

A Forrester Consulting  
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# The Business Impact Of Investing In Experience

A Spotlight On Government

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# Introduction

Technology innovation in the private sector has pressured government agencies to create better technology-enabled services for their customers — whether citizens, visitors, businesses, employees, or other governments. They expect to access services in their moments of need, using the channels or devices of their choice.<sup>1</sup> For example, in the US, the number of federal customers using nondigital channels dropped 5% in 2017, while unique visitors to federal websites grew 14%.<sup>2</sup> Meanwhile, budgetary pressures require government agencies to improve the efficiency and effectiveness of their services and justify their budgets based on value delivered.<sup>3</sup> Savvy agencies will look for cost-effective ways to transform data into actionable insights, eliminate unnecessary jargon in favor of clear communication, and define and refine experiences based on research-based customer understanding.<sup>4</sup> Governments that use customer insight to drive easy, effective, and emotionally rich experiences will increase engagement and trust amongst constituents. In turn, stellar CX will lower the cost and increase the efficiency of government operations.<sup>5</sup>



Experience-driven governments are **1.9x** more likely to benefit from an increase in customer advocacy.

In February 2018, Adobe commissioned Forrester Consulting to evaluate the mission impact of investing in experience across the customer life cycle. Forrester conducted an online survey with 1,269 marketing, advertising, CX, digital, and analytics leaders at global enterprises to explore this topic. This spotlight focuses on the results of the 155 government respondents who are responsible for CX strategy and measurement. We found that governments that invest in experience transformation across people, process, and technology disciplines demonstrate superior performance. These organizations — that we have defined as experience-driven governments (EDGs) — deliver on metrics that align to their goals to improve experiences, reduce costs, and increase advocacy.<sup>6</sup>

## KEY FINDINGS

- › **Governments invest in crafting a citizen-centric journey.** To meet the rising service expectations of constituents, governments are emphasizing CX improvement slightly over more traditional business drivers like cost reduction and regulatory compliance. The top initiatives for improving CX include better managing the customer journey, improving cross-channel experiences, and adding or improving website and social media experiences.
- › **Experience-driven governments are best-in-class.** To succeed, government agencies must work to provide services in the moment and across devices. EDGs — those governments that consistently employ CX best practices — are ahead of their peers in this citizen-centric effort: They invest in digital and physical experiences and employ analytical tools to better learn from their customers across touchpoints.
- › **Experience-driven governments outperform their peers on mission-critical priorities.** As a result of optimized experiences, EDGs increase the efficiency of their budgets, improve products, and increase customer satisfaction.

# Experience-Driven Governments Improve Services Through CX Best Practices

Leading firms in every industry know that their competitive advantage is increasingly based on their knowledge of and engagement with their customers. Governments are no exception. But as companies become more responsive to their customers, citizens are dissatisfied with governments' inability to keep pace. For example, citizens in Spain and Italy were considerably less satisfied with government services in 2014 than in 2007, and only one-third of Americans say government agencies meet their expectations.<sup>7</sup> Governments are setting priorities to address rising customer expectations, notably by emphasizing their CX improvement goals over cost reduction and regulatory compliance (see Figure 1). However, despite these good intentions, most agencies admit that they are not consistently customer-centric — just 15% say they *always* prioritize customers' needs in every digital initiative.<sup>8</sup>

To drive better experiences, governments need: an organization built to overcome silos; processes that drive continuous improvement through insight; and a technology infrastructure that enables strong experiences. Our study showed that:

- › **Many governments globally are crafting a customer-centric approach.** In an environment where underperforming agencies face budget cuts, governments must improve service delivery to remain viable.<sup>9</sup> This means designing experiences with the journey of the citizen in mind: end-to-end experiences, consistent across channels and devices. It is reassuring then that the top initiatives of governments for improving CX include better managing the customer journey (44%), improving cross-channel experiences (41%), and adding or improving website and social media experiences (40%).
- › **But experience-driven governments are fully committed to CX excellence.** We surveyed governments globally and applied a maturity framework to identify governments in our survey that lead the industry in employing best practices along organizational, process, and technology pillars. We call these governments *experience-driven governments* (EDGs). We found that many governments have difficulty embracing CX best practices consistently across these three pillars.<sup>10</sup> Only 22% of governments in our survey can claim to be an EDG (see Figure 2), which is the second lowest proportion of any industry we surveyed.

