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A Siemens Business

Win w/ Customer Experiences

CX DELIVERY CHALLENGES

WIN WITH CUSTOMER EXPERIENCES

RESEARCH SURVEY | US + EUROPE

Executive Summary

Organizations that invest in improving the customer experience (CX) see a return on that investment in the form of improved customer retention, enhanced brand reception, and a sharper competitive edge. However, as tantalizing as the upside to successful CX is – it's hard to make it happen.

Engaging CX is a moving target. As soon as the newest, hottest, easiest thing hits the market, the bar for what good CX looks like gets a sharp adjustment. Despite the investment many organizations are making into improving their CX, customers still aren't getting what they want. Organizations are stuck in a seemingly unwinnable race – it's difficult to keep delivering new and timely ways for their users to interact with their business when expectations evolve constantly.

How organizations view CX – how to make it happen, what makes it work, and why it's worth it – was the core topic of a recent survey Mendix commissioned through Reputation Leaders. Survey respondents consisted of 522 senior IT professionals (226 enterprise architects, 97 digital transformation leaders, and 199 IT decision-makers) across Europe and the United States.

Executive Summary (CONTINUED)

There's a disparity between understanding what customers want and delivering on those needs. Nearly one-third of customers are annoyed by the long wait and response times and are dissatisfied with unresolved issues. A quarter of customers are frustrated by siloed, departmental experiences. The result is that organizations' top priorities are to improve on communicating with customers (63%) and helping make digital choices easier (50%).

These priorities are why technologies like online customer portals, chatbots, native mobile applications, IoT-connected devices, and easier-to-use UIs are so important to customers and businesses alike.

The challenges that come with improving and delivering new ways to engage lie in software development methods and prioritization. Legacy maintenance is a large reason why it's difficult for organizations to innovate. In fact, only 14% of respondents spend a majority of their budget on innovation. It's hard to focus on the new when the old is in constant and dire need of updates and maintenance.

However, innovation is not without risk. As the customer demand for new technologies and smoother, interconnected interactions increases, so too does an organization's need for the skills and resources necessary to support innovative CX. 63% note that adding more digital touchpoints means more difficulty in maintaining and managing systems. 64% of organizations agreed that additional programming languages and frameworks are a higher security risk.

Even when CX and innovation are prioritized, developing and deploying applications is an issue. Organizations cite requirement miscommunication (37%) and integrations proliferation (31%) as the main reasons for not delivering apps quickly and iteratively to customers.

Organizations are looking toward different development solutions like low-code to reduce maintenance resources and increase time-to-value. 85% of organizations are turning to low-code for better and faster app design. 78%—in an effort to better understand the customer—are relying on low-code technologies to help implement faster feedback loops.

An engaging customer experience is a hard target, but it's a vital one to aim for. Read on for the full results on how companies are planning to win with customer experience.

Increasing customer loyalty and retention is the top reason for providing better customer experiences

What are the top 3 reasons why your organization is developing or deploying applications that provide a customer experience (CX)? (Percentage ranking each as 1st, 2nd, or 3rd)

Reason	Percentage
To increase customer loyalty and retention	58%
To improve our brand perception	48%
To stay ahead of the competition	39%
To grow top-line customer revenues	38%
Our customers are demanding it	27%
To replace outdated or legacy systems	26%
Expected return on investment	24%
To save labor or other costs	22%
To catch up with the competition	16%
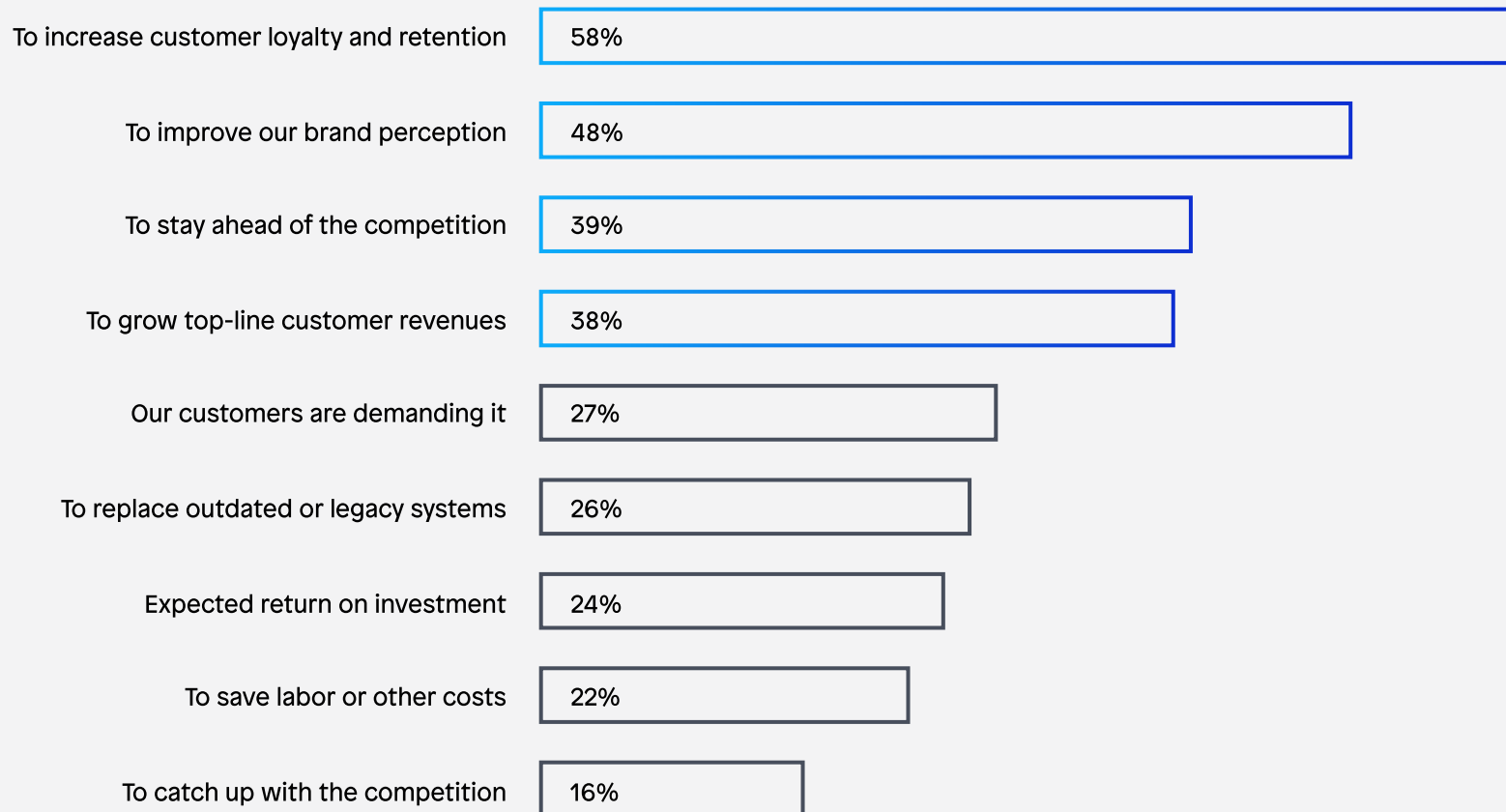
Maintaining cybersecurity and integrating data are the most common obstacles in delivering digital customer experiences

