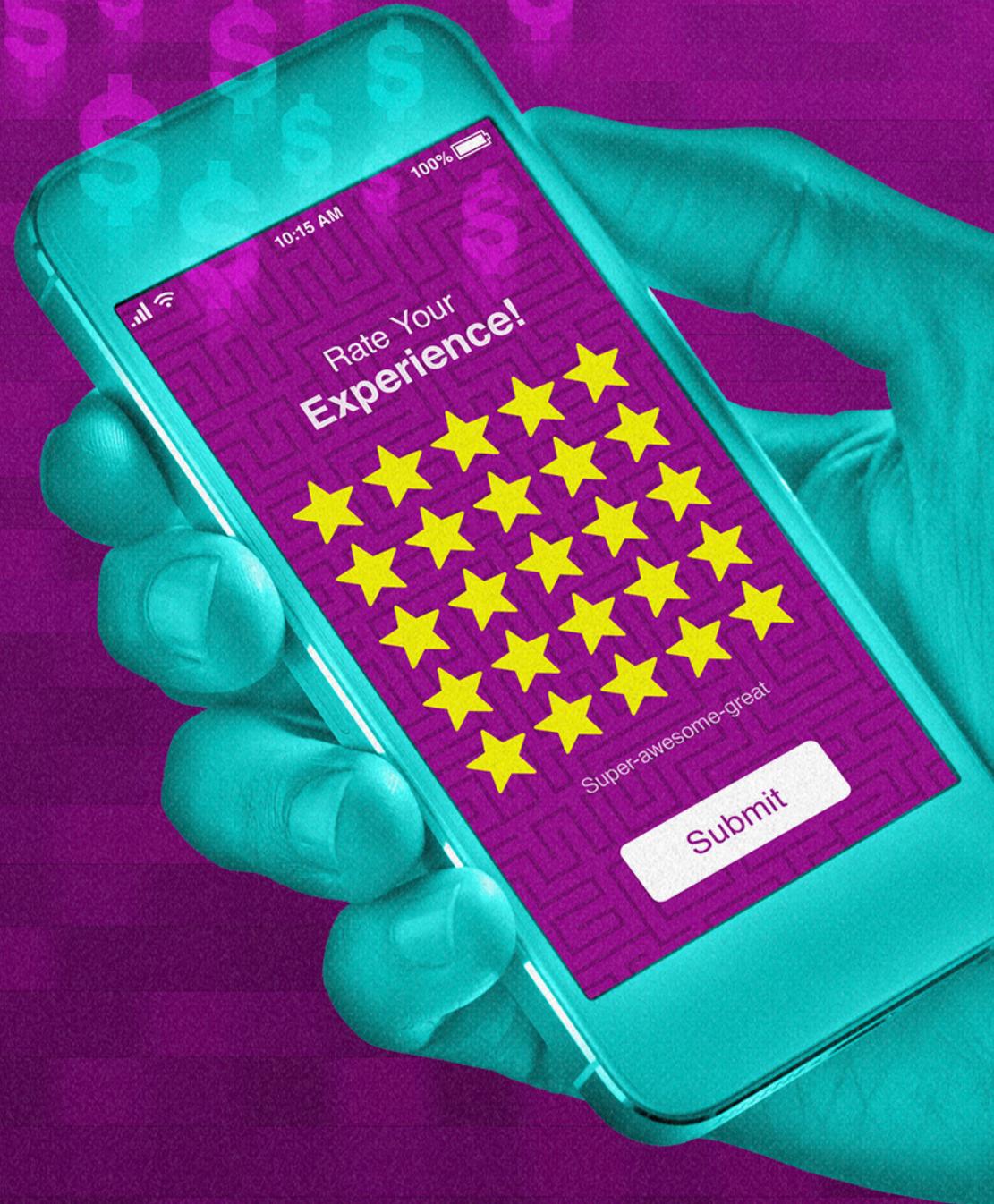**White paper**

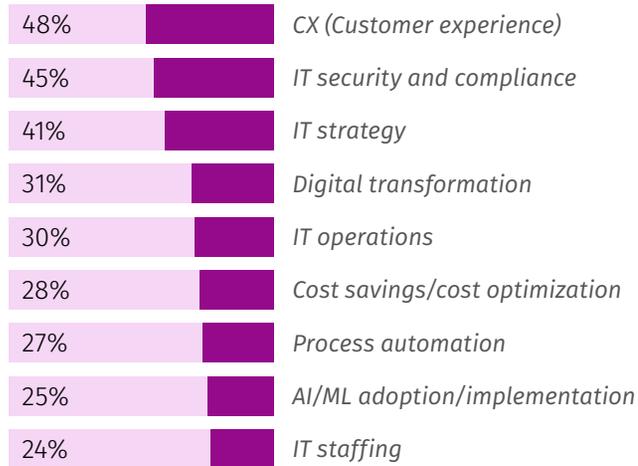# How Applications Impact Customer Experience

