



The Experience Advantage

Transforming Customer and Employee
Experience for the Future of Work



THE EXPERIENCE ADVANTAGE

Contents



Executive Summary

The very nature of experience – for both customers and employees – has been upended by ongoing societal and cultural shifts during this era of heightened uncertainty. Customers expect personalized, empathy-driven digital experiences while employees demand more flexibility and agency in their roles. Meeting the expectations of this moment requires businesses to adopt new mindsets and tools to unlock ingenuity and innovation.

While many companies are clear on the importance of a seamless customer experience (CX) and its impact on growth, the role of the employee experience (EX) has yet to be fully quantified – until now. In 2020 we set out to better understand the impact of employee experience on customer experience, finding that **EX → CX → revenue growth**. We've now set out to quantify the direct impact an increased focus on employee experience has on growth.

For this report, Salesforce surveyed over 4,100 C-level executives and employees across 12 markets to identify the key elements of EX that drive CX and increase revenue. We then commissioned a first-of-its-kind retail study with Dr. Lalith Munasinghe, Professor at Barnard College, Columbia University, and Kate Gautier, a Doctoral Researcher at Stanford University and Co-Founder of Talentek Research Labs. The survey and case study together illustrate the material and measurable impact of EX on CX and growth, showing how the pandemic catalyzed long-emerging trends, providing an opportunity to reimagine how we think about experience and to supercharge growth.

We hope you find these insights useful as you embark on the journey of adapting to and building new ways of working that serve both your customers and employees.

1. North America

Employees: US n750, Canada n350
C-suite: regionally n150

2. Latin America

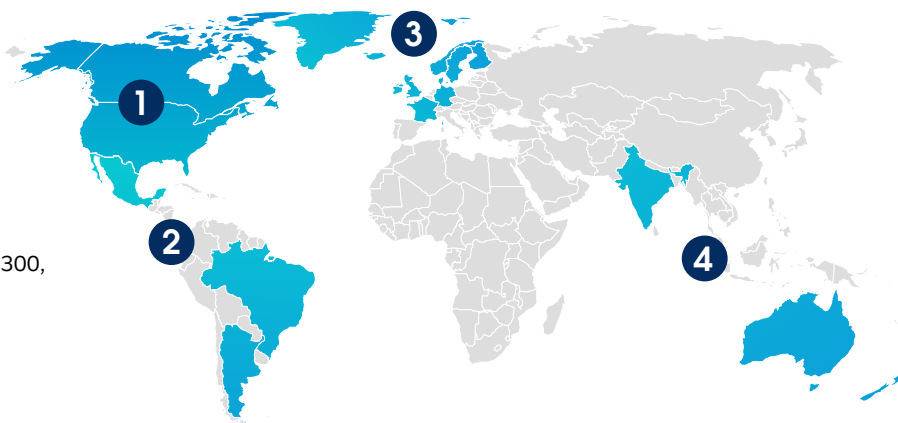
Employees: Mexico n251, Brazil n250, Argentina n150
C-suite: regionally n137

3. EMEA

Employees: UK/Ireland n350, France n300, Germany n300, Nordics n150
C-suite: regionally n175

4. APAC

Employees: AUS/New Zealand n200, Singapore n200, India n250
C-suite: regionally n164



“The perception gap between the C-suite and the lived experience of employees is undermining corporate growth and innovation. The link between happy employees, happy customers, and revenue is not new; the direct link to increased revenue is.

Employees are now the most important stakeholder to long-term success and expect the same level of ease and convenience in their experiences as customers do.

Employee experience is table stakes for the future of work, and new data shows that a unified customer and employee experience is a winning growth strategy that can increase revenue by up to 50%.”

– Tiffani Bova, Chief Growth Evangelist, Salesforce

Key Takeaways from The Experience Advantage

1. Companies are leaving money on the table.

Breaking silos between employee experience and customer experience can lead to a massive opportunity for revenue growth of up to 50% or more.

2. Companies think they have to choose between prioritizing employee or customer experiences. And customer experience is winning.

Approximately nine in 10 C-suite members (88%) say employees are encouraged to focus on customers' needs above all else, even though the C-suite knows that a powerful customer experience starts with an employee-first approach.

3. Five core elements of employee experience impact customer experience and growth¹:



Trust



C-Suite
Accountability



Alignment



Recognition



Seamless
Technology

4. There is a disconnect between C-suite perception and employee experience.

- 71% of C-suite leaders report their employees are engaged with their work, when in reality only 51% of employees say they are.
- 70% of leaders report their employees are happy, while only 44% of employees report they are.

5. The disconnect is undermining EX, CX, and ultimately growth.

- 74% of C-suite executives say that no one at their company truly owns the employee experience.
- Only one in three companies excel at creating a seamless EX-CX experience.

6. Outdated technology and siloed data strategies deepen misalignment between employees and the C-suite.

- 52% of C-suite members believe their corporate technology is working effectively, compared to just 32% of employees.
- The majority of C-suite leaders (73%) say they do not know how to use their company's employee data to drive change.

7. The employee-exec disconnect is driving employee exodus and reducing profitability.

Amid the "Great Resignation," talent retention in the U.S. is at an all-time low.² Employee retention and lack of career development opportunities are the top barriers to revenue growth.

¹ For additional details on the five key elements, please see Chapter 3.

² U.S. Bureau of Labor Statistics, 2021.