Do you face any of these challenges with delivering Digital Customer Experiences?

Challenge	%
Maintaining cybersecurity and ensuring data privacy	49%
Data integration	42%
A high dependency on a few key developers	38%
Increased number of languages for developers to learn	33%
Difficulty integrating legacy code bases with new digital initiatives	31%
Increased technical debt i.e. shortcuts to hit deadlines	29%
None of these challenges above	10%

90% OF ORGANIZATIONS FACE AT LEAST ONE OF THESE OBSTACLES

Customers are frustrated by long wait times and unresolved issues or questions

Which are the three biggest frustrations your customers have when interacting with your organization?

Frustration	%
Long wait/response times	28%
Issues or questions left unresolved	27%
Having a siloed experience with different departments	26%
Not being able to find the right information	25%
Employees who do not understand customer needs	24%
Not being able to speak to a human being	23%
Automation that makes silly or irrelevant recommendations	23%
Apps that are difficult to use or to navigate	22%
Software that doesn't work properly	20%
Feeling that the organization doesn't care about customers	19%
No follow up on customer complaints	18%
Not being able to return wrong/damaged goods easily	15%
None of these	9%

Most organizations plan to build digital customer experiences using in-house staff with existing skills. A third of organizations plan to use low-code or no-code

Do you plan in future to build digital customer experiences in any of the following ways?

In-house with existing IT skills	61%

71% OF THE IT SECTOR

In-house with more training	48%
Out-source some/all of the dev. or project management	40%
In-house by adding more headcount	40%
Using low-code/no-code to scale development	33%

33% OF ORGANIZATIONS PLAN TO USE LOW-CODE OR NO-CODE TO BUILD DIGITAL CX

No current plans to build digital customer experiences	2%
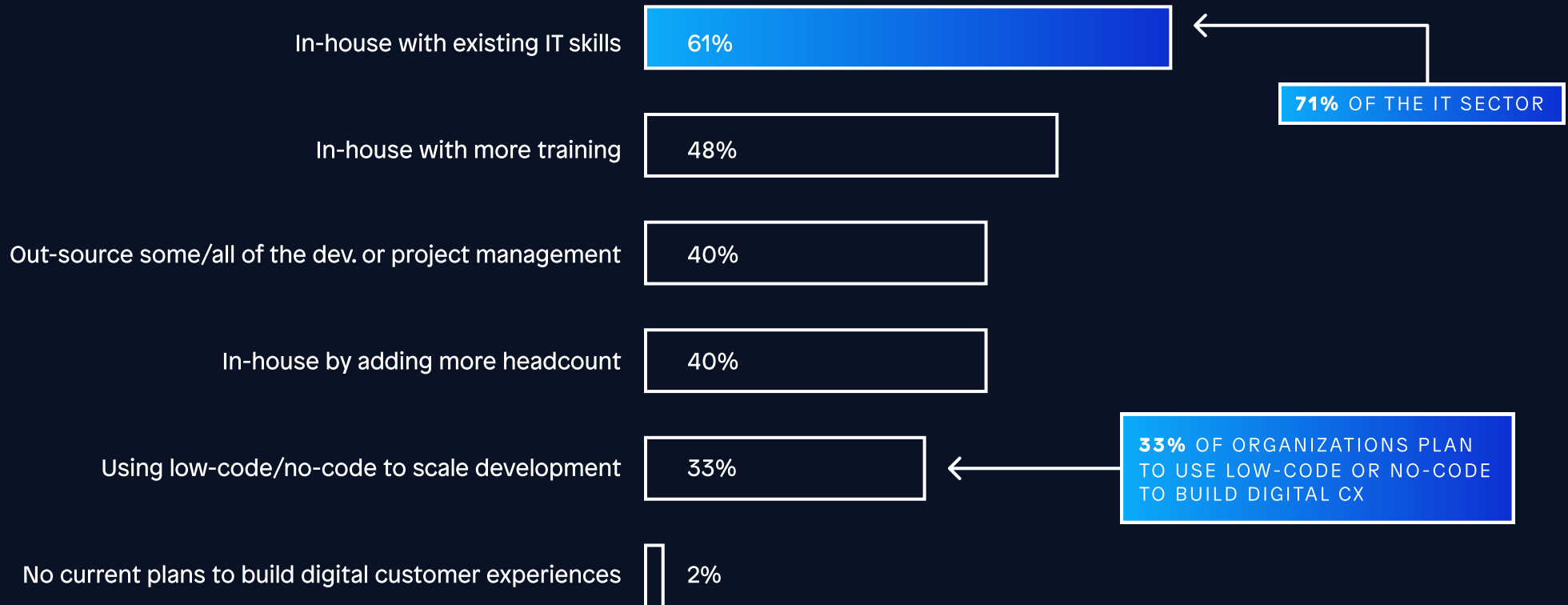
Organizations succeed in developing better customer experiences by better understanding customers' needs. This is supported by better UX and personalization

How has your organization succeeded in developing customer experiences (CX) that are a win/win for your customers and for your business?

