

A Forrester Consulting  
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# The Business Impact Of Investing In Experience

A Spotlight On Financial Services

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# Introduction

In the age of the customer, global financial services and insurance firms (FSIs) are rethinking customer experience to remain competitive. To thrive, both traditional and digital-first firms must continuously improve their services to meet rising customer expectations, while navigating new regulations and rapid digital disruption. For FSIs, delivering emotionally rich journeys is particularly critical: Customers are most loyal when they feel confident in their financial decisions and valued by their firm.<sup>1</sup> Leading firms optimize customer experience by demystifying complicated products and enabling easy comparison shopping with intuitive, digital tools. These FSIs are notable, not just for the loyalty of their customers, but for their business performance as well — they drive higher brand performance and can charge more for their products.<sup>2</sup>

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, customer experience (CX), digital, and analytics business leaders at global enterprises to explore this topic. This spotlight focuses on the results of the 162 respondents we surveyed from the financial services and insurance industry. We found that financial services firms 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) — deliver on metrics that align to their revenue growth, address rising customer expectations, and acquire customers in new markets.

## KEY FINDINGS

- › **Financial services and insurance firms focus on improving digital experiences across channels.** Improving customer and prospect experience is a top priority for 82% of FSIs globally. In the effort to grow revenue, address rising customer expectations, and increase customer retention and loyalty, firms emphasize practices that connect experiences across channels and improve digital services.
- › **While most FSIs invest in CX, experience-driven financial services firms emerge as best in class.** Firms looking to become more customer obsessed can borrow proven best practices from their experience-driven peers. For example, EDBs dedicate budget to digital experiences that enable customers to make financial decisions when and how they want and use customer feedback to optimize those experiences over time.
- › **Experience-driven financial services firms outperform on their top priorities.** As result of their focus on improving experiences, experience-driven FSIs win customer loyalty at higher rates than less mature firms. In return, they enjoy strong customer advocacy, more website visitors, and higher rates of revenue growth.



Experience-driven financial services and insurance firms are 1.7x more likely to have improved product ratings and 1.5x more likely to have increased customer advocacy.

# Experience-Driven FSIs Lead The Pack

With the loyalty of their customers at stake, firms are rising to the challenge of experience transformation. We found that global FSIs focus on experience-related initiatives including revenue growth, addressing rising customer expectations, and acquiring customers in new markets (see Figure 1). Improving customer and prospect experiences ranks highly as well — 82% consider this a critical or high priority. This requires firms to imbue experiences with the emotions that drive loyalty — appreciation, value, and confidence — and to stamp out reasons for customers to feel emotions that destroy loyalty, like annoyance, disappointment, and frustration.<sup>3</sup> FSIs need to transform their organizations for customer obsession, with processes that drive continuous improvement through customer insights, people who can design and deliver great experiences, and technology that enables those experiences. We found that:

- › **Global financial services firms are investing in connecting experiences across channels, with a focus on mobile.** More than half of financial services firms are prioritizing improving cross-channel experiences and better managing the entire customer journey. Additionally, since banking and insurance experiences need to be readily available to customers through their preferred touchpoints, adding or improving mobile experiences is a top CX priority for 45% of respondents.<sup>4</sup>
- › **Financial services firms lead all industries in consistent commitment to CX.** Our survey outlined best practices for building superior experiences and asked respondents to rate their organizations’ effectiveness along people, process, and technology pillars. We used a scoring framework to identify companies in our survey that lead the industry in employing best practices in people, process, and technology and found that 44% qualified as experience-driven-businesses (see Figure 2).<sup>5</sup> FSIs had the highest percentage of EDBs of any industry surveyed — meaning, FSIs overall are especially focused on driving results through improved experience.