Solve

In a crowded marketplace, creating an exceptional customer experience (CX) does more than allow your product or service to stand out. It also drives bottom-line outcomes. An experience-led focus leads to 1.6x higher brand awareness, 1.5x more employee satisfaction and almost doubles customer retention, repeat purchase rates, average order values and customer lifetime value.[1]

Achieving next-level customer experience is often hampered by technology challenges, like selecting and implementing applications. To benchmark the impact of applications on customer experience strategies, we conducted a global survey to investigate the role applications play in differentiating the customer experience. The survey analyzed 1400+ responses from companies with $300M annual earnings and above. Respondents included roles in IT and non-IT business units, like marketing, sales, operations and other line-of-business (LOB) leaders who make application decisions in the organization.

With 97% of respondents identifying as at least occasional end users, the results provide the perspective of both decision makers and application users. The results overwhelmingly confirm that application driven customer experience is a main strategic priority (48%) ahead of IT security, compliance (45%) and IT strategy (41%). [Figure 1]

Strategic priorities [Figure 1]

Which of the following are your main strategic priorities?

48%	*CX (Customer experience)*
45%	*IT security and compliance*
41%	*IT strategy*
31%	*Digital transformation*
30%	*IT operations*
28%	*Cost savings/cost optimization*
27%	*Process automation*
25%	*AI/ML adoption/implementation*
24%	*IT staffing*

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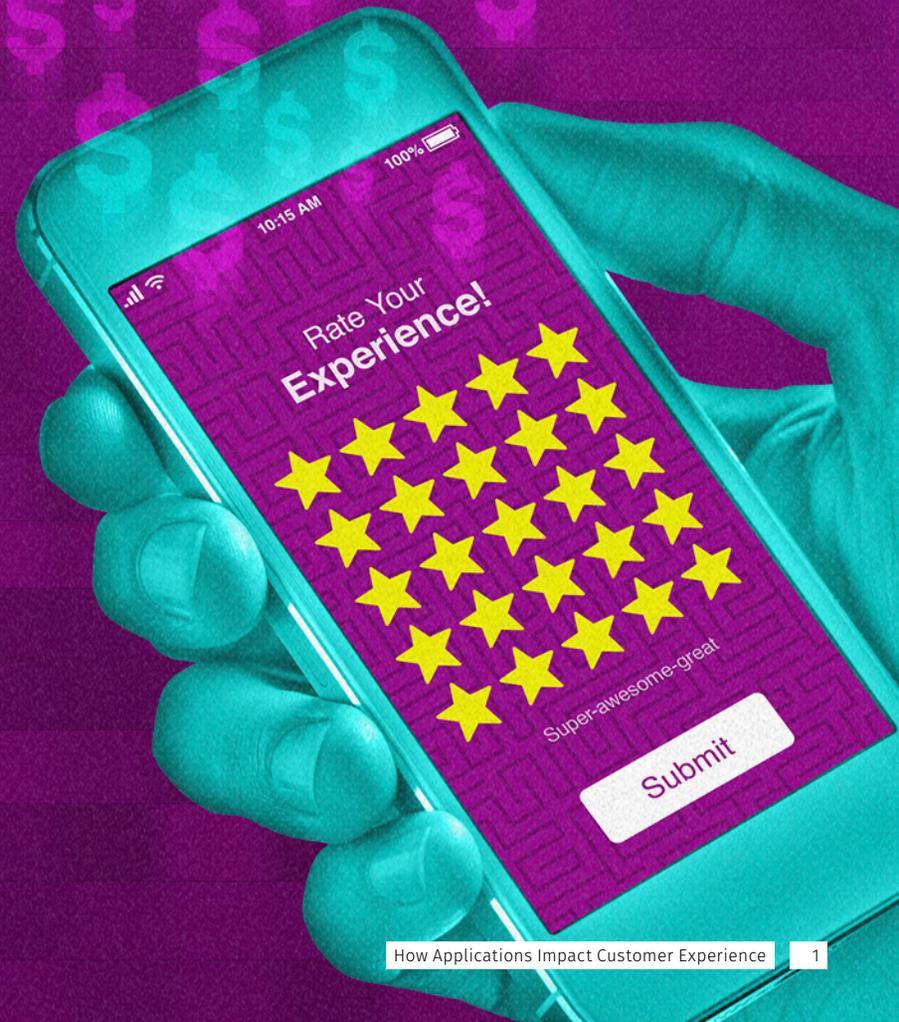
Customer experience strategy