A better understanding of customer needs	48%
A better user experience for apps that customers use	43%
Better personalization of customer experience	43%
A higher customer engagement with our portals	41%
Making the right information easy to search for and find	40%
Quicker follow up on customer complaints/ enquiries	40%
An easier customer journey through process automation	40%
A more secure online environment for customers	40%
More digital channels for the customer to interact with us	36%
More customer complaints are successfully resolved	36%
An integrated customer experience across modalities	33%
Better integration of CX with payment providers e.g. PayPal	32%
Our CX has attracted new types of customers	32%
A more stable app or portal (less buggy)	30%
Cross selling or upselling of products/services	27%

▽ **33%** OF ENTERPRISE ARCHITECTS
△ **49%** OF IT DECISION-MAKERS
THIS IS A DIRECT SOLUTION TO CUSTOMERS' BIGGEST COMPLAINTS

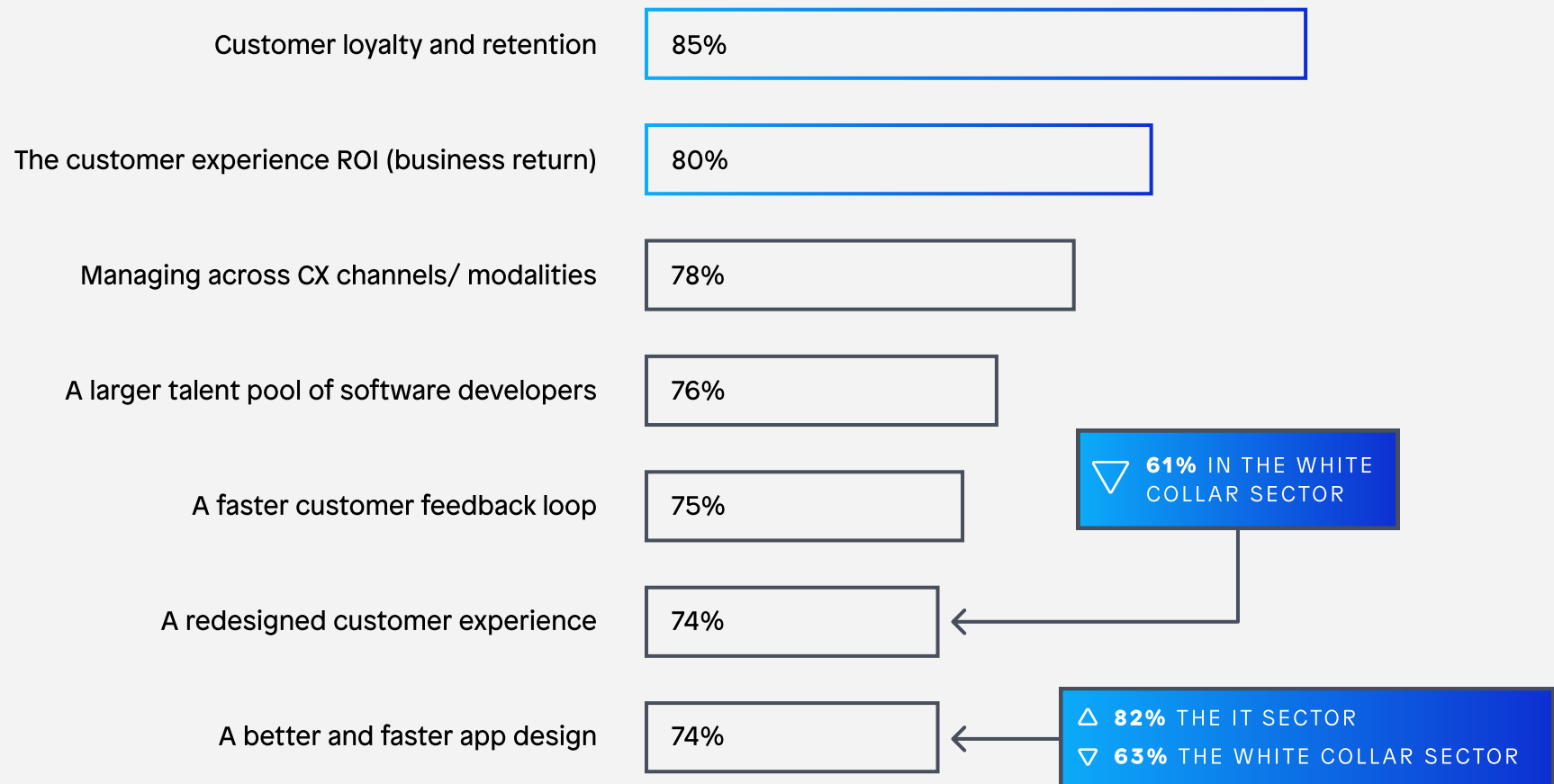# Many organizations can give examples of successes with chatbots and virtual assistants.

Can you please give us a recent example of one of your organization's successes in using apps or technology to provide an outstanding online customer experience?