**Figure 1**

**Top business priorities over the next 12 months**

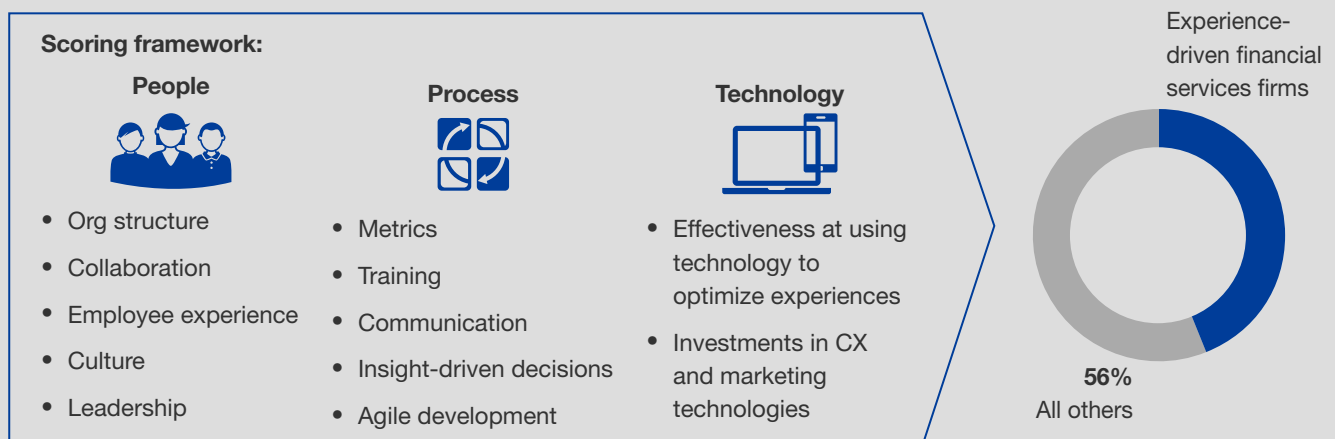
(Rated critical or high priority)



Base: 162 CX technology and metrics decision makers at global financial services companies  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, February 2018

**Figure 2**

**Three-Pillar Scoring Framework Defines Experience-Driven Businesses**

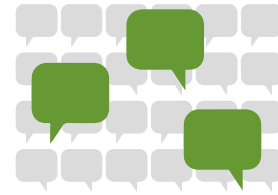


Base: 162 CX technology and metrics decision makers at global financial services companies  
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# Financial Services EDBs Drive Customer Satisfaction And Growth By Investing In Experiences

To become an experience-driven business, FSIs must fundamentally change how they make business decisions. That requires investing in better people, process, and technology. For example, leading FSIs invest in interactive experiences that help customers and prospects understand complex financial instruments or insurance policies and choose the right option for their needs.<sup>6</sup> This customer-centric approach prioritizes trust and engagement over short-term growth. In further exploring how financial services EDBs turn experience investments into business results, we found that:

- › **Experience-driven financial services firms dedicate budget to improving the delivery of digital experiences.** One way to recognize an EDB is by looking at how CX budget is allocated. Financial services EDBs are more likely to have dedicated budgets for specific CX and marketing initiatives than less mature financial services firms: 69% and 68% respectively have a specific budget for website improvements and mobile improvements, compared with just over 50% for less mature FSIs. Coupled with the fact that social media presence is another top budget item (68%), it's clear these firms focus on engaging and delighting customers in their most strategically valuable digital channels.
- › **Financial services EDBs obtain an omnichannel view of the customer and use the insight to inform experiences.** Nearly all financial services EDBs (99%) use technology effectively to create a centralized view of the customer across channels. They are also highly likely to have a process to turn that data into insights to test, learn, and optimize experiences. This customer-obsessed strategy is known to lead to competitive edge, as customer obsession and innovation are strongly correlated.<sup>7</sup>
- › **Financial services EDBs weigh privacy concerns with advanced CX capabilities in a shifting regulatory landscape.** Security and privacy concerns are top of mind for EDBs as they work to build compelling, customer-centric digital experiences. This is not surprising given FSIs maintain highly sensitive — and highly valuable — personal data, making them ripe targets for malicious actors. It's the prerogative of all FSIs to map an approach that balances tightening data privacy rules with the demand for more personalized experiences.<sup>8</sup> Moreover, financial services firms face an additional regulatory burden that compounds the monetary risk of overstepping.



“By reviewing repeat callers, we are able to change our interactive voice response system (IVR) to better understand customer needs.”

*Customer experience manager, US financial services company*



## FINANCIAL SERVICES EDBS ACHIEVE GROWTH, ADDRESS RISING EXPECTATIONS, AND INCREASE ACQUISITION

Financial services EDBs win customer loyalty with personalized, effective, and easy experiences. They also grow the business and outperform other FSIs on the metrics that address their top priorities. Across a broad range of metrics throughout the customer journey, we found that EDBs achieve (see Figure 3):

