percent of decision-makers agree that their organizations must be customer-obsessed if they want to remain relevant and need to support their customers for the duration of their lifecycle with journey orchestration capabilities. Implementing a customer engagement solution initiates and supports customer obsession and users report improvements in CX initiatives like increased lead generation (70%), customer satisfaction (68%), and increased sales (66%) (see Figure 8).

  In addition to CX gains like increased lead generation and increased sales, utilizing a customer engagement solution is having a huge impact on organizations' ability to retain their workforce (81%) and increase employee efficiency (73%). Seeing improved EX emerge as a top benefit indicates that this is something decision-makers are thinking about and consider a benefit to the overall well-being of their organization.

Figure 8

Level Of Business Benefits For Organizations Experienced By Customer Engagement Solution Users

● Transformational benefit   ● Significant benefit

Increased employee retention
41% | 40% | 81%

Increased employee efficiency
28% | 45% | 73%

Increased lead generation
12% | 58% | 70%

Increased customer satisfaction
18% | 50% | 68%

Increased sales/revenue
17% | 49% | 66%

Increased customer retention
16% | 48% | 64%

Decreased operational costs
23% | 40% | 63%

Increased employee satisfaction
17% | 44% | 61%

Base: 217 global decision-makers at the director level or higher in CX, operations, marketing roles who are responsible for their organizations' CX operations strategy with a customer engagement solution
Note: Showing top 8
Source: A commissioned study conducted by Forrester Consulting on behalf of CSG, September 2022

Key Recommendations

Forrester's in-depth survey of 484 global decision-makers in CX, operations, and marketing roles about enterprisewide, customer-obsessed CX initiatives yielded several important recommendations:

Create an enterprisewide, journey-centric strategy to drive real CX and EX improvements.

Stakeholders from across departments need to agree and contribute to the definition of journey success; negotiate compromises; and refine the definition as company priorities and customer needs change. It's difficult to craft a cohesive journey strategy in the face of organizational silos separating systems, data sources, and goals like acquisition versus retention. It must be an enterprisewide effort to succeed — not limited to a single business unit. While a single unit can jump-start journey transformation, scaling the effort requires a common understanding of and governance around customer journeys. To do so, highlight the need and quantifiable value of well-understood customer journeys as a lens through which to tackle business challenges and build competitive advantage for key decision-makers.

Use budgets wisely to invest in customer journey orchestration solutions to maximize the ROI of CX.

Invest in skills like data literacy, storytelling, and business case/ROI modeling, as well as customer engagement technologies that will improve the quality of CX programs' work. Use customer journey orchestration (CJO) platforms to model changing customer behaviors in real time and integrate quantitative and qualitative customer insights in a journey context, bridging the gap between data science and design researchers to differentiate for customers who seek adaptive, personalized experiences.

Gain both CX and EX benefits of orchestrating journeys.

There's no doubt that a key contributor to CX improvement is positive EX. When employees are engaged and motivated, they want to do their best work for customers. But great CX also gives employees a purpose, driving employee satisfaction and engagement. Connect customers to the right employees (e.g., agents, intermediaries, etc.) with access to the right insights at the right time to orchestrate more meaningful experiences that drive loyalty-eliciting emotions such as trust. Use real-time decisioning at the same time to elevate employee journeys, prevent employee turnover, and increase engagement.

Pursue industry-specific solutions to simplify CX.

Deploy a customer engagement solution that's sensitive to your industry's needs. Engage CX experts with the right tools to overcome your specific challenges.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 484 global decision-makers in CX, operations, and marketing roles who are responsible for their organizations' CX operations strategy. Questions provided to the participants asked them about their organizations' current CX strategy and how a customer engagement solution factored into their organizations' current and future CX initiatives. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began in July 2022 and was completed in September 2022.

Appendix B: Demographics/Data

COUNTRY	
United States	**18%**
United Kingdom	**10%**
Switzerland	**10%**
Spain	**7%**
The Netherlands	**6%**
Mexico	**14%**
Italy	**5%**
Germany	**8%**
France	**7%**
Canada	**15%**

ANNUAL REVENUE (USD)	
$400M to $499M	**10%**
$500M to $999M	**28%**
$1B to $5B	**33%**
>$5B	**28%**

INDUSTRY	
Telecommunications services	**25%**
Retail	**25%**
Healthcare	**25%**
Financial services and/or insurance	**25%**

POSITION/DEPARTMENT	
Customer experience	**25%**
Operations	**24%**
Marketing/advertising	**23%**
Product development	**18%**
IT	**10%**

LEVEL OF CX STRATEGY RESPONSIBILITY	
I am the final decision-maker for my organization's CX strategy.	**24%**
I am part of the team making decision for my organization's CX strategy.	**38%**
I influence decisions related to my organization's CX strategy.	**38%**

RESPODENT LEVEL	
C-level	**13%**
Vice president	**42%**
Director	**45%**

Note: Percentages may not total 100 because of rounding.

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

"Planning Guide 2023: Customer Experience," Forrester Research, Inc. August 23, 2022.

"Customer Trust In Banking Requires Renewed Commitment To CX," Forrester Research, Inc., June 24, 2022.

"Widespread Drops In US CX Quality Point To Major Failures In Brands' Customer Focus," Forrester Research, Inc., June 6, 2022.

"The Future of Healthcare: Fundamental Shifts In The Ecosystem," Forrester Research, Inc., December 23, 2021.

"The US Retailers Customer Experience Index, 2021," Forrester Research, Inc., December 22, 2021.

"Chart Your Course To Successful Personalization In Banking," Forrester Research, Inc., September 29, 2021.

Appendix D: Endnotes

[1] Source: "Widespread Drops In US CX Quality Point To Major Failures In Brands' Customer Focus," Forrester Research, Inc., June 6, 2022.

[2] Source: "Planning Guide 2023: Customer Experience," Forrester Research, Inc. August 23, 2022.

[3] Source: "Chart Your Course To Successful Personalization In Banking," Forrester Research, Inc., September 29, 2021.

[4] Source: "Customer Trust In Banking Requires Renewed Commitment To CX," Forrester Research, Inc., June 24, 2022.

[5] Source: "The Future of Healthcare: Fundamental Shifts In The Ecosystem," Forrester Research, Inc., December 23, 2021.

[6] Source: "The US Retailers Customer Experience Index, 2021," Forrester Research, Inc., December 22, 2021.

[7] Source: "CX NYC 2019 Day One Highlights: Your Guide To Radical CX Innovation," Forrester Research, Inc., August 15, 2019.

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