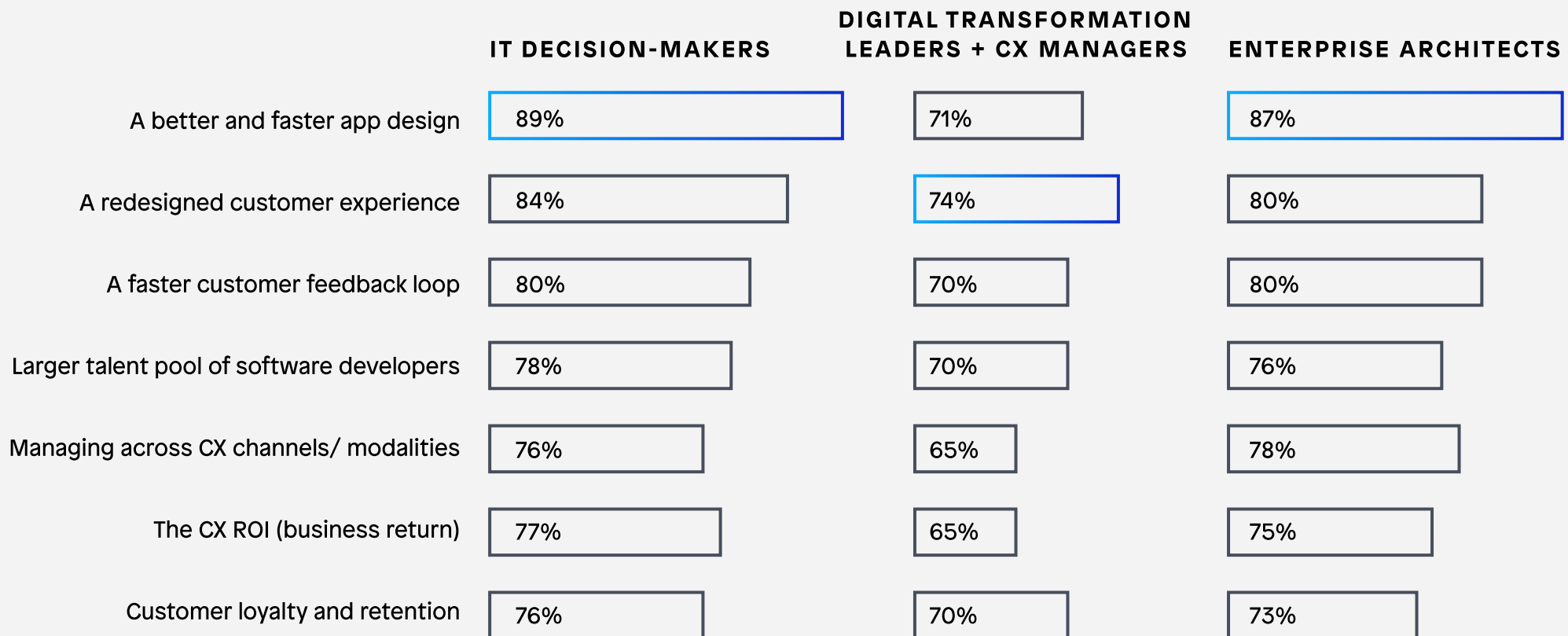|	
Chatbots or virtual assistants for quicker response to customer queries	29%
Measuring customer satisfaction/features for better understanding their needs	13%
Customer self-service for saving organizational resources	8%
Easier to use or improved user experience	8%
Increased sales using apps	6%
Increased ability to innovate	6%
Additional features to improve cybersecurity and online payments	5%
New systems provide better documentation, which facilitates work	4%
App or portal to provide the right information to customers	3%
Need for CX has accelerated digital transformation	3%
Greater customer retention or loyalty	2%
Personalization of customer experiences	2%
Other	11%

Low-code assists in various areas of CX, but especially in improving and speeding up design

How would you rate low-code on how well it assists the following? (Percentage saying very positively or positively)

Customer loyalty and retention	85%
The customer experience ROI (business return)	80%
Managing across CX channels/ modalities	78%
A larger talent pool of software developers	76%
A faster customer feedback loop	75%
A redesigned customer experience	74%
A better and faster app design	74%

▽ **61%** IN THE WHITE COLLAR SECTOR

△ **82%** THE IT SECTOR
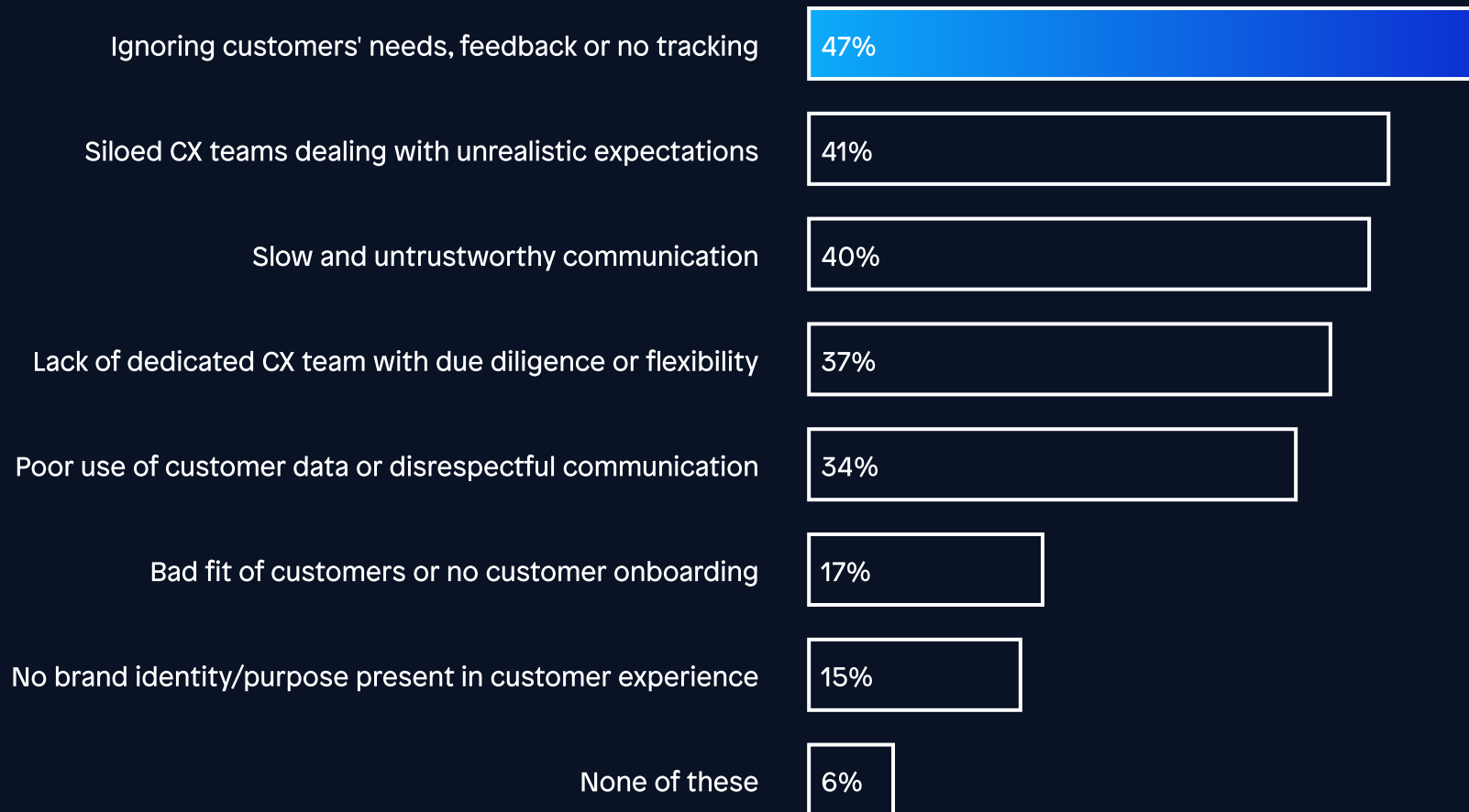▽ **63%** THE WHITE COLLAR SECTOR