**Figure 1**  
Top business priorities over the next 12 months (percent rated critical or high priority):

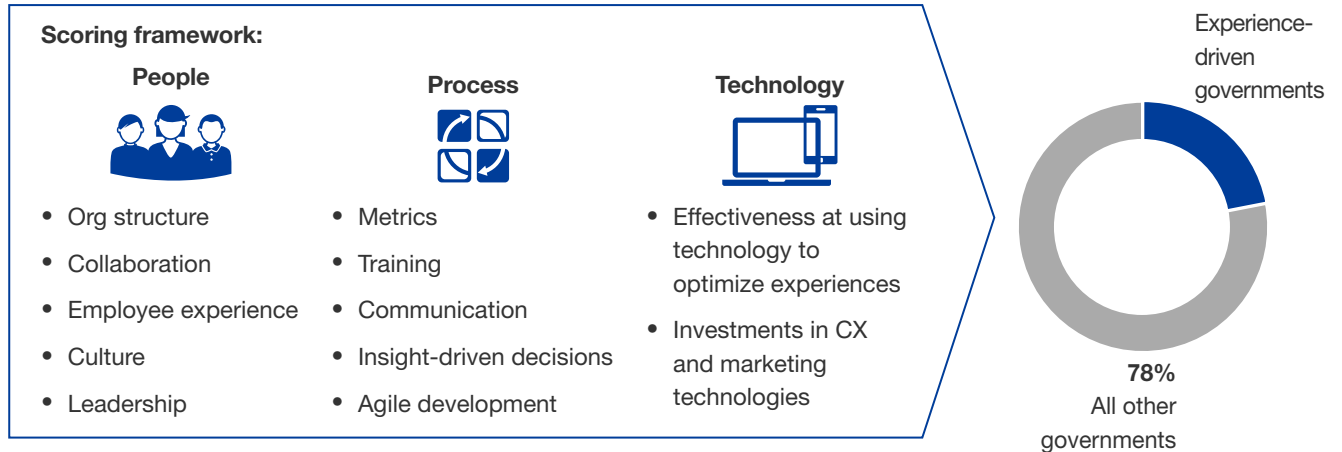


Base: 155 CX technology and metrics decision makers in governments globally  
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

While governments across the globe consider CX a priority, few consistently execute on this imperative. Those that do are experience-driven governments (EDGs.)

Figure 2

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



Base: 155 CX technology and metrics decision makers in governments globally  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

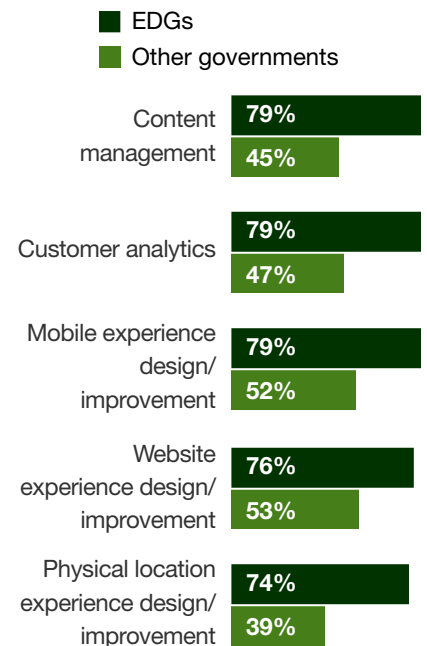
## EDGs Serve Citizens Better Because They Understand Them Better

Fulfilling the mission of government agencies requires recognizing people’s preference for access to services in the moment and across devices. Governments (whether city, state, or federal) that fall further behind risk more than public outcry or electoral defeat: People, companies, and investors will find other places to live and work when stability and economic prosperity lag. Due to aging populations, countries like Germany, Brazil, and China will see workforce shortages within the next few years. These countries must attract top talent from abroad to thrive.<sup>11</sup> Experience-driven governments are ahead of their peers in this race – they drive the organizational, process, and technology best practices that put the citizen’s preference at the center of operations. In our assessment of experience-driven best practices, we learned that experience-driven governments:

- › **Invest in designing and improving experiences across touchpoints.** EDGs’ investments in customer experience improvements across the life cycle of services set them apart from other governments. For example, EDGs are 1.5x to 1.9x more likely than other governments to dedicate specific budget for designing and improving customer experiences across mobile, web, and physical locations. Additionally, EDGs invest in customer analytics and content management at 1.7x higher rates than other agencies (see Figure 3). These investments help EDGs optimize their cross-channel experiences with systems of analysis that enable deeper customer understanding and content tools that provide customers with helpful, engaging information in self-service scenarios.