Surveyed organizations understand the importance of customer experience with 94% reporting some form of initiatives underway in their organization. A small percentage (6%) are seemingly oblivious to the value that customer experience can bring to their organization and have no strategies or initiatives in place. [Figure 2]
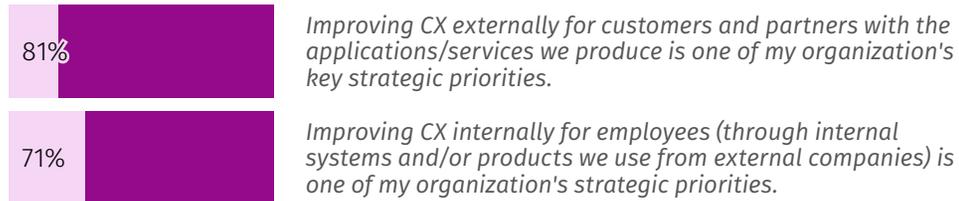
Customer experience maturity [Figure 2]

55%	*Strategic corporate program: CX is a strategic program at my organization, fully integrated across the business.*
39%	*Compartmentalized: CX initiatives exist at my organization, but they are siloed and exist in only certain business areas.*
6%	*Non-existent: My organization has no CX initiatives or strategy in place.*
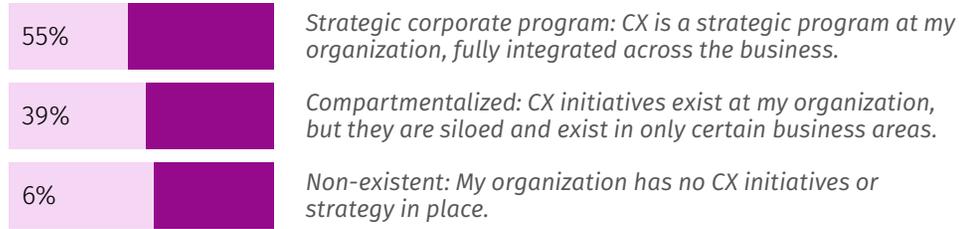
Opinions on whether to focus customer experience efforts internally or externally found a lot of overlap. However, prioritizing improvements externally for customers (81%) nudged slightly ahead of customer experience improvements focused on employees (71%). [Figure 3]

Views on customer experience priorities [Figure 3]

81%	*Improving CX externally for customers and partners with the applications/services we produce is one of my organization's key strategic priorities.*
71%	*Improving CX internally for employees (through internal systems and/or products we use from external companies) is one of my organization's strategic priorities.*

Despite the obvious benefits of investing in CX, such as loyalty and a competitive edge, respondents cited various reasons why they're paying extra attention to customer experience. Technology-related factors take the top two spots, with using technology to respond to customer needs (56%) and digital transformation (47%) as driving forces for customer experience initiatives. In addition to meeting customer needs, other external forces, including competition (43%), negative customer feedback (29%) and regulatory changes (23%), heavily influence projects. [Figure 4]

