



IPSOS VIEWS

THE EMPLOYEE CUSTOMER RIPPLE EFFECT

**Doing the right thing by employees is
doing the right thing by customers**

Jean-Francois Damais



Successful organisations invest in Customer Experience (CX) and Employee Experience (EX) as they recognise their individual impact on business success.

There is a large body of academic and practical evidence showing that employee attitudes and behaviours impact customer outcomes such as retention, share of spend and advocacy, which in turn impact Return on CX Investment (ROCXI)¹ and business performance.

But despite this evidence, too often EX and CX measurement and management operate in silos.

This paper outlines why it is crucial for organisations to think of EX and CX together, to drive better business performance.

We also outline the key steps enabling companies to better align EX and CX strategies, in order to:

- **Demonstrate the links between EX and CX and make a business case for investment.**
- **Empower all employees to be more customer focused and deliver the right experience to customers.**
- **Create a more human-centric culture to drive business improvements across EX and CX.**

Finally, we present a concrete case of EX CX analytical linkage, highlighting the importance of taking a holistic approach to EX and CX to drive improved business performance.



Employee attitudes and behaviours impact customer outcomes such as retention, share of spend and advocacy, which in turn impact Return on CX Investment (ROCXI) and business performance.

Customer and Employee Experience are key drivers of brand performance

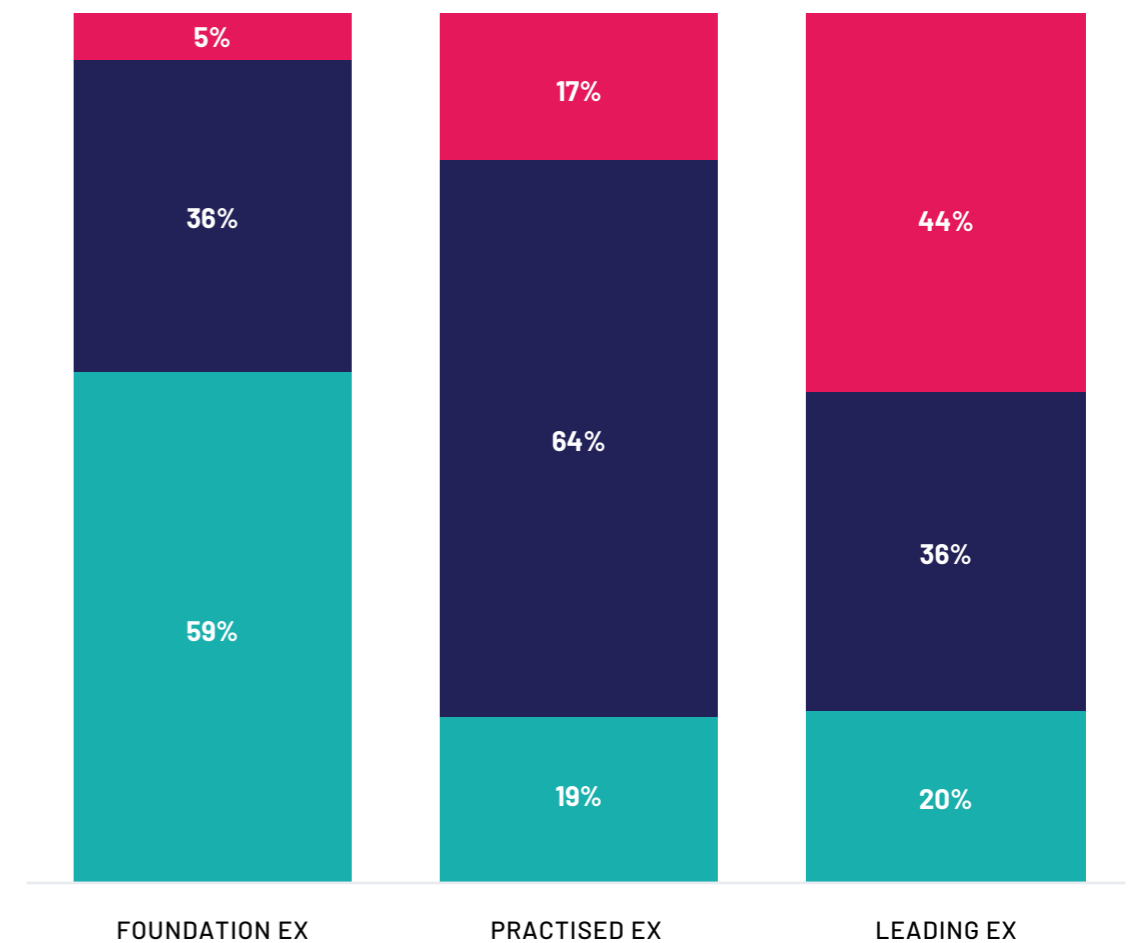
Ipsos' Global Voices of Experience research² clearly shows that, ultimately, EX and CX maturity³ are linked. Organisations leading in EX are significantly more likely

to be CX leaders (see Figure 1). It is hard to excel in CX without performing well in EX, and hard to excel in EX without performing strongly in CX.