Figure 3

“For which of the following categories does your organization have a specific budget line item for 2018 (or the next closest fiscal year)?”



Base: 155 CX technology and metrics decision makers in governments globally  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

- › **Actively learn from their customers across touchpoints.** Data-driven experience design eludes most government agencies. For example, a recent Forrester study, commissioned by Adobe, showed that government agencies prioritize functional business requirements as inputs to experience design at rates 2-to-1 over quantitative customer insights (52% versus 24%).<sup>12</sup> However, EDGs have adopted technologies that help them use customer insight to design and optimize experiences. Two-thirds of EDGs (68% and 65%) use data management platforms and social listening platforms to track customer engagement and sentiment, compared to about a quarter of other agencies (27% and 28%). About half of EDGs (50% and 53%) use journey analytics and personalization and testing to plan and orchestrate experiences that align with customer needs, compared to 23% and 21% of other agencies, respectively. These technologies can help governments reshape the way they deliver services to their citizens. For example, one agency in New Zealand leverages data to make it easier for citizens to engage in critical services based on major life events, like the birth of a child or the death of a loved one.<sup>13</sup>
- › **Measure success based on customer and organizational impact.** A large majority of EDGs (85%) track customer experience metrics like customer satisfaction ratings or NPS to measure marketing and CX success. This practice should be table stakes in the age of the customer, but just 50% of other agencies use these same metrics today. EDGs are also more mindful of evaluating the efficiency of their experience investments: 62% track efficiency and cost metrics like return on ad spend and cost-per-click, compared to 41% of other agencies.
- › **Weigh security and privacy risks when building and expanding digital experiences.** EDGs are much more likely to cite security and privacy concerns as a challenge to achieving experience priorities (59% versus 26% of all other governments). This is unsurprising since governments need customers to engage proactively on issues like updating personal data, paying fees and taxes, and applying for permits and licenses. Citizens hesitate to interact when they don't trust their government to protect personal information.<sup>14</sup> However, it's reassuring that these concerns are top of mind — as EDGs work to build and improve digital experiences, they need to navigate security and privacy implications along the way.



**85%** of experience-driven governments track customer experience metrics, compared to just **50%** of other government agencies.

## EDGS ATTAIN EFFICIENCY, EXPERIENCE, AND LOYALTY GOALS

By designing experiences informed by customer preference and need, experience-driven governments unlock achievements in a broad range of metrics. We found that EDGs succeed in driving (see Figure 4):

- › **Increased efficiency of spend.** It's no surprise governments want and need to keep costs low, but this also means they need to be as efficient as possible with what they must spend. EDGs excel in this area. High productivity and strong collaboration, a hallmark of experience-driven organizations, lead to faster development cycles, accelerating growth of critical digital offerings — an effect 1.6x more common for EDGs than their less mature peers. Government agencies that embrace CX best practices are also twice as likely as other governments to cite hard cost savings as a benefit of their digital CX investments.<sup>15</sup>

- › **High employee satisfaction.** Happier employees lead to happier customers. Agencies with a reputation for superior employee experiences (EX) will also benefit from attracting top talent. The customer-centric cultures EDGs have built are helping them realize these benefits — respondents at EDGs were 1.6x more likely than those at other agencies to say they are very satisfied in their current role. They also feel their colleagues in their departments are very satisfied at 1.6x higher rates than employees at other agencies.
- › **Effective interactions that leave customers satisfied.** Empowered customers expect better CX from all the organizations they interact with, including government agencies.<sup>16</sup> One way EDGs deliver on this imperative is by removing friction from digital experiences. For example, EDGs are 1.7x more likely than other agencies to cite increased conversion rates — which in the context of government, could mean completing a transaction or form online, or registering a new business — as a benefit of their investments.<sup>17</sup> As a result, EDGs are 1.4x more likely than other governments to see improvements to customer satisfaction metrics.
- › **Greater citizen engagement and advocacy.** Competition isn't usually a factor for governments, so customer retention and loyalty are not applicable in the traditional sense. However, government agencies can benefit from greater customer compliance, likelihood to engage with the agency when not required, and through positive word of mouth (i.e., advocacy). These factors comprise Forrester's definition of customer loyalty in the government context.<sup>18</sup> EDGs capture these loyalty benefits alongside the other advantages they have over other agencies. Customers are more likely to share their stellar experiences with members of their community, resulting in increased customer advocacy for 62% of EDGs — nearly twice the success rate of other governments (33%).