CHAPTER ONE

Companies Are Leaving a Revenue Growth Opportunity on the Table of up to 50%

Leaders are potentially stunting growth by failing to leverage the connection between EX, CX, and revenue.

There is often a direct link between EX, CX, and revenue growth. Existing research³ demonstrates that companies that perform well on EX metrics also tend to perform well on CX metrics. Previous work was based on company-level data where researchers could not drill down into insights from individual employees. Therefore, it's unclear whether employee metrics are driving these key business outcomes, or if outside factors (like bad press or a great new product) are impacting both employees and customers simultaneously.

We set out to quantify the connection between EX, CX, and revenue growth in a constantly shifting world of work. Our results were driven by two key sources of data – a proprietary retail case study⁴ and a global survey across retail, B2C, and B2B⁵ – ultimately allowing us to quantify the relationship between EX and CX.

The EX-CX Alignment Business Case

We focused on a retail environment to study customer-facing employees. Our question was: Does the composition of customer-facing employees in these locations – all else being equal – affect revenue and profits?

The retail case study identified employee experience as a combination of four elements:

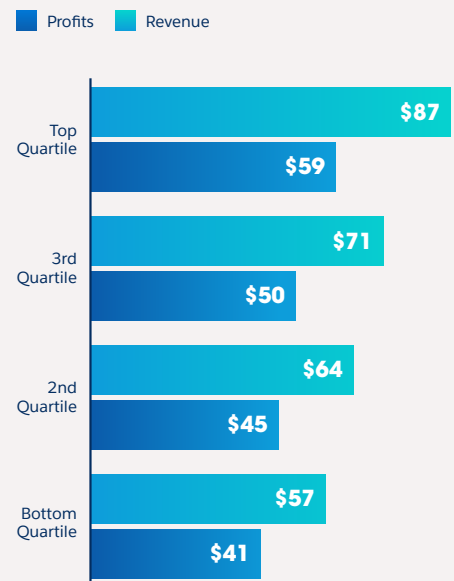
- 1 Employee longevity
- 2 Full-time/part-time status
- 3 Prior internal rotations
- 4 Proxy for skill level

Next, we connected employee and financial data to establish a clear link between EX and revenue, in addition to the following impacts:

- Employees with more tenure, more cross-departmental experience, more skills, and who skewed toward full time generated more hourly sales.
- If an average store could move from the bottom quartile of performance to the top quartile in each of the elements of employee experience, it would go from generating \$57 per person-hour worked to \$87 per person-hour.
- A parallel analysis of operating profits showed that a similar shift in employee experience would result in a 45% increase in profits per person-hour, from \$41 to \$59.

Employee experience drives revenue and profits

A selection of human capital metrics that substantially impact store-level financial metrics



Predicted labor productivity of revenue and profits (\$) per quartile of employee experience

Source: Zeno DXI/Salesforce - The Experience Advantage

³ Chamberlain & Zhao, 2019.

⁴ For additional detail on the methodology, please see page 17.

⁵ The retail sector is defined as “Employees working in a retail or restaurant environment who directly interact with customers.” The B2B sector is defined as “Employees working in client services in manufacturing or health/life science industries.” The B2C sector is defined as “Those working directly with consumers in industries such as financial services, banking, insurance, telecom, airlines, travel companies, hotels, etc.”

The results show a real, measurable link between EX, CX, and growth.

With a focus on the five identified elements of EX that drive CX⁶, companies can achieve these increases, improving their EX⁷ ranking relative to other firms, from the bottom quartile to the top.

By focusing on improving EX, companies can potentially increase revenue by up to 50% or more, and profits by nearly as much.

Good EX Drives Good CX Across Retail and B2B and B2C

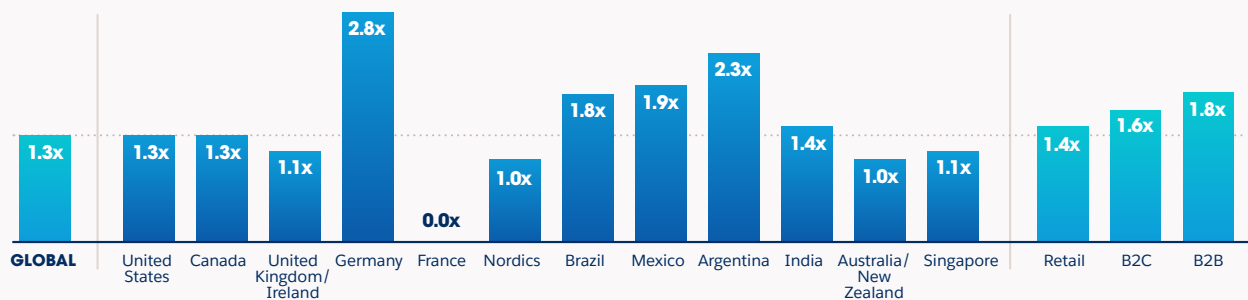
Additionally, the global, cross-industry survey completed for our research shows how these findings can also apply to B2B and B2C companies. Companies that prioritize EX have seen a boost in their client satisfaction key performance indicators (KPIs). Whereas companies that prioritize CX see a boost in employee satisfaction KPIs, data shows that B2B companies in particular see a 1.8x lift in client satisfaction KPIs when their C-suite prioritizes EX (especially compared to Retail).

⁶ Our work has identified trust, accountability, alignment, recognition, and seamless technology as the key elements of EX that drive CX and growth.

⁷ The case study defines employee experience as a combination of four elements: employee longevity, full-time/part-time status, prior internal rotations, and a proxy for skill level.