- › **Strong business performance.** At a top-line level, financial services EDBs are 1.3x more likely than others in their industry to significantly exceed expectations in revenue growth. They are also 1.5x and 1.9x more likely to exceed expectations in bottom-line profitability and market valuation, respectively.
- › **Increased customer satisfaction with improved products and services.** In the age of the customer, expectations are on the rise — customers demand faster and easier experiences from businesses in every industry. Financial services EDBs have kept up by grounding their efforts to improve their digital self-service assets as well as frontline personnel in deep customer insight. As a result, they are 1.8x more likely than other firms to see improved customer satisfaction scores and 1.7x more likely to see improved product ratings.
- › **Better customer acquisition through digital engagement and loyal customer advocates.** Financial services firms emphasize the importance of acquiring customers in new segments or markets. What better way to achieve this goal than through positive word of mouth? To that end, financial services EDBs were 1.5x more likely to cite increased customer advocacy as a benefit of their CX investments. Additionally, their focus on their digital presence has led to 2.5x the average year-over-year increase in new visitors to their websites compared to other firms.

By driving superior prospect and customer experience, financial services EDBs attract new customers, exceed stakeholder expectations, and convert customers to brand advocates at higher rates than other companies. As a result, these outstanding firms benefit from robust business growth.



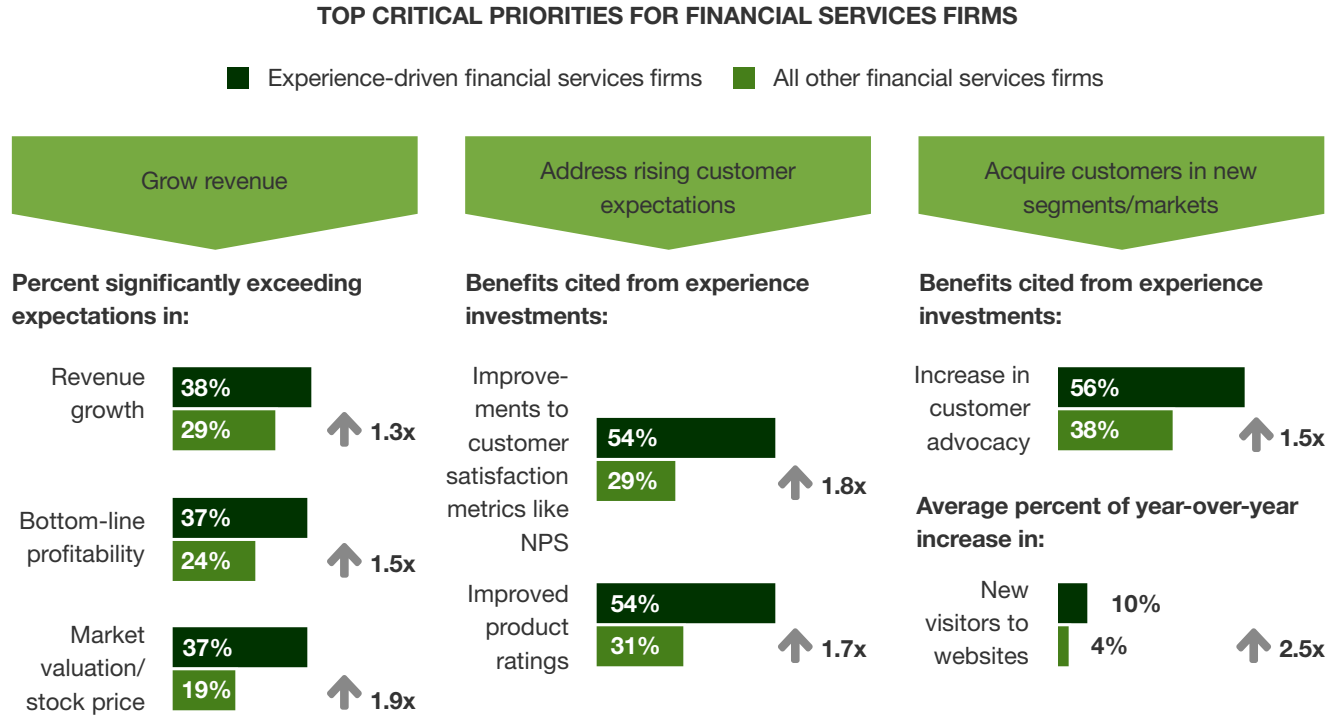
“The loyalty program has allowed us to not only retain our current customers but get them to introduce new potential customers to our company.”