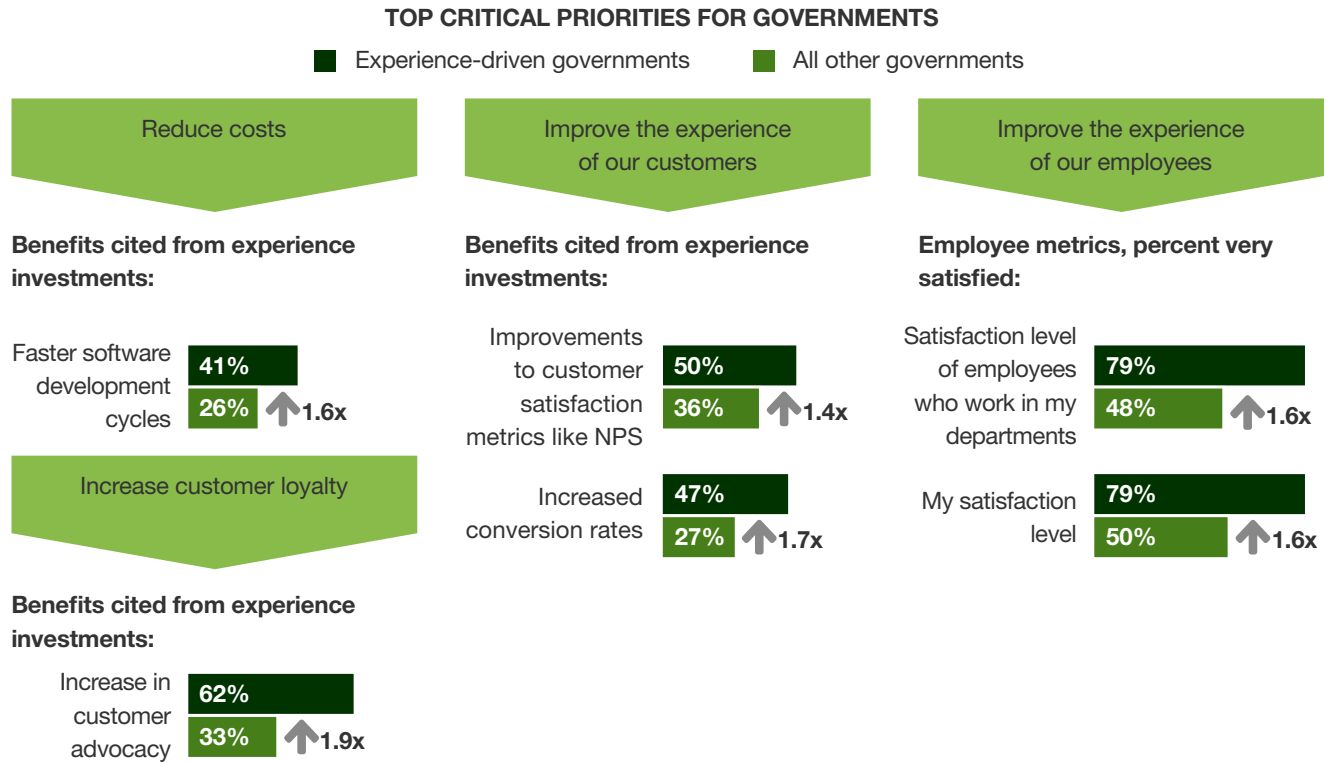
“The use of advanced technology has helped us reach out to our customers in a more systematic manner, which in turn has also increased customer satisfaction.”

*Manager of marketing in a government department of Canada*



Figure 4

EDGs lead other governments on metrics that measure CX, EX, and efficiency.



Base: variable CX technology and metrics decision makers in governments globally (n=34 for EDBs, n=121 for All Others)  
 Note: Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018



# Key Recommendations

Forrester's study of the most customer-centric government departments yielded several key recommendations for public-sector organizations that want to improve the quality of their CX:



**Treat CX as a strategic imperative.** Government departments that want reliably better CX must share and integrate customer data across silos and use customer-impact criteria to align all decisions with clear CX targets. To do this, form a CX steering committee to coordinate CX decisions so that silos working independently to improve CX don't inadvertently create a more disjointed experience. Also consider creating a chief experience officer responsible for CX strategy, measurement, customer journey mapping, experience design, and CX training.