Figure 1: CX and EX maturity are linked

■ Foundation CX ■ Practised CX ■ Leading CX

Only 5% of companies that are in the lowest level in EX maturity are leading in CX.



Source: Ipsos' Global Voices of Experience

The role of employees therefore needs to be a central consideration when designing CX strategies and, in parallel, the end customer should always be a central focus when designing employee strategies.

Figure 2 illustrates the interplay between Employee and Customer Experience and their overall impact on business performance.

01 Management vision, and so decisions, impact CX investment and EX investment – in other words, a critical step is to secure budget to invest in both areas to drive action.

02 CX investment impacts Customer Experience which impacts customer outcomes and business performance – being able to demonstrate the impact of improving CX on business performance – that Return on CX Investment (ROCXI) – is critical to make CX a bigger priority and make a business case for further investment.

03 EX investment impacts employee outcomes which impact Customer Experience, customer outcomes and business performance.

04 EX investment impacts employee outcomes which impact business performance directly – for example, the quality of the Employee Experience can impact employee outcomes such as engagement, empowerment, wellbeing or inclusion, which can then impact productivity, staff retention and advocacy, which all link to business performance.

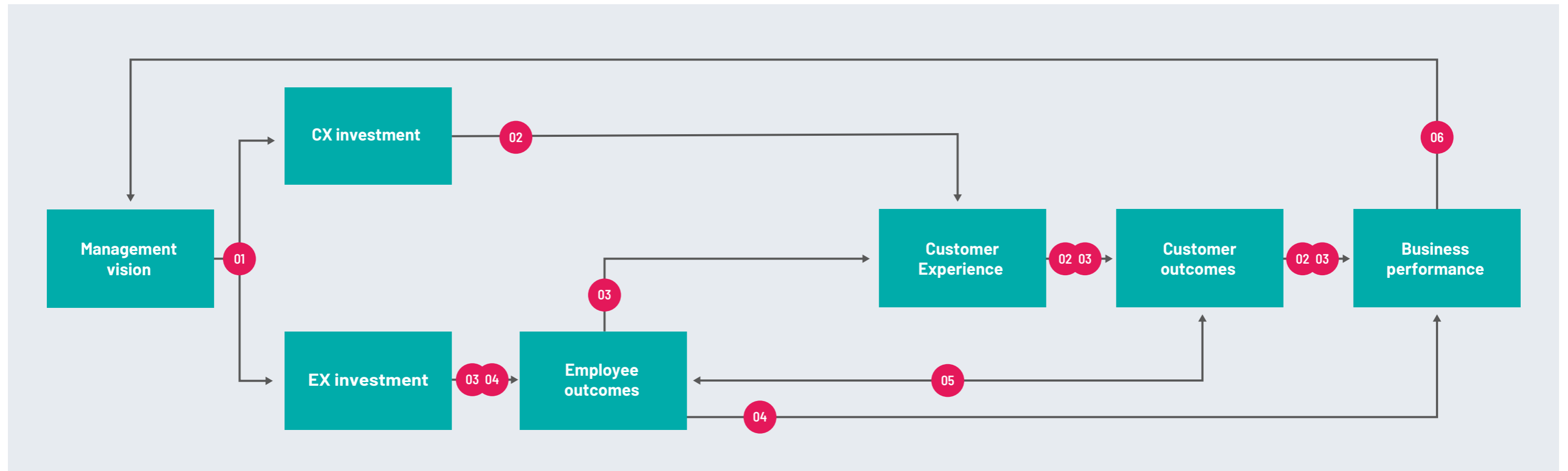
05 Employee and customer outcomes impact each other – later in this paper we describe the ‘employee customer ripple effect’, showing that the attitude and behaviour of employees can impact customers but customers’ attitudes and behaviour can also impact the quality of employees’ lives.

06 And finally, business performance impacts management decisions. When success is demonstrated and quantified, further resources are allocated and the process of ongoing improvement can continue.