How Much Prioritizing EX Improves Client Satisfaction KPIs

Ratio of how many C-suite leaders have seen client satisfaction KPIs grow over the last 12 months when EX is a priority

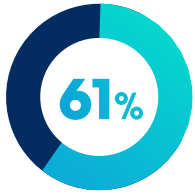


Source: Zeno DXI/Salesforce - The Experience Advantage

CHAPTER TWO

Leaders Are Prioritizing Customer over Employee Experience

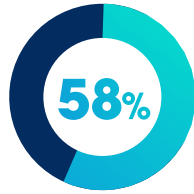
The C-suite recognizes the link between EX, CX, and revenue, but still prioritizes CX.



Good EX equals good CX.

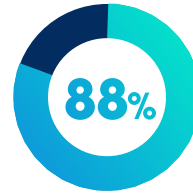
More than half of C-suite members believe that good EX will lead to good CX.

Source: Zeno DXI/Salesforce - The Experience Advantage



Providing good EX is a personal and company priority.

Nearly six in 10 C-suite members say that providing good EX is a top priority for the overall company.



Employees are encouraged to prioritize CX.

However, nearly nine in 10 C-suite members still say that all employees should focus on the customers' needs above all else.

The reality is that when forced to choose, CX comes out on top. Roughly six in 10 employees (63%) and C-suite members (57%) across examined sectors still believe CX is more important to business success than EX.

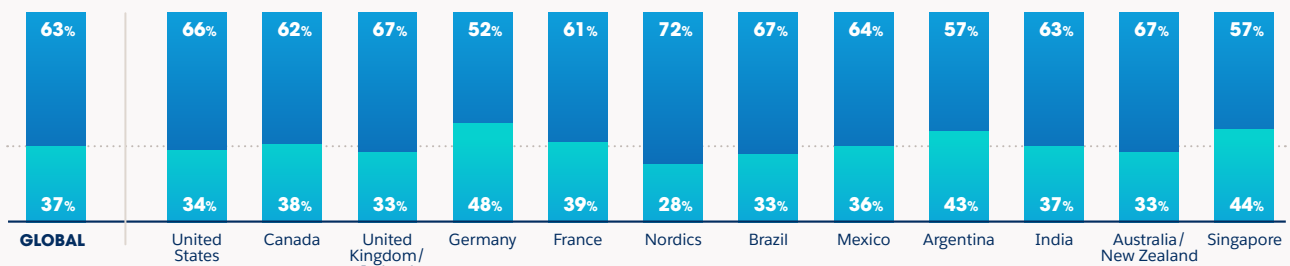
This result is consistent across markets, with the only exceptions being the C-suite in the Nordics and ANZ, where the reverse is true. There, nearly six in 10 believe that EX is more important to business success than CX (59% in the Nordics and 58% in ANZ).⁸

⁸ Note: Cultural bias may influence results.

CX still prioritized globally and across regions despite EX importance

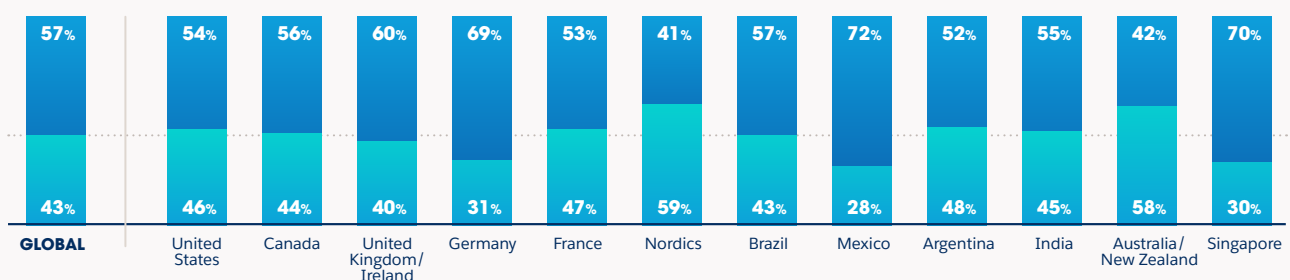
■ Customer Experience
■ Employee Experience

Percentage of Employees Who Feel EX or CX Is Important to the Success of a Company



Source: Zeno DXI/Salesforce - The Experience Advantage

Percentage of C-Suite Who Feel EX or CX Is Important to the Success of a Company



Source: Zeno DXI/Salesforce - The Experience Advantage

CHAPTER THREE

Engaged and Empowered Employees Drive Customer Experience and Growth

Key elements create seamless EX and growth.

Across all examined markets and sectors, employees who feel empowered⁹ are 1.5x more likely to say they are top CX supporters within a company. But what elements create this sense of empowerment and drive CX?

Our survey uncovered five key elements that drive a measurable impact on CX. It may be prudent to focus on these when designing a seamless EX.¹⁰

Five Key Elements



Trust: Company culture is inclusive, promotes diversity, and provides a space where employees feel listened to and empowered to be themselves.



C-Suite Accountability: HR has a seat at the table for discussions on the overarching company vision, and the C-suite acts on employee feedback, helping to ensure EX is prioritized at the highest levels of the company.



Alignment: Employee values and the company vision are aligned.



Recognition: Internal resources are allocated to develop and promote employee growth. Employees feel valued and integral to the success of the company.