Interestingly, negative customer feedback (29%) ranked relatively low, indicating that organizations may be taking a proactive approach by getting out in front of customer experience improvements before customers express dissatisfaction. [Figure 4]
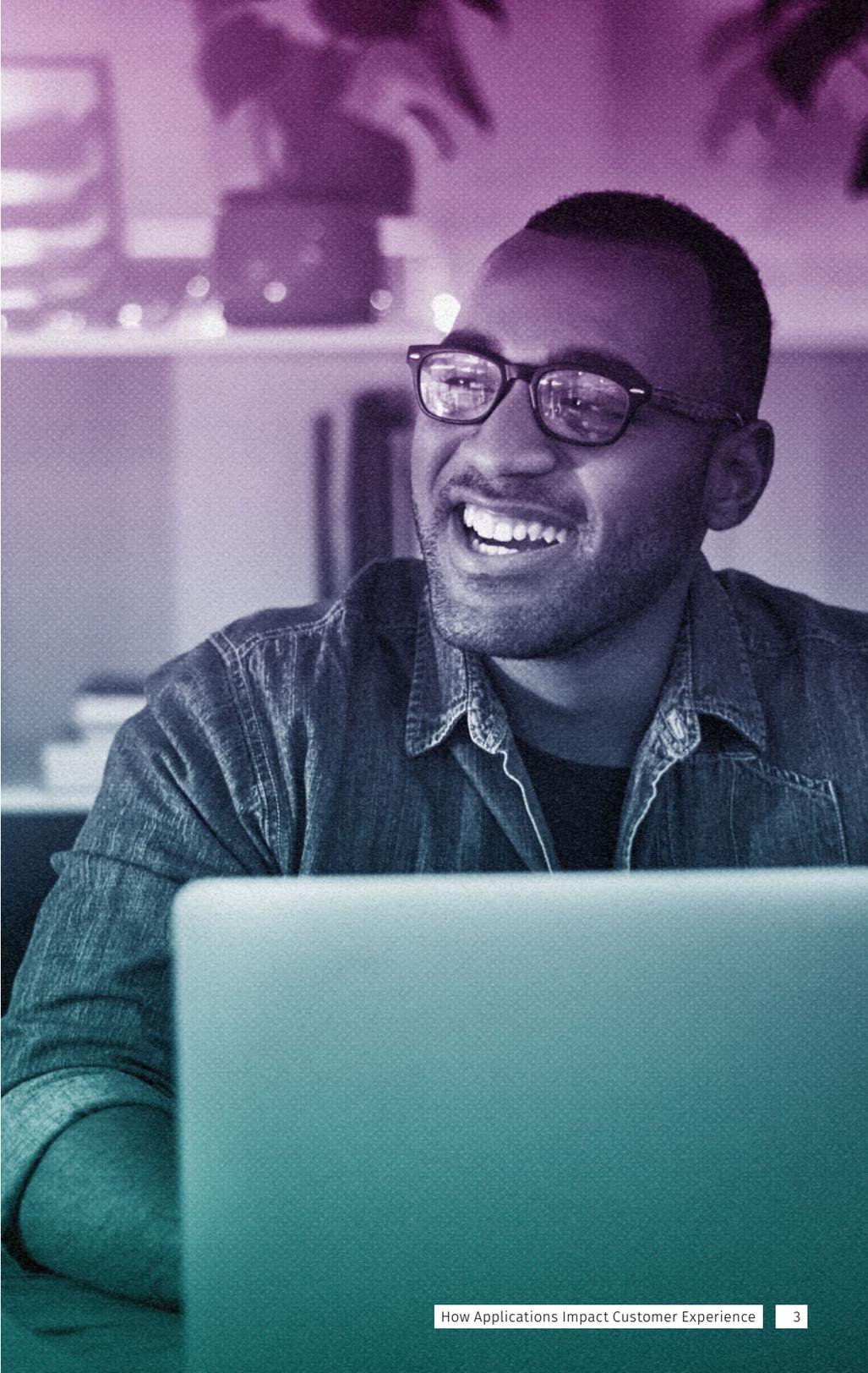
Customer experience drivers [Figure 4]

Why would your organization give more attention to customer experience?

56%	*Responding to customer needs with new technology*
47%	*Digital transformation*
43%	*Responding to a shifting marketplace/competitive landscape*
40%	*Development of new services*
38%	*Organizational strategy prioritizing CX*
29%	*Negative customer satisfaction, loyalty and retention levels*
23%	*Regulatory change*

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Nine out of ten reported that their customer experience strategy includes measuring the efficacy of improvements. This data is critical for benchmarking progress and proving tangible results to stakeholders. The tactics used to measure impact vary from formal, quantitative measurements, like customer satisfaction scores (CSAT) (61%) and customer effort scores (CES) (35%), to more qualitative assessments, like employee engagement (46%) and customer complaint analysis. [Figure 5]

Approach to measuring customer experience [Figure 5]

61%	CSAT (customer satisfaction) scores
54%	Quality and operations
46%	Employee engagement
41%	Analysis of customer complaints
35%	CES (Customer Effort Score)
32%	Retention levels/customer churn
30%	Analysis of application uptime
29%	Advocacy and ratings
27%	Net Promoter Score (NPS)