Leading companies think about EX and CX as interconnected elements. They focus on great Customer Experiences as a key foundation of their culture and know that their Employee Experience is critical to enabling good customer outcomes. When working together, Employee and Customer Experience are key drivers of brand success.

Figure 2: EX CX value chain

Source: Ipsos





The percentage of companies saying the experience delivered to customers is worse than promised is four times higher when the values and/or brand promise are different vs when they are the same.

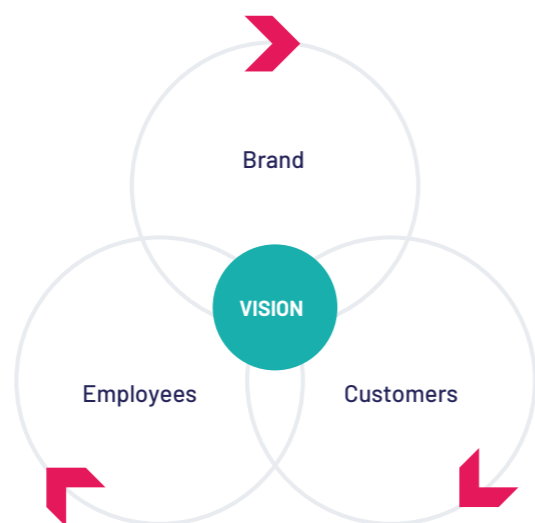
Connecting brand, customers and employees around a common vision

To build bridges across organisational silos and create powerful connections across the business, organisations need to be clear about their purpose, the story they want to tell, the experiences and memories they want their employees to create and their customers to receive and share.

That vision needs to frame experience design and delivery to make sure brand, employee and customer strategies are all connected and resonate (see Figure 3).

Our data from Global Voices of Experience² provides evidence of the benefits of having a common vision that spans across customers and employees. Figure 4 shows the percentage of companies saying the experience delivered to customers is worse than promised is four times higher when the values and/or brand promise are different vs when they are the same.

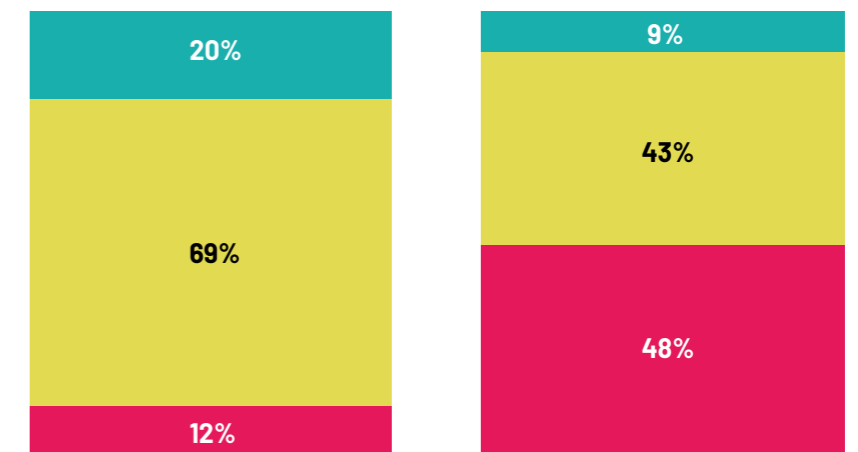
Figure 3: Connecting brand, customers and employees around a common vision/purpose



Source: Ipsos

Figure 4: Brand, Customer and Employee Experience need to be aligned around a core purpose and vision

■ Experience worse than promised ■ Same ■ Better than promised



Source: Ipsos' Global Voices of Experience

This shows that having clearly defined values that are communicated and delivered to employees and customers

makes a real difference and impacts business performance.

The Forces of Experience - putting empathy at the heart of CX and EX

There is no doubt that relationships are fundamental business assets. Organisations need to think of relationships holistically: between employees and the company they work for; between customers and the company they do business with; and between customers and employees.

Empathy is at the heart of relationships. For organisations, empathy means understanding the needs of customers and employees and how they feel, in order to act in their best interests.

In collaboration with Ipsos' Global Behavioural Science Team, Ipsos' Experience experts developed the Forces of Experience⁴, through extensive R&D across sectors and geographies; to bring the human back to the centre of experience measurement and management. The Forces of Experience identifies the six dimensions of human connection that are crucial to fostering strong and mutually profitable relationships.