Seamless Technology: Ensure that company-provided technology – both hardware and software – work seamlessly together, increase productivity, and reduce the effort required to complete basic tasks.

⁹ Definition is based on survey respondents who felt they were very able to take risks in their role.

¹⁰ After conducting a regression analysis to understand what drives better CX and increases in revenue, the survey identified five elements of EX as clear, statistically strong drivers of CX through reported client satisfaction and reported revenue. The results are based on regression analysis. Elements labeled “*” drive reported increases in client satisfaction specifically; elements labeled “+” drive reported increases in revenue specifically.

Trust and Seamless Tech Drive Engagement and Revenue

1.5x

Employees who feel trusted and empowered and who feel they can take risks in their role are **1.5x more likely** to consider themselves, personally, as top CX supporters.

5.6x

Employees at companies that provide great tech are **5.6x more likely** to report their company has experienced extreme revenue growth in the past 12 months.

TRANSFORMATION SPOTLIGHT

How Southwest Creates One Team Aligned Around the Customer

How do companies realign to find balance between EX and CX? The answer starts with employees. As we move into a new era of work that is more flexible and equitable, the C-suite will have to adapt to new ways of engaging with, listening to, and empowering employees.

Most organizations currently operate in rigid silos. By creating [one team aligned around customers](#) and customer-facing employees, organizations can orchestrate their full power to change mindsets and break silos.

Southwest Airlines engages employees early and often to ensure success. Southwest's Agent Advisory Board is typically the first stop for feedback, followed by its Change Network. These two teams of frontline employees not only ask the tough questions Southwest needs to be prepared to answer, they also act as champions for sharing critical information with their peers. To flatten the change curve and speed adoption, Southwest commits to critical conversations early and often.

Southwest also has a dedicated Customer Experience Team that is tasked with looking across the organization to enhance the customer experience. The Customer Experience Team is made up of a diverse set of elected individuals in terms of location, tenure, work focus, and so on who meet regularly to discuss feedback, strategy, and their roadmap for providing world-class experiences. This and other internal efforts ensure alignment across teams and keeps customers at the center of everything.



Learn more about how Southwest is delivering best-in-class experiences.

“Our guiding principle is to engage our employees early and often because they know how to best serve our customers and deliver our renowned hospitality.”

- James Ashworth,
VP, Customer Support & Services,
Southwest Canada

CHAPTER FOUR

Disconnect Exists Between C-Suite Perception and Employees' Reality

While half of the C-suite believes they are excelling in the key elements that create a seamless EX-CX experience, only a third of employees agree.

Our study indicates an apparent disconnect between C-suite perception and employees' reality, and it may prevent companies from unlocking maximum growth. Business leaders are encouraged to solve key questions around creating a seamless experience for customers while meeting employee needs.

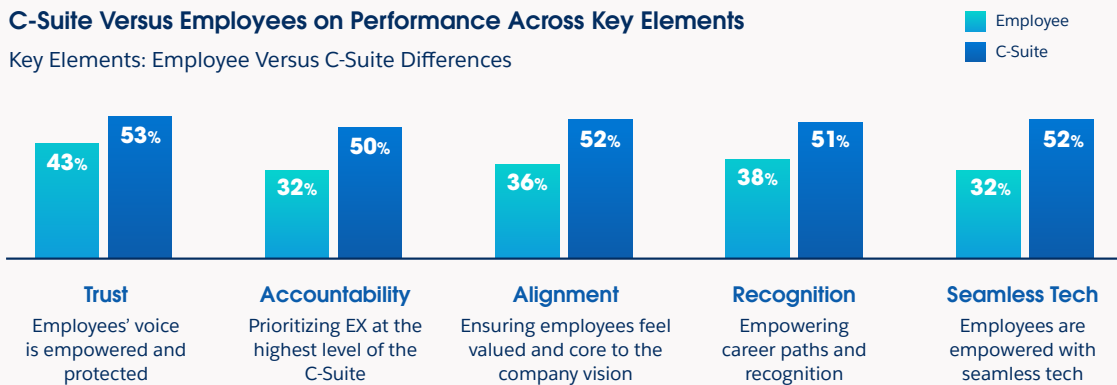
Half of the C-suite members surveyed believe their companies excel across the elements that may have the most impact on CX and revenue. However, only one in three employees say their company is currently excelling in any of the five key drivers of CX.

The disconnect is even more acute within B2C, where employees gave the lowest scores in all five key elements.

Those Who Feel Their Company Performs Well at Key Elements

C-Suite Versus Employees on Performance Across Key Elements

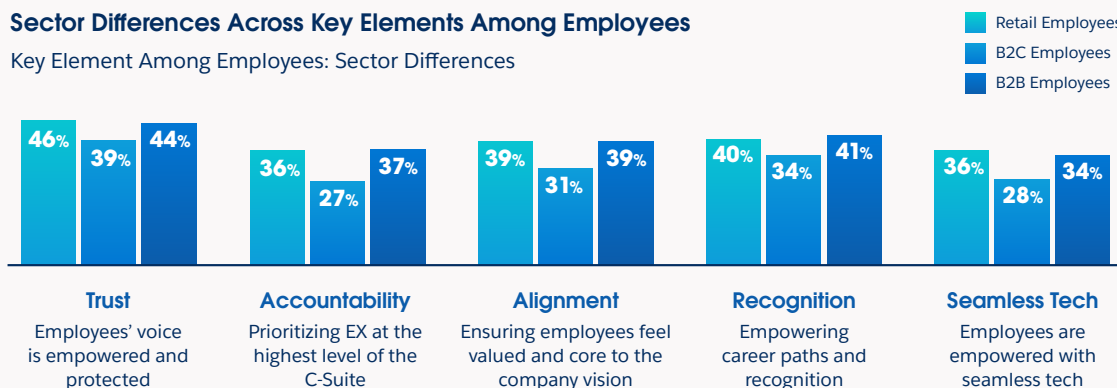
Key Elements: Employee Versus C-Suite Differences