IT decision-makers and enterprise architects are seeing similar benefits of low-code for improved CX (Digital transformation leaders focus on different benefits)

How would you rate low-code on how well it assists the following? (Percentage saying very positively or positively)

	IT DECISION-MAKERS	DIGITAL TRANSFORMATION LEADERS + CX MANAGERS	ENTERPRISE ARCHITECTS
A better and faster app design	89%	71%	87%
A redesigned customer experience	84%	74%	80%
A faster customer feedback loop	80%	70%	80%
Larger talent pool of software developers	78%	70%	76%
Managing across CX channels/ modalities	76%	65%	78%
The CX ROI (business return)	77%	65%	75%
Customer loyalty and retention	76%	70%	73%

CX pitfalls can be divided into 7 broader categories: ignoring customer needs, feedback or no tracking are the most common
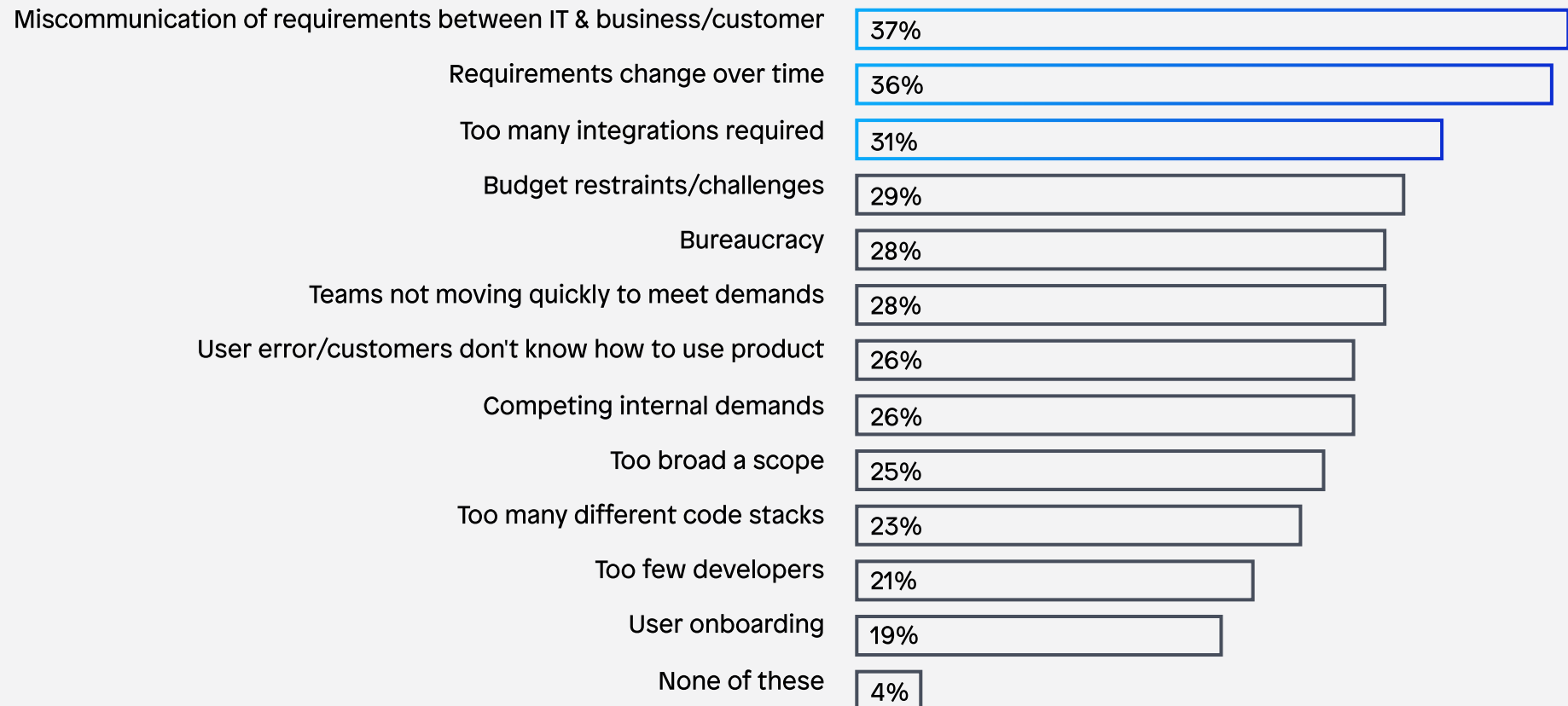
What pitfalls or mistakes do you encounter when trying to deliver new CX?
Answers grouped according to Principal Component Analysis