Figure 5: The Forces of Experience



Source: Ipsos

The Forces of Experience enables organisations to better understand people (customers, and also employees), in order to optimise the experiences they provide so that they meet functional, relational and emotional needs, to create strong and mutually profitable

relationships, and a competitive advantage. We leverage our Forces of Experience framework to embed a human-centric culture based on empathy within organisations, create a common vision and call to action across Employee and Customer Experience.

The employee customer ripple effect

Encouraging collaborative behaviours and creating strong relationships within the workforce is important. Prosocial behaviours are characterised by a sense of empathy, a concern for the rights, feelings, needs and wellbeing of other people. They translate into a wide range of actions such as helping, sharing, guiding, comforting and cooperating, all driving positive organisational outcomes such as collaboration, wellbeing or higher productivity.

more likely to exhibit good behaviour towards customers; to forge healthy relationships.

A key implication is the crucial importance of investing in creating healthy relationships with employees so that they are more likely to be able to do so with customers. **Doing the right thing by employees is doing the right thing by customers.**

But these behaviours can have a ripple effect on customers. When employees' core relational needs (Forces) are met, they are arguably

The employee customer ripple effect illustrated – a case for Belonging

We see clear evidence of the employee customer ripple effect in our Global Voices of Experience² data. Companies performing well on the Forces of Experience among employees tend to see higher scores on the Forces among customers.

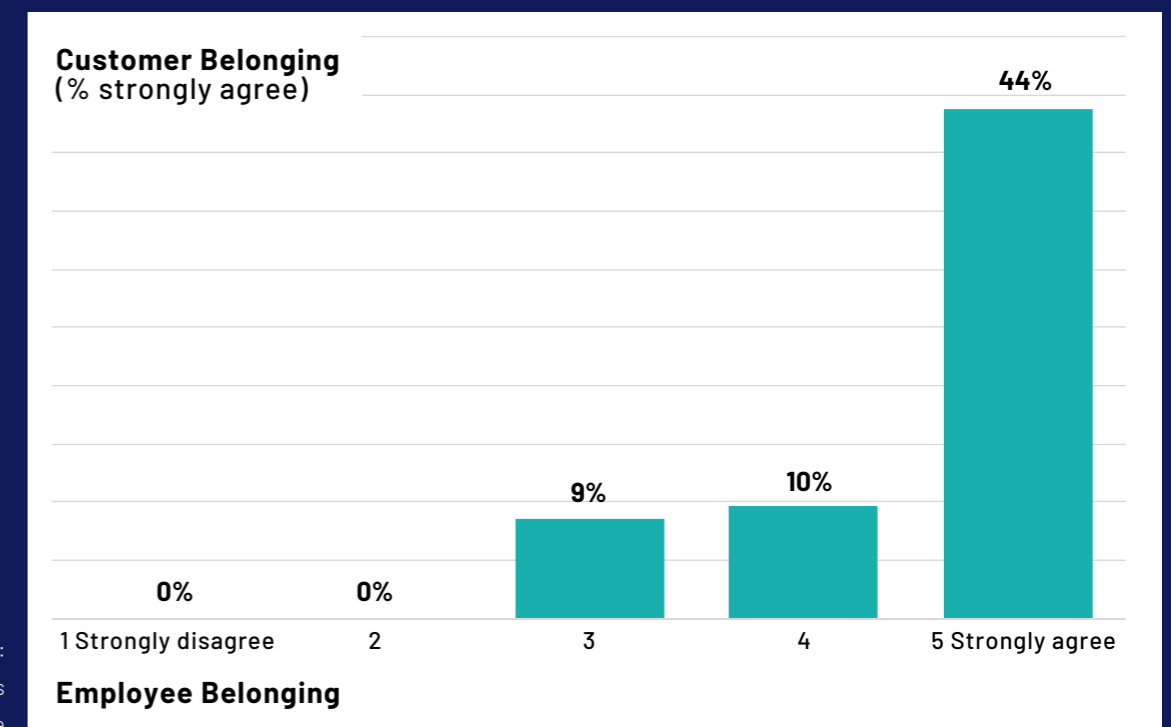
Belonging is about customers feeling a sense of togetherness and connecting with the values that a brand stands for. For employees, it is also about connecting with the values the company stands for. In addition it relates to fitting in and an inclusive working environment.

This following case reinforces that point, by taking a closer look at the Force of Belonging.

Our analysis shows that the percentage of companies saying they perform highly on customer Belonging among companies who say they are performing highly on employee Belonging is over four times higher than the average.

Figure 6: Employee and customer Belonging

Companies performing well on specific Forces among employees tend to see higher scores on the same Forces among customers