Source: Zeno DXI/Salesforce - The Experience Advantage

Sector Differences Across Key Elements Among Employees

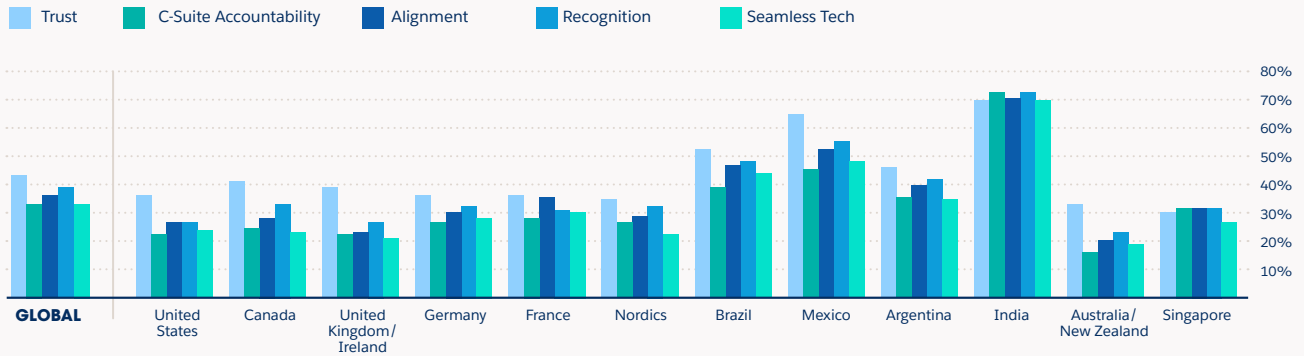
Key Element Among Employees: Sector Differences



Source: Zeno DXI/Salesforce - The Experience Advantage

Those Who Feel Their Company Performs Well at Key Elements, cont.

ANZ, UK/IR, and US tend to be lowest-performing, while India, Mexico, and Brazil tend to be highest.¹¹



Source: Zeno DXI/Salesforce - The Experience Advantage

Accountability and Seamless Technology Strongest Drivers of C-Suite/Employee EX Disconnect

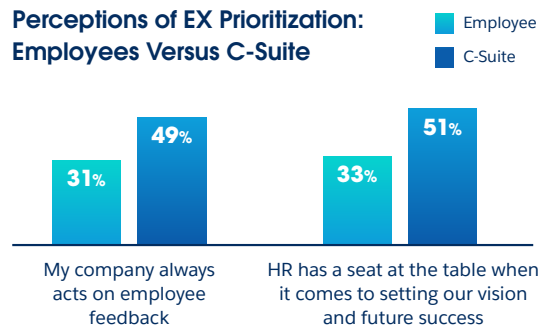
Of the five key elements identified by this research, the disconnect in perceptions is strongest across C-Suite Accountability and Seamless Technology.

C-SUITE ACCOUNTABILITY

C-Suite Can Better Implement Employee Feedback

Half of C-suite executives (49%) feel that their company excels in acting on employee feedback, compared to just 31% of employees. In addition, half of C-suite leaders (51%) say HR has a seat at the table when it comes to setting their vision and future success, versus just 33% of employees.

Perceptions of EX Prioritization: Employees Versus C-Suite



Source: Zeno DXI/Salesforce - The Experience Advantage

Lack of C-Suite Accountability and Ownership for EX Deepen the Disconnect

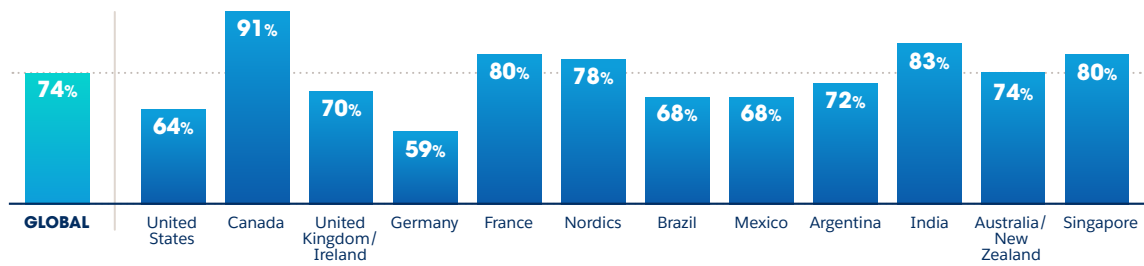
This problem persists across all examined sectors and markets, but is especially significant in Canada, where nine in 10 C-suite respondents (91%) agree that EX does not have a proper owner within the company. This is the highest percentage out of the markets in the study (C-suite from the United States (64%) and Germany (59%) were the least likely to agree).¹²

There is a lack of responsibility and accountability for EX, as nearly three-quarters (74%) of C-suite members agree that no one truly “owns” EX at their company.

^{11 12} Note: Cultural bias may influence results.