Category	Percentage
Ignoring customers' needs, feedback or no tracking	47%
Siloed CX teams dealing with unrealistic expectations	41%
Slow and untrustworthy communication	40%
Lack of dedicated CX team with due diligence or flexibility	37%
Poor use of customer data or disrespectful communication	34%
Bad fit of customers or no customer onboarding	17%
No brand identity/purpose present in customer experience	15%
None of these	6%

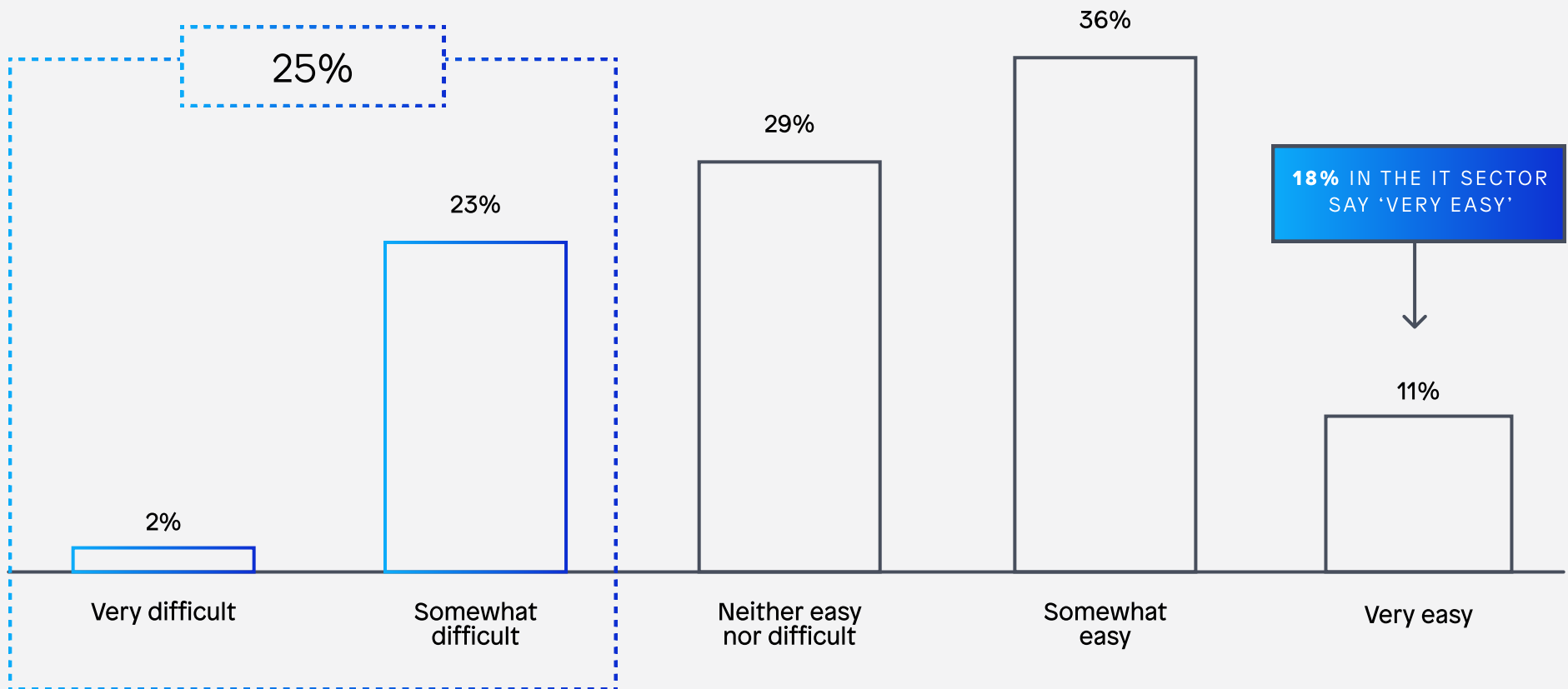# Miscommunication and requirement changes are the most frequent causes of delay in realizing CX projects

Customer "time to value" is the amount of time it takes from starting a project to when a new customer can realize and extract value from your product or service.

What are some of the factors that slow "time to value" for your company when creating apps for your customers, partners, or employees?