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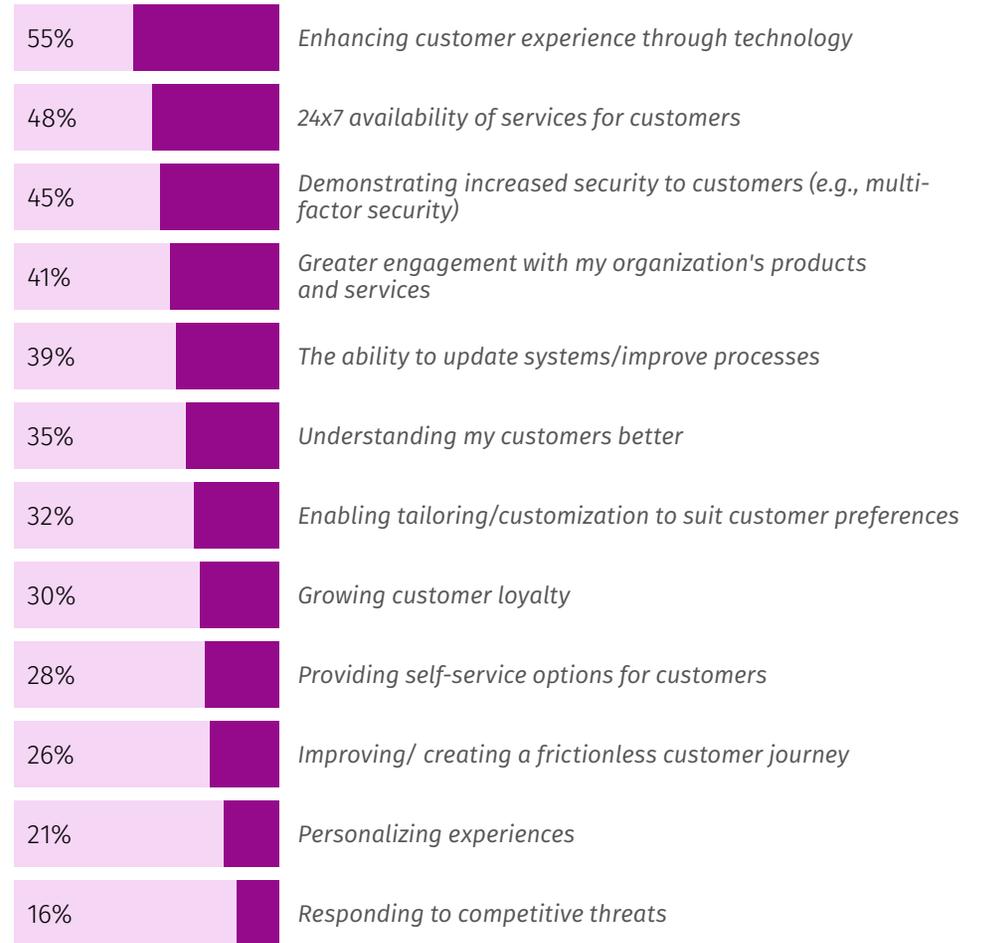
Customer experience perceptions

Overall, organizations recognize and welcome initiatives to enhance customer experience, with 74% reporting extremely or very receptive organizations. [Figure 6] IT leaders can leverage this openness to build consensus and budget for bold initiatives backed by organizational support.

Interest in using new technology to improve customer experience [Figure 6]

|	
39%	*Extremely receptive*
35%	*Very receptive*
8%	*Neither*
16%	*Not very receptive*
2%	*Not at all receptive*
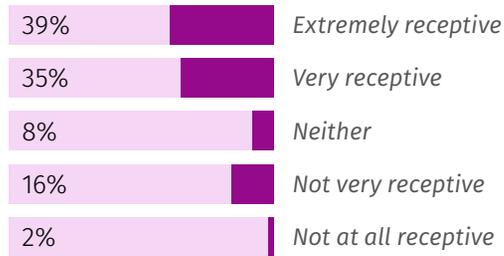
Applications play a key role in customer experience, providing mobile accessibility, simplifying application submission, processing customer data and delivering immersive experiences. Over half (55%) of respondents credit applications with enhancing customer experience. Providing more availability to services (48%), security (45%), engagement with products and services (41%) and process improvement (39%) were also noted as areas of significant benefit. [Figure 7]

Benefits of applications for customer experience [Figure 7]