Who Owns the Employee Experience: Key Market Differences

Percent of C-Suite who feel no one owns the employee experience



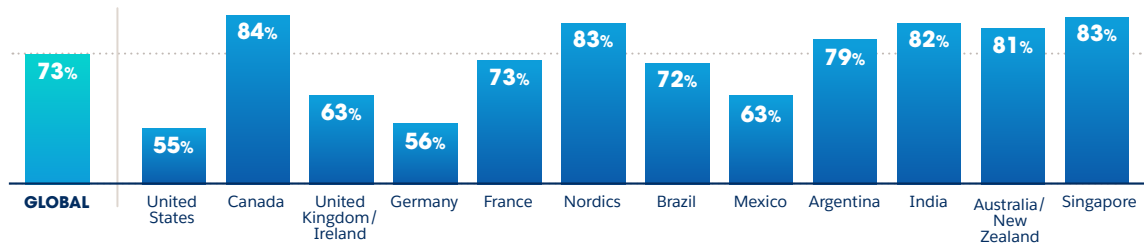
Source: Zeno DXI/Salesforce - The Experience Advantage

Building a Connected Data Strategy Can Help Bridge the Gap

Most C-suite leaders (73%) report that they do not know how to use employee data to drive change. C-suite members in the United States (55%) and Germany (56%) are among those who are more confident, and C-suite members in Canada (84%) are the least confident in using data to drive change.¹³

Perceptions of Use of Data: Key Market Differences

Percent of C-Suite who feel they do not know how to use employee data to drive change



Source: Zeno DXI/Salesforce - The Experience Advantage

¹³ Note: Cultural bias may influence results.

“Executives sweat (a bit) when they think about pouring the same level of energy, intention, and resources into designing employee experiences as they do in crafting outstanding customer experiences. A quality employee experience is table stakes. Interconnected, seamless, and meaningful experiences that unlock employee energy and agency are essential for transformative customer experiences that win hearts, minds, and wallets to drive growth.”

– Katherine von Jan, Chief Strategy Officer, Salesforce Innovation

SEAMLESS TECHNOLOGY

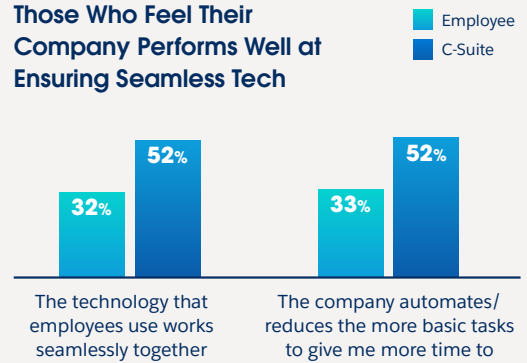
The Disconnect Is Deepest When It Comes to Technology

The disconnect between C-suite and employee perceptions is even more noticeable when exploring company-issued technology, including hardware and software.

Fifty-two percent (52%) of C-suite members believe the technology their company provides to employees is working effectively, compared to just 32% of employees. In fact, less than two in 10 (17%) customer-facing employees strongly agree their company is providing seamless technology.

Seamless technology means that a company is automating and reducing basic tasks in order to increase productivity – giving employees more time to focus on the actual work and helping employees collaborate more easily. As the world leans increasingly toward a digital-first environment, technology that enhances – as opposed to inhibits – employee experience will be table stakes.

Those Who Feel Their Company Performs Well at Ensuring Seamless Tech



Source: Zeno DXI/Salesforce - The Experience Advantage

TRANSFORMATION SPOTLIGHT

Transformation Spotlight: How IBM Is Creating a Culture of Accountability with Technology

One of the world's largest technology companies, IBM has more than 380,000 employees (or "IBMer") spanning 170 global offices. To keep them all connected, IBM was an early adopter of Slack. Slack allowed IBM to transform how it has traditionally worked, accelerating communication and business, even eliminating internal email to share company announcements. On Arvind Krishna's first day as CEO, the first thing he did was send a message to all 380,000 employees on Slack. To further drive transparency and alignment from the top down, he began conducting executive question-and-answer sessions or "Ask Me Anything" communities (AMAs) for employees to interact with him and other IBM leaders.



Learn more about how Slack is powering accountability across internal collaboration and external relationships at IBM.

CHAPTER FIVE

Disconnect Poses a Risk to Profitability and Productivity

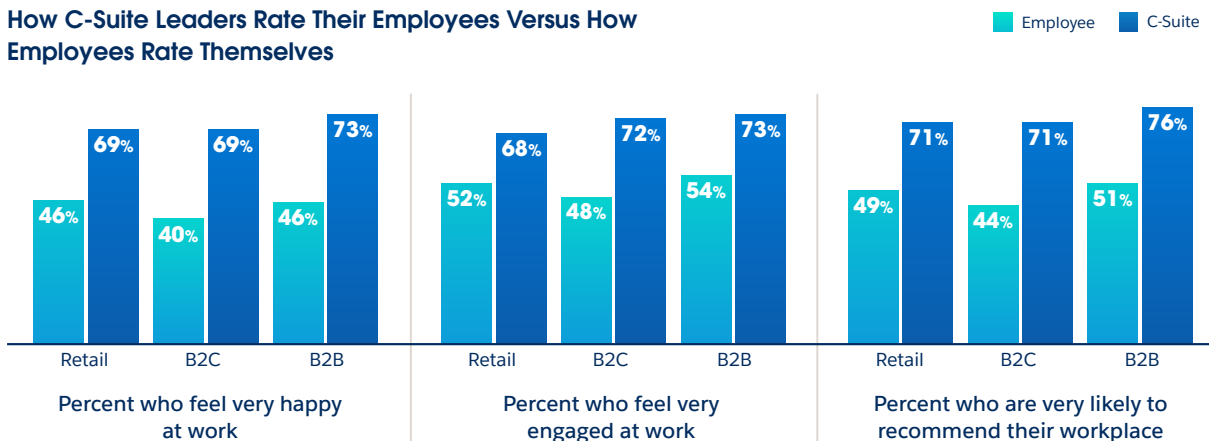
The disconnect impacts employee happiness and engagement.