**Understand the experience across channels with journey analytics.** To understand the quality of the experience, government departments must combine qualitative and quantitative data to analyze customer behaviors and motivations across all touchpoints over time. This will allow departments to test journey hypotheses, orchestrate tasks among stakeholders, and design better future-state journeys. Start by working on a simple use case, like reducing the number of steps in one key journey, to prove the value of journey analytics. Then scale up to more advanced use cases, like creating next-best-action models. Ultimately, departments that use journey analytics will grasp how proposed changes, like new digital channels, might further affect a journey and how a change in one journey will affect outcomes in others.<sup>19</sup>



**Put customer-centric design at the center of every digital initiative.** Government departments can't achieve digital CX by simply assuming new digital services will improve the experience. Leading departments ensure success by building every experience from the outside in, starting with key techniques, like customer journey mapping, to understand how customers want to interact. Only then do these agencies decide which digital experiences to invest in. Top departments use iterative usability testing techniques to ensure that the digital services they build are effective and engaging for customers.



**Ensure employees have the resources to deliver on CX designs.** Even the most customer-obsessed employees will fail to provide the right experiences if they don't have the tools, training, and information they need to execute on their part of the CX. To start, determine what bloated processes, outdated systems, and/or organizational silos get in the way. Second, define CX responsibilities among teams and create processes to share their customer understanding and expertise. Third, empower frontline managers to remove roadblocks to providing good CX. Finally, task a cross-functional team of line-of-business and IT leaders with co-creating a technology road map that supports better experiences.<sup>20</sup>



**Make security a CX-enabler.** Top government departments understand that security is a driver of CX quality; digital interactions that are secure and appear secure to the customer will engender trust — so long as that security doesn't ruin usability. That's why these departments integrate both security and the perception of security into their customer-centric design processes. Doing so creates experiences that build better relationships with customers rather than ruining the CX with overly cumbersome processes or the appearance of shoddy security practices.

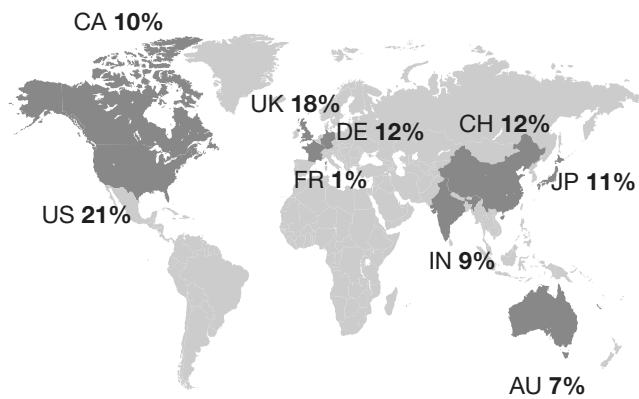


# Appendix A: Methodology

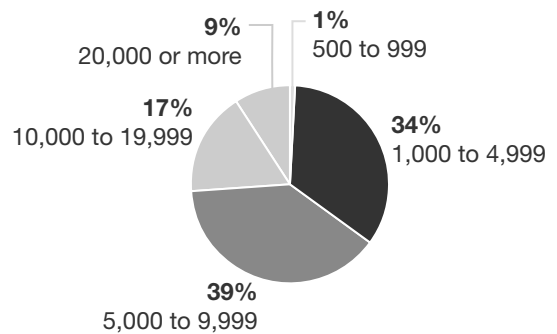
In this study, Forrester conducted an online survey of 1,269 organizations in North America, Europe, and Asia Pacific to evaluate their approaches to engaging citizens and prospects across the citizen life cycle and the investments they have made in these areas. Survey participants included decision makers in citizen experience/success, marketing, digital business, and analytics roles. While the overall study included firms in eight industries (manufacturing, financial services and insurance, healthcare, government, media and entertainment, retail, B2B technology, and travel and hospitality), this report's analysis is limited to 155 respondents in government. Questions provided to the participants asked about priorities and challenges, current approaches to supporting CX across the citizen life cycle, and success 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