55%	*Enhancing customer experience through technology*
48%	*24x7 availability of services for customers*
45%	*Demonstrating increased security to customers (e.g., multi-factor security)*
41%	*Greater engagement with my organization's products and services*
39%	*The ability to update systems/improve processes*
35%	*Understanding my customers better*
32%	*Enabling tailoring/customization to suit customer preferences*
30%	*Growing customer loyalty*
28%	*Providing self-service options for customers*
26%	*Improving/ creating a frictionless customer journey*
21%	*Personalizing experiences*
16%	*Responding to competitive threats*

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Overwhelmingly, 88% of respondents believe that their non-technical C-suite executives recognize the bottom-line benefits of applications. [Figure 8] This perception is evolving, with 90% reporting that non-technical C-suite executives have a better understanding of the tangible benefits of applications than they did just five years ago.
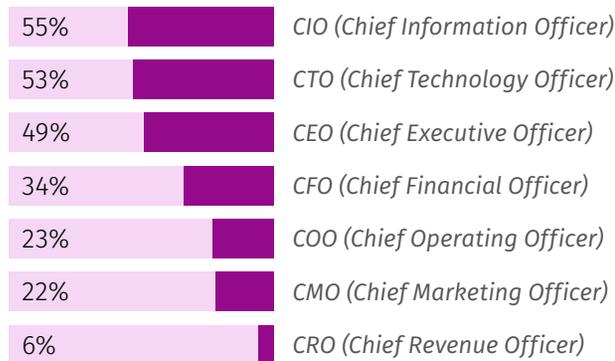
C-suite understanding of bottom-line benefits of applications [Figure 8]

70%	*Yes*
18%	*Somewhat*
10%	*No*
1%	*Not Well*
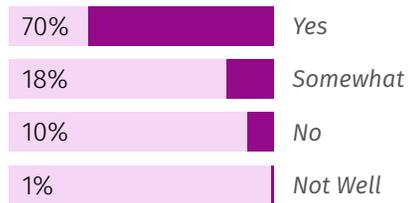
As expected, CIOs (55%) and CTOs (53%) are ranked as the most aware of technology benefits. However, CEOs rank close to CIOs and CTOs at 49%, with a noticeable drop off across the rest of the C-suite. [Figure 9]

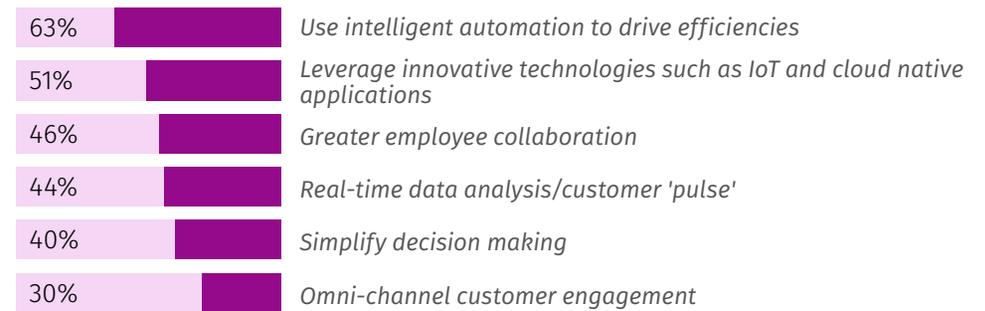### C-suite executives with the best understanding of technology [figure 9]

Which members of the C-suite best understand the importance, use and bottom-line benefits of technology to the business?

55%	*CIO (Chief Information Officer)*
53%	*CTO (Chief Technology Officer)*
49%	*CEO (Chief Executive Officer)*
34%	*CFO (Chief Financial Officer)*
23%	*COO (Chief Operating Officer)*
22%	*CMO (Chief Marketing Officer)*
6%	*CRO (Chief Revenue Officer)*

With this high level of awareness among the C-suite, technology is taking the driver's seat in corporate strategy in many ways. Six out of ten (63%) respondents are using technology to drive automation efficiencies and over half (51%) are using it to drive IoT and cloud native initiatives. While both categories have an indirect impact on customer experience, technology initiatives focused on real-time data analysis (44%) and customer engagement (30%) have a more direct impact on building and refining customer interactions. [Figure 10]

Driving corporate strategy [Figure 10]

How does technology drive your corporate strategy?

|	
63%	*Use intelligent automation to drive efficiencies*
51%	*Leverage innovative technologies such as IoT and cloud native applications*
46%	*Greater employee collaboration*
44%	*Real-time data analysis/customer 'pulse'*
40%	*Simplify decision making*
30%	*Omni-channel customer engagement*

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Barriers to application technology adoption

Half of respondents report that it can take weeks to gain consensus before implementing technology changes, like deploying new applications or launching a transformation project. Other respondents report that getting buy-in can take months (42%) or even a year or more (8%). [Figure 11] This lag in consensus building negatively impacts time to market. If teams can't move agile and fail fast, they'll be beaten to the punch by competitors who can move through concept, development and release faster.