This perception gap appears to impact employee happiness and engagement in the workplace, as well as employees' likelihood to recommend their company as a place to work. This is seen across all examined sectors, but especially with B2C employees.

More than half of employees don't feel their current company will be a great fit for their future career (53%). This trend is even stronger for employees who do not feel happy (20% versus 13% for those who do) and who do not feel engaged with their job (21% versus 15% for those who do).

Nearly one in five employees (17%) already see themselves leaving their current companies within the next year.

How C-Suite Leaders Rate Their Employees Versus How Employees Rate Themselves



The perception gap is especially high in ANZ and the UK/IR: 71% of ANZ C-suite leaders rate their employees as very happy, compared with 25% so reported by ANZ employees. And 71% of UK/IR C-suite members feel their employees are very likely to recommend their companies, compared with 23% reported by UK/IR employees.

Source: Zeno DXI/Salesforce - The Experience Advantage

Losing Talent Is a Top Barrier to Growth and Revenue

Our retail study found that more tenured employees produce more revenue for a company ([see case study for more detail](#)).

The cost implications of losing talent and employee turnover are significant. Studies have shown that replacing an employee can cost up to 200%¹⁴ of their salary.

¹⁴ Enrich, 2021; Gallup, 2019; Bersin by Deloitte, 2013.

Both the C-suite and employees are keenly aware of the challenges associated with losing talent. C-suite respondents ranked “lack of growth or development opportunities for employees” as one of the top barriers to growth, tied with “too many or redundant processes.” Employees ranked “employees leave too often/can’t keep top talent” as the largest internal challenge for a company’s revenue growth, tied only with “outdated technology.” This trend is consistent across all examined markets and sectors.

Top Challenges to Company Growth

#	RANKED BY EMPLOYEES	RANKED BY C-SUITE
1	Employees leave too often/can’t keep top talent	Lack of growth or development opportunities for employees
	Outdated technology	Too many or redundant processes
2	Too many or redundant processes	Data and technology systems are not integrated
3	Departments are too siloed and do not collaborate enough	Departments are too siloed and do not collaborate enough
4	Data and technology systems are not integrated	Employees leave too often/can’t keep top talent
5	Poor leadership/lack of vision	Bad products or services or innovation
6	Lack of growth or development opportunities for employees	Outdated technology
7	Don’t have the right talent	Don’t have the right talent
8	Bad products or services or innovation	Poor leadership/lack of vision

Source: Zeno DXI/Salesforce - The Experience Advantage

The Pandemic Has Accelerated Growing Expectations

Both EX and CX expectations have increased significantly since the pandemic.¹⁵ According to the 2021 Edelman Trust Barometer¹⁶ report, within the last year employees have overtaken customers as the number one priority stakeholder for businesses to ensure long-term success.

Meanwhile, the majority of C-suite executives surveyed (89%) feel that customer expectations have increased significantly since the pandemic, and 83% feel that the changes brought on by COVID-19 have made it harder to deliver a good customer experience. This shift is not seen as temporary; 88% feel that COVID-19 has changed customers’ needs and expectations forever. In other words, a streamlined EX-CX strategy is increasingly valuable long term.

^{15 16} R. Edelman, 2021b.

Conclusion and Key Takeaways

The Future of Work Starts with Evolving the Core of Your Business

EX-CX alignment is as much a mindset shift as it is a digital transformation. When EX-CX alignment isn't seen as a strategic priority, leadership often doesn't have the right information to accurately assess and understand key challenges and pitfalls. The path forward includes a business evolution, where companies rethink how to serve employees and customers. Business leaders need to prioritize and celebrate approaches that value both customers and employees.

Breaking down silos between EX and CX, prioritizing both EX and CX, and solving for the disconnect between the C-suite and employees are at the core of the future of work.

These five core elements are the guiding light:



Trust



C-Suite
Accountability



Alignment



Recognition



Seamless
Technology

Harnessing the experience advantage begins with adopting new mindsets and reimagining how we work. Use this checklist to track your progress:

- The C-suite understands key EX elements that impact the customer's journey.
- Customer-centricity is integrated into culture.
- Leaders are focused on building a single source of customer/employee truth.
- Employee trust and wellness are prioritized, with transparent leadership and communications.
- Employees are empowered, supported, and rewarded to deliver the best customer and societal outcomes.
- There is clear multistakeholder ownership of EX and CX.
- Business continuously reinvests in EX and CX.
- Embedded EX-CX metrics exist alongside operational and financial metrics.
- Business can pivot for EX and CX needs as they arise.
- EX and CX platforms are integrated, lean, and seamless.
- Employee and customer journeys are frictionless.
- Leaders are constantly investing in breaking down silos.
- Third-party tech providers are seen as partners not vendors.
- There is an established data culture where people share and collaborate on data relevant to them.