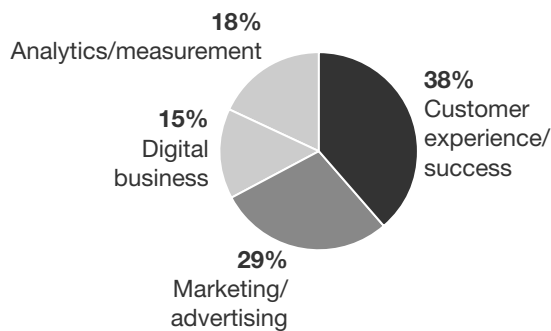
**GEOGRAPHIES**



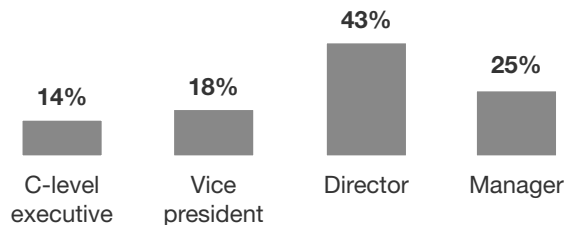
**COMPANY SIZE (EMPLOYEES)**



**DEPARTMENT**



**JOB POSITION**



Base: 155 CX technology and metrics decision makers in governments globally

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

# Appendix C: Supplemental Material

## RELATED FORRESTER RESEARCH

“Why And How To Improve Government CX,” Forrester Research, Inc., May 31, 2018.

“Transforming Government Services Through Better Insights,” Forrester Research, Inc., July 6, 2016.

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

## Appendix D: Endnotes

<sup>1</sup> Source: “Transforming Government Services Through Better Insights,” Forrester Research, Inc., July 6, 2016.

<sup>2</sup> Source: “Good News And Bad News For Federal Digital Customer Experience,” Forrester Research, Inc., February 22, 2017.

<sup>3</sup> Source: “Transforming Government Services Through Better Insights,” Forrester Research, Inc., July 6, 2016.

<sup>4</sup> Source: “Why And How To Improve Government CX,” Forrester Research, Inc., May 31, 2018.

<sup>5</sup> Ibid.

<sup>6</sup> In our global study, we called this leading group of organizations “experience-driven businesses (EDBs).” We used the same underlying maturity assessment across all industries, but adjusted the name of this segment for this spotlight to reflect the focus on government agencies.

<sup>7</sup> US figures based on 2015 data. Source: “Transform Government From The Outside In,” Forrester Research, Inc., December 5, 2016.

<sup>8</sup> Source: “Perils And Payoffs On The Path Toward Customer-Centric Digital Government,” a commissioned study conducted by Forrester Consulting on behalf of Adobe, April 2018.

<sup>9</sup> Source: “Transforming Government Services Through Better Insights,” Forrester Research, Inc., July 6, 2016.

<sup>10</sup> 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 an individual respondent’s 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.

<sup>11</sup> Source: “Transform Government From The Outside In,” Forrester Research, Inc., December 5, 2016.

<sup>12</sup> Source: “Perils And Payoffs On The Path Toward Customer-Centric Digital Government,” a commissioned study conducted by Forrester Consulting on behalf of Adobe, April 2018.

<sup>13</sup> Ibid.

<sup>14</sup> Source: “Transform Government From The Outside In,” Forrester Research, Inc., December 5, 2016.

<sup>15</sup> Source: “Perils And Payoffs On The Path Toward Customer-Centric Digital Government,” a commissioned study conducted by Forrester Consulting on behalf of Adobe, April 2018.

<sup>16</sup> Source: “Transforming Government Services Through Better Insights,” Forrester Research, Inc., July 6, 2016.

- <sup>17</sup> An example of a failed conversion in this context is: A constituent visits a government website to update information or apply for a service. The option they seek is difficult to find or use, so they abandon their search altogether.
- <sup>18</sup> Forrester’s CX Index score for governments measures three types of customer loyalty as: 1) compliance — the likelihood of customers following directives or advice; 2) expansion — the likelihood of customers engaging when it’s not required; and 3) advocacy — the likelihood of customers speaking positively of the organization. Source: “The US Federal Customer Experience Index, 2018,” Forrester Research, Inc., May 31, 2018.
- <sup>19</sup> Sources: “The Seven Top Questions About Journey Analytics,” Forrester Research, September 14, 2017; “The Customer-Journey-Centric Firm,” Forrester Research, November 13, 2017.
- <sup>20</sup> Source: “Five Steps To Enable Customer Experience Delivery,” Forrester Research, October 26, 2017. For more insights and recommendations regarding alignment between IT and line of business stakeholders, please also refer to Perils And Payoffs On The Path Toward Customer-Centric Digital Government,” a commissioned study conducted by Forrester Consulting on behalf of Adobe, April 2018.