Gaining consensus before implementing changes [Figure 11]

How long does it take to gain consensus before implementing changes?

50%	*Weeks*
42%	*Months*
7%	*A Year*
1%	*Longer than a year*
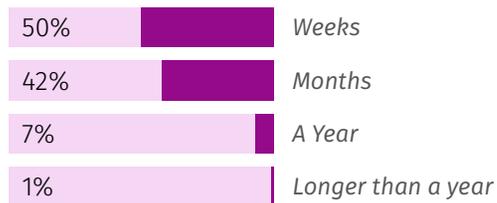
As noted above in Figure 6, organizations are interested in using tech to improve customer experience. That aligns with the 52% of responses reporting little to no resistance to technology changes. [Figure 12] IT leaders can gather from this that stakeholders are interested in change where there's a specific business case, such as customer experience, and that interest could translate into less resistance when it's time to implement programs.
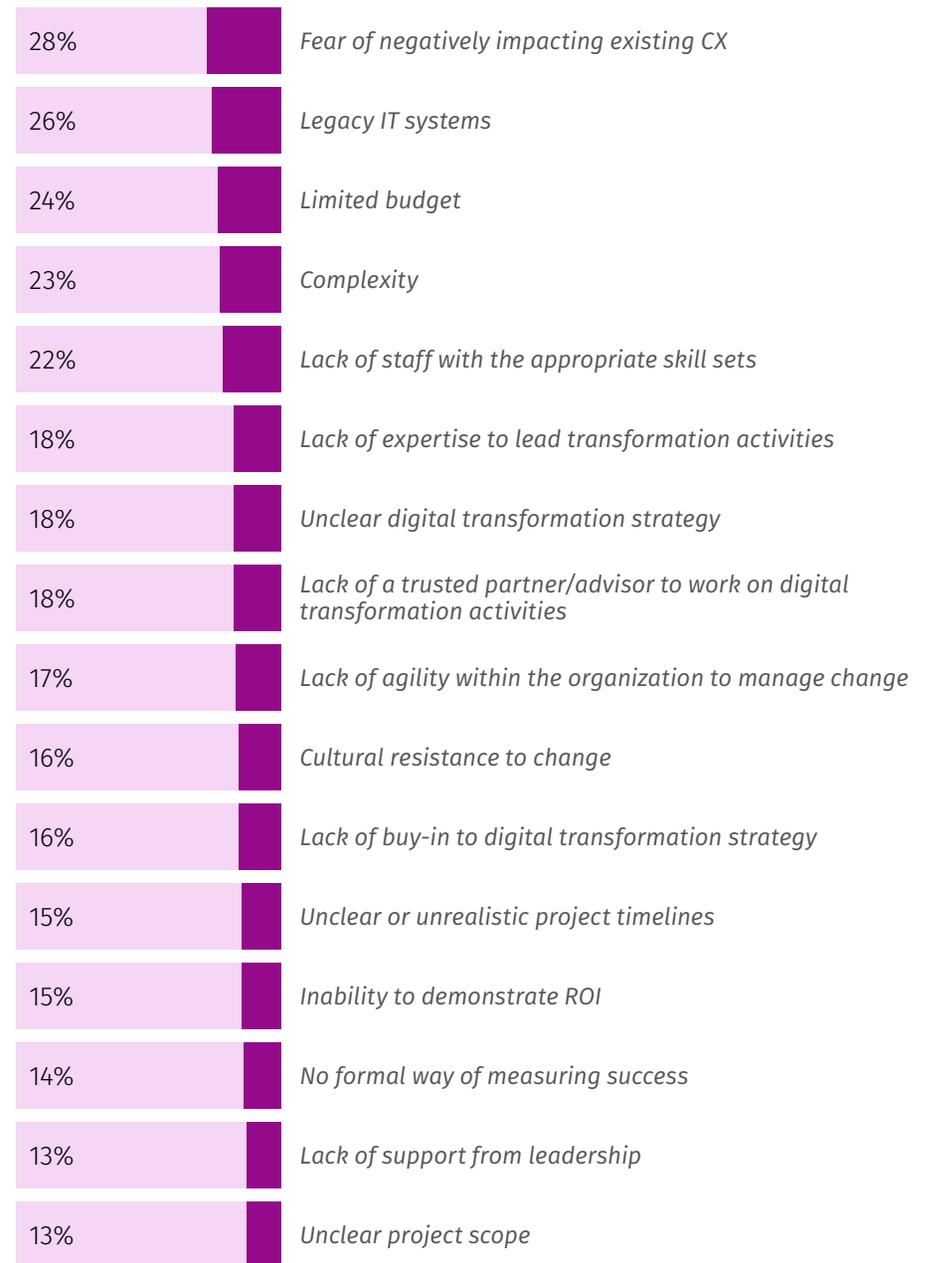
Resistance to change in technology [Figure 12]