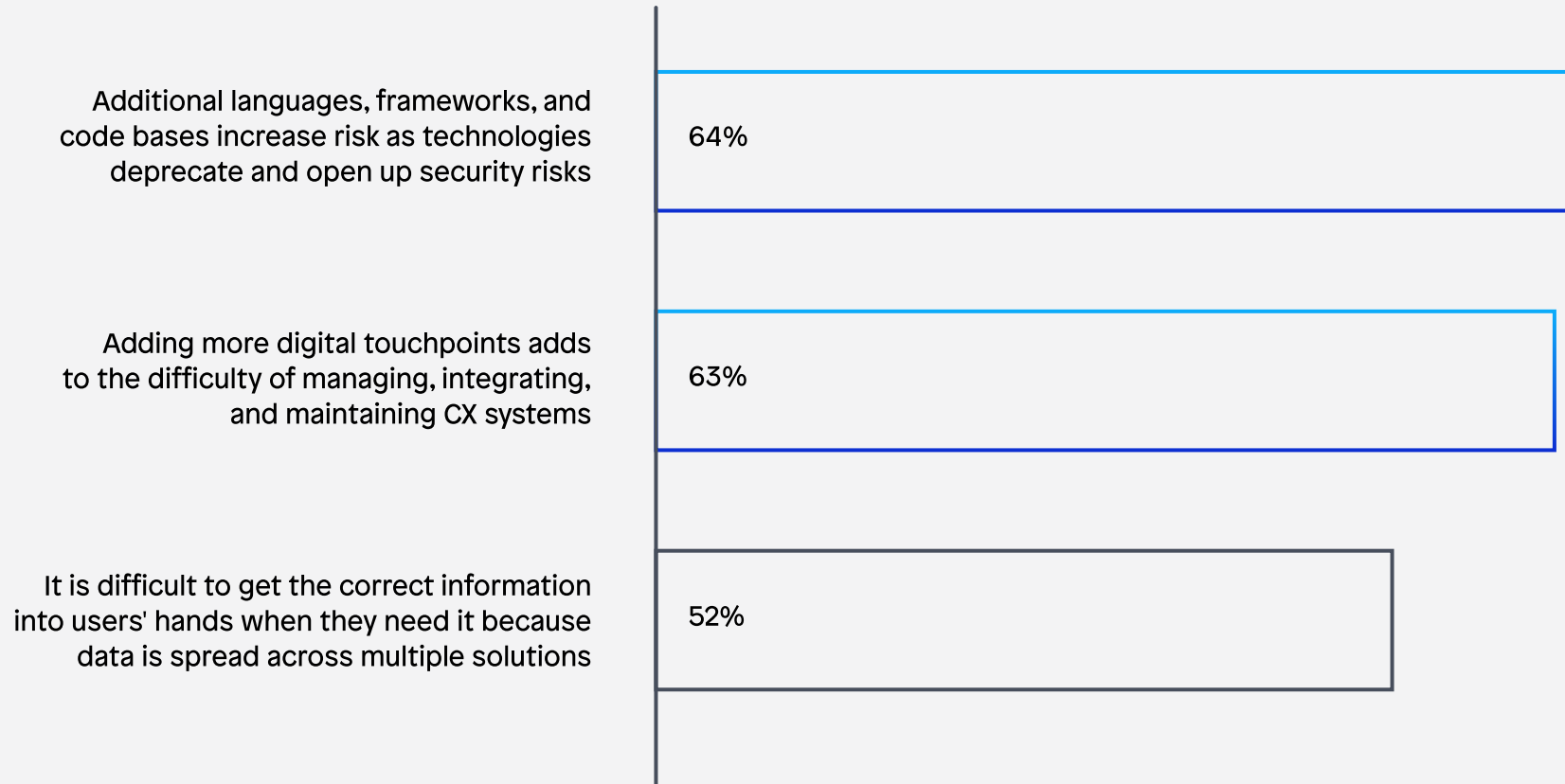| Factor	Percentage
Miscommunication of requirements between IT & business/customer	37%
Requirements change over time	36%
Too many integrations required	31%
Budget restraints/challenges	29%
Bureaucracy	28%
Teams not moving quickly to meet demands	28%
User error/customers don't know how to use product	26%
Competing internal demands	26%
Too broad a scope	25%
Too many different code stacks	23%
Too few developers	21%
User onboarding	19%
None of these	4%

Planning software development is difficult in a quarter (25%) of organizations

How easy or difficult is it to plan software app development in your organization?

25%

36%

29%

23%

18% IN THE IT SECTOR SAY 'VERY EASY'

11%

2%

Very difficult

Somewhat difficult

Neither easy nor difficult

Somewhat easy

Very easy

64% of organizations find it challenging to maintain customer experience software as technology deprecates and new features and integrations are added

How much do you agree or disagree with the following statements?
(Percentage saying extremely or somewhat agree)

Additional languages, frameworks, and code bases increase risk as technologies deprecate and open up security risks	64%
Adding more digital touchpoints adds to the difficulty of managing, integrating, and maintaining CX systems	63%
It is difficult to get the correct information into users' hands when they need it because data is spread across multiple solutions	52%

Majority spend more on maintenance (at least 70% of their budget) than innovation
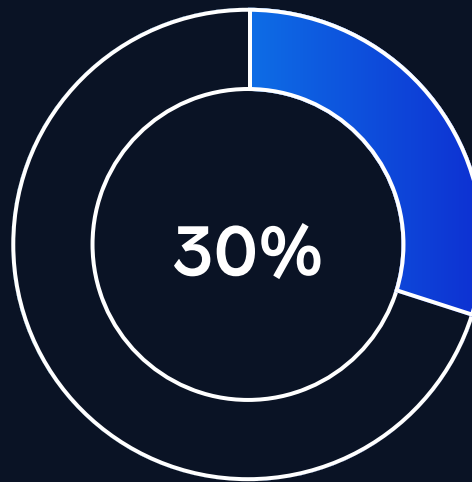
What percent of your IT budget is spent maintaining existing IT systems vs. innovating on new applications or meeting new customer demands in your organization?

At least 70% of IT budget spent on maintenance, 30% or less on innovation
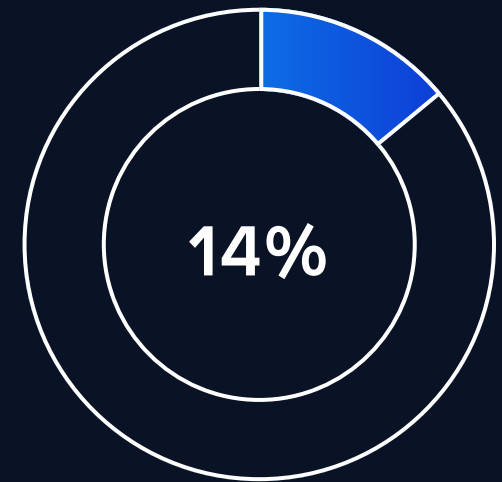
52%
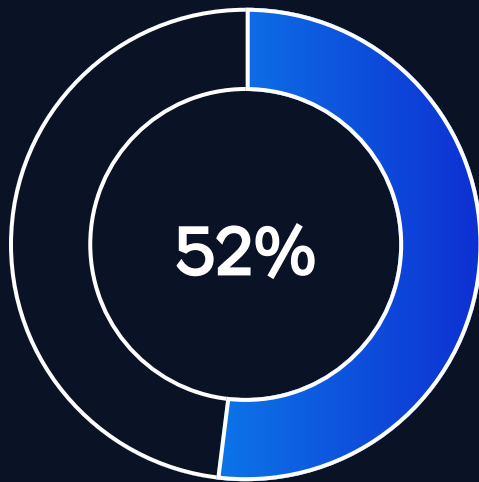
Spent more on maintenance than innovation