*Customer success executive,  
US financial services  
company*



Figure 3

Financial Services EDBs Achieve Growth, Acquisition, And Customer Expectation Goals Through Product, Profitability, And Loyalty Strengths



Base: Variable CX technology and metrics decision makers at global financial services companies (N = 32 to 71 for EDBs, N = 48 to 91 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

Most FSIs don't lack a sense of urgency for CX transformation, given the threat from competitors and fintech firms. But to succeed, FSIs must adapt their CX transformation efforts to the specific business and regulatory environment in which they operate. Insights from this study, coupled with Forrester's existing research into CX transformations of financial services firms, yielded several important recommendations:



**Kick-start a truly customer-led transformation.** Instead of relying on what they know — or think they know — about customers, FSIs must embrace techniques like ethnography that go beyond the “what” and “how” of customer behavior to reveal the “why” by eliciting customers' deep-seated needs. FSIs with a strong customer-focused mindset have developed design thinking practices, engaging directly with customers to co-create and fine-tune solutions that truly meet their needs. For example, one large US bank understood that its target customers — often military personnel — needed to deposit checks on the go. This bank innovated to create mobile checking deposit, now a standard in the industry.



**Articulate a CX vision that disrupts business as usual.** FSIs will need to make sweeping changes to the way they operate — like abolishing the incentives that led them to prioritize selling and short-term key performance indicators (KPIs) over long-term CX and loyalty gains. These kinds of changes can only succeed if all involved stakeholders are aligned on a strong sense of purpose. To achieve that, FSIs must develop a CX vision that describes how experiences will deliver value to target customers. A CX vision must be grounded in customer insights, aligned with the firm's brand promise, and authentic, inspirational, and motivating.<sup>9</sup> A large Singapore-based bank, for example, created the inspiring and differentiated vision of “making banking joyful.” That helped guide the decisions that contributed to its ability to drive record customer and employee engagement numbers.<sup>10</sup>



**Move from product- to journey-centric thinking.** Most FSIs have grown into complex organizations that are mired in line-of-business thinking. But customers care about getting their financial needs met. That's why FSIs must evolve to customer journey thinking. First, identify the customer journeys that most affect customer loyalty. Then, assign journey owners and bring together stakeholders who can transform each journey. For example, in one UK-based bank's journey transformation program, the bank created cross-functional customer journey labs, each led by an empowered product owner with profit and loss (P&L) responsibility as well as design and delivery leads. Governance structures across functional silos helped embed the journey-led change.<sup>11</sup>