Check out our Transformation Playbook to learn more about how to change minds, connect silos, and center around your customers.

Methodology

This body of research consists of desk research, a large multinational survey, and an academic case study.

Desk Research Methodology

The landscape analysis included over 2,000 articles from March 2020 to March 2021 on the topic of the future of work, 100+ peer-reviewed publications and pieces of academic literature, 40+ IP publications, and more than 20 hours of in-depth interviews of key thought leaders and subject matter experts on EX, CX, and growth.

Survey Methodology

We surveyed over 4,000 C-level executives and employees across North America, Latin America, EMEA, and APAC to understand the tension points and gaps that exist between the two audiences within EX and CX, and to better understand how leadership is prioritizing EX. The survey was fielded between July 9 and August 9, 2021.

Audience Definition

- **C-Suite:** C-level executives working within one of the groups listed below, working at companies with at least 500 employees.
- **Employees:** Customer experience employees belonging to one of the groups listed below who are completely customer-centric (meaning they spend at least 51% of their time interfacing with clients/customers), and who work at companies with at least 500 employees. Note that this group does not include anyone in the C-suite. All respondents had to belong to one of the following groups, or sectors:
 - **Brick-and-Mortar Retail Employees: n = 1,501 global // C-suite: n = 254 global**
Employees working in a retail or restaurant environment who directly interact with customers (for example, retail stores across industries, pharmacies, fast casual dining, and so on).
 - **B2C Customer Service Employees: n = 1,500 global // C-suite: n = 254 global**
Those working directly with consumers – primarily in an office setting – in industries such as financial services, banking, insurance, telecom, airlines, travel companies, hotels, and so on.
 - **B2B/B2B Manufacturing & HLS Employees: n = 500 global // C-suite: n = 118 global**
Those working in client services in manufacturing or health/life sciences industries.

Market distribution of employees and C-suite respondents:

1. North America

Employees: US n750, Canada n350
C-suite: regionally n150

2. Latin America

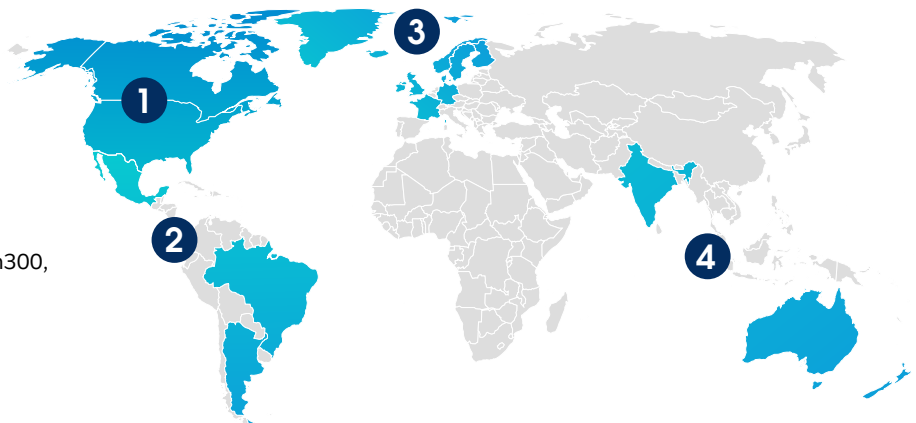
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C-suite: regionally n164



Case Study Methodology

Salesforce partnered with economic experts in exploring the connection between EX, CX, and growth. Dr. Lalith Munasinghe, Professor at Barnard College, Columbia University, and Kate Gautier, a Doctoral Researcher at Stanford University and Co-Founder of Talenteck Research Labs, leveraged internal data from an organization whose business relies heavily on customer-facing employees to explore this connection.

The organization is a large global retail brand that agreed to share its anonymized data for research purposes. To zero in on the impact of employees on customer decisions, this study focuses on a particularly service-oriented in-store department staffed with employees who interact directly with customers, provide them with a bespoke product, and are generally expected to be knowledgeable and helpful.

The case study is based on three years of in-depth employee and financial data from over 1,000 of these brick-and-mortar locations across the United States. Specifically, the financial data are monthly revenue and profit statements at the store level, for 38 months from November 2013 to December 2016. The employee data obtained included information about how many total person-hours were worked in each store each month. The case study sample was limited to the locations that remained open for the entire period and excluded locations with outlier values for revenue, profits, or hours worked. The resulting dataset is a fully balanced panel with 1,036 stores, each with 38 monthly records, for a total of 39,368 observations.

The case study analysis is based on multivariate regression analysis in order to account for factors about the store that are unrelated to human capital but that could still affect sales, such as the location of the storefront or wealth of customers in the area. Note that all of these stores already come from a single company and nationally recognized brand. This represents a powerful control variable, because it allows for constants like brand strength and reputation over time, quality of equipment and website, and nature of business.

Glossary of Terms

Employee Experience (EX)

The people, processes, and technology that encompass the relationship between a business and its employees, with core human capital metrics, including employee satisfaction, engagement, likelihood to recommend, tenure, full-time/part-time status, level of experience in internal rotations, and skill level.

Customer Experience (CX)

The people, processes, and technology that encompass the relationship between a business and its customers.

Sectors

All survey respondents belonged to one of the following sectors: Retail, B2C Customer Service, or B2B/B2G Manufacturing. See the Methodology section for full details.

Empowered Employees

Defined as survey respondents who felt they were very able to take risks in their role.

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v2022.03.01

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