Between 40% and 60% spent on maintenance and innovation

30%

Spent about equal budget on maintenance and innovation

30% or less spent on maintenance, at least 70% spent on innovation
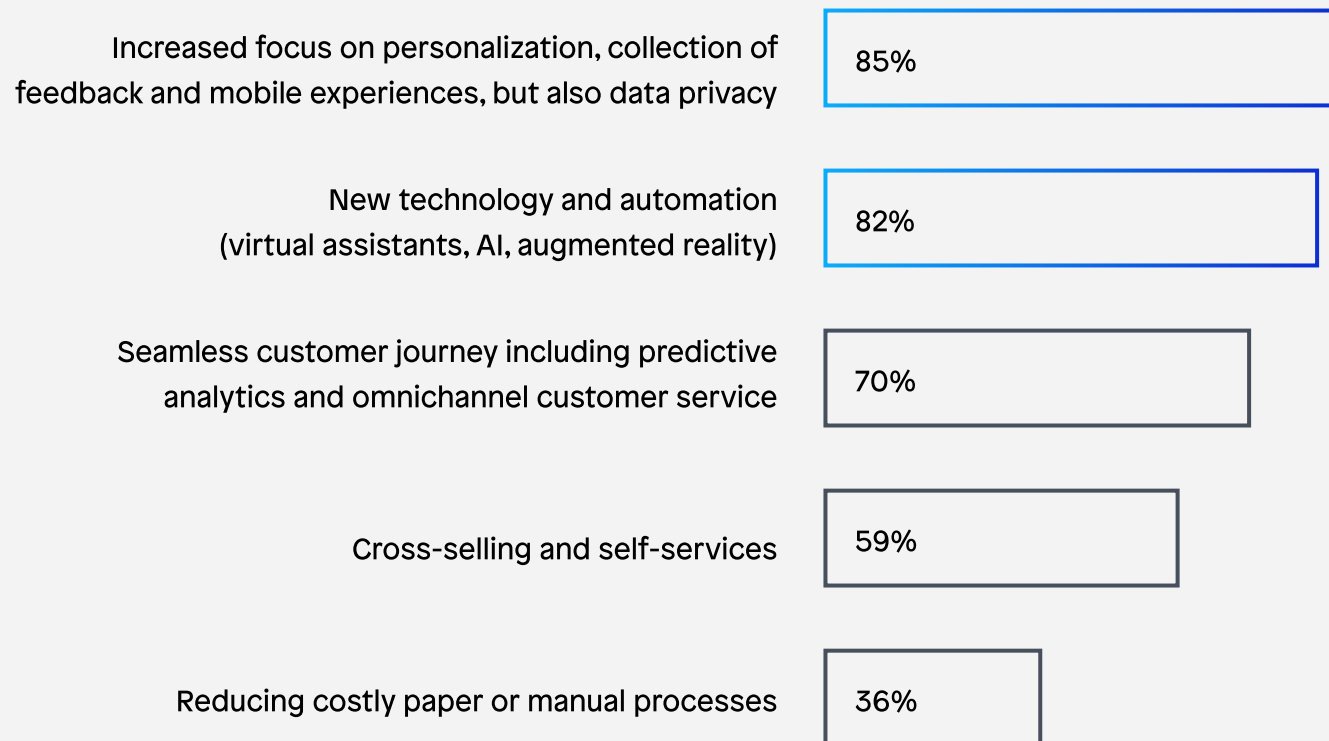
14%

Spent more on innovation than maintenance

5% SAID 'DON'T KNOW'

CX trends can be divided into five categories, of which increased focus on personalization, feedback collection, mobile experiences and data privacy is the leading one

What trends do you see in apps that provide a CX in the next five years? Grouped according to Principal Component Analysis

Increased focus on personalization, collection of feedback and mobile experiences, but also data privacy	85%
New technology and automation (virtual assistants, AI, augmented reality)	82%
Seamless customer journey including predictive analytics and omnichannel customer service	70%
Cross-selling and self-services	59%
Reducing costly paper or manual processes	36%

Augmented or virtual reality environments are used by a third (33%) but planned by almost half (46%) of organizations

Are the following CX modalities in your organization either in use, being planned, or not being considered?

Modality	ALREADY IN USE	PLANNING TO USE	NO PLANS TO USE
Online portal or website	86%	13%	
Native (installed) mobile apps	72%	23%	5%
Internet of Things devices/data	65%	26%	8%
Chatbots or similar	57%	34%	9%
Tech that uses AI or machine language	55%	38%	7%
Voice assistants	55%	34%	11%
AR/VR environments	33%	46%	21%

△ **17%** IN THE WHITE COLLAR SECTOR HAVE NO PLANS

△ **14%** OF DIGITAL TRANSFORMATION LEADERS AND CX MANAGERS HAVE NO PLANS

▽ **82%** THE IT SECTOR
△ **10%** IN THE IT SECTOR + 30% IN THE WHITE COLLAR SECTOR HAVE NO PLANS

■ ALREADY IN USE   □ PLANNING TO USE   ■ NO PLANS TO USE

Mendix Win with Customer Experience 2021; Q10: Are the following Customer Experience (CX) modalities in your organization either in use, being planned, or not being considered?; base n = 522