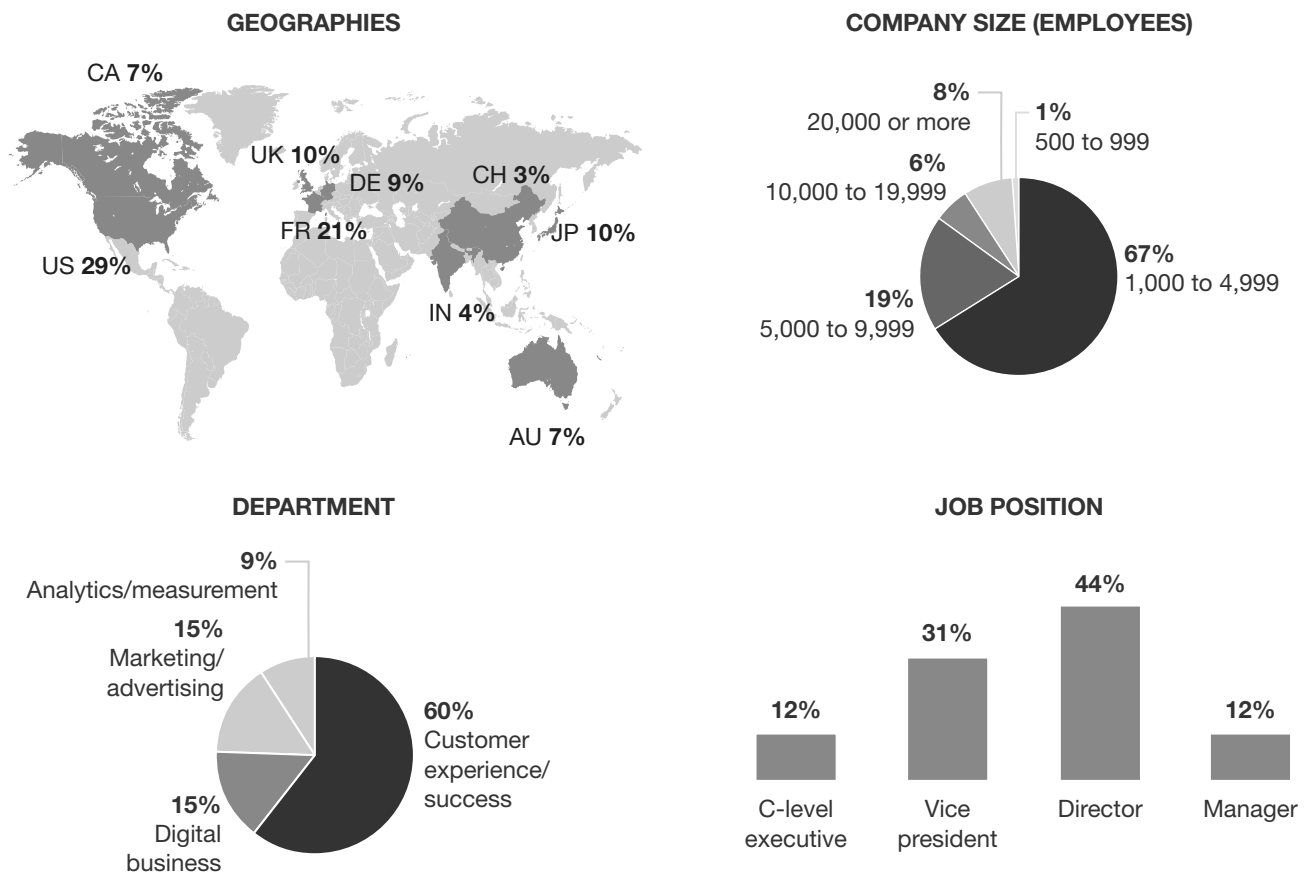


**Invest in making it easier for employees to deliver great CX.** FSIs can only change employees' future behaviors if they understand why employees aren't performing desired behaviors today. Employee journey mapping is invaluable to identify systems, processes, and policies that prevent employees from delivering great CX.<sup>12</sup> These insights help FSIs develop effective role-specific training and routines of performance feedback and coaching. For example, one Canadian insurance firm mapped the employee onboarding journey and revealed that hiring managers had too few insights into what went on behind the scenes. And the firm discovered pain points such as the multiple forms that managers had to complete prior to a new employee's start date.<sup>13</sup>

# 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 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. While the overall study included firms in eight industries (manufacturing, financial services and insurance, government, healthcare, media and entertainment, financial services firms, B2B technology, and travel and hospitality), this report's analysis is limited to 162 respondents in the financial services industry. 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: Variable CX technology and metrics decision makers at global financial services companies (N = 32 to 71 for EDBs, N = 48 to 91 for all others)  
 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

“Drive Business Growth With Great Customer Experience, 2017,” Forrester Research, Inc., October 12, 2017.  
“The Path To Digital Transformation In High Speed Financial Services,” Forrester Research, Inc., December 27, 2016.

## Appendix D: Endnotes

- <sup>1</sup> Source: “The US Banking Customer Experience Index, 2017,” Forrester Research, Inc., October 4, 2017.
- <sup>2</sup> Source: Ibid.
- <sup>3</sup> Source: Ibid.
- <sup>4</sup> Digital FSI experiences should be simple, ubiquitous, personalized, empowering, and reassuring. Source: “The Digital Banking Imperative,” Forrester Research, Inc., March 21, 2017.
- <sup>5</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>6</sup> Source: “The US Banking Customer Experience Index, 2017,” Forrester Research, Inc., October 4, 2017.
- <sup>7</sup> Source: “Four Critical Steps To Create A Culture Of Innovation,” Forrester Research, Inc., December 4, 2017.
- <sup>8</sup> Source: “Best Practices For Privacy And GDPR In Financial Services,” Forrester Research, Inc., March 14, 2017.
- <sup>9</sup> Source: “Root Your CX Vision In Your Brand,” Forrester Research, Inc. April 26, 2018.
- <sup>10</sup> Source: Jonathan Salem Baskin, “Can DBS Make Banking Joyful?” Forbes, December 21, 2015 (<https://www.forbes.com/sites/jonathansalembaskin/2015/12/21/can-dbs-make-banking-joyful/#502aa8359888>).
- <sup>11</sup> Source: “Case Study: Lloyds Banking Group’s Journey-Focused Digital Transformation,” Forrester Research, Inc. May 30, 2017.
- <sup>12</sup> Source: “Mapping The Employee Journey,” Forrester Research, Inc., July 27, 2016.
- <sup>13</sup> Source: Ibid.