7%	*Extremely resistant*
16%	*Very resistant*
25%	*Neither*
38%	*Not very resistant*
14%	*Not at all resistant*

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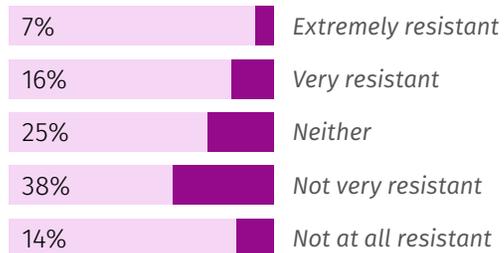
Even when stakeholders and strategy are aligned, teams still face technology-related barriers. As is common with adopting new technology, legacy IT (26%), budget (24%), skills gaps (22%) and expertise (18%) rank as top barriers. Cultural issues also weigh heavily in the list as represented by resistance to change (16%), lack of buy-in (16%) and lack of leadership support (13%). [Figure 13]

Surprisingly, the top barrier reported was the fear of negatively impacting existing customer experience (28%). [Figure 13] Organizations recognize that technology is needed to improve the customer experience but are still nervous about changing the existing customer experience by implementing new technology. Despite the push to innovate and transform, respondents are aware that the learning curves of customer experience improvements can cause friction. For example, redeveloping a website for better product organization could help new users find what they're looking for faster, while the learning curve of deciphering a new layout frustrates existing users.

Technology-related barriers [Figure 13]

28%	*Fear of negatively impacting existing CX*
26%	*Legacy IT systems*
24%	*Limited budget*
23%	*Complexity*
22%	*Lack of staff with the appropriate skill sets*
18%	*Lack of expertise to lead transformation activities*
18%	*Unclear digital transformation strategy*
18%	*Lack of a trusted partner/advisor to work on digital transformation activities*
17%	*Lack of agility within the organization to manage change*
16%	*Cultural resistance to change*
16%	*Lack of buy-in to digital transformation strategy*
15%	*Unclear or unrealistic project timelines*
15%	*Inability to demonstrate ROI*
14%	*No formal way of measuring success*
13%	*Lack of support from leadership*
13%	*Unclear project scope*

Takeaways for your applications and customer experience strategy

Applications live at the foundation of customer experience. This survey reveals that there is both enthusiasm and support for customer experience improvements, alongside barriers, like infrastructure and skills gaps. An analysis of the data provides important takeaways as you build and refine your customer experience strategy:

- Focus on building a strong business case to get leadership buy-in and company-wide support.
- Evaluate in-house skills and seek out experienced providers to fill gaps, provide best practices and extend capabilities.
- Define the success metrics of your customer experience strategy at the outset to benchmark progress, demonstrate value and maintain momentum.

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How Rackspace Technology helps

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1. https://www.adobe.com/content/dam/acom/en/experience-cloud/research/roi/pdfs/business-impact-of-cx.pdf

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About the Research

The survey was conducted by Coleman Parkes in April 2021 and targeted 1420 senior IT decision makers across multiple key sectors in the USA, LATAM, EMEA and APAC.

About Coleman Parkes

Coleman Parkes is a full-service B2B market research agency specialising in IT/technology studies, targeting senior decision makers in SMB to large and enterprises across multiple sectors globally. For more information, contact research@coleman-parkes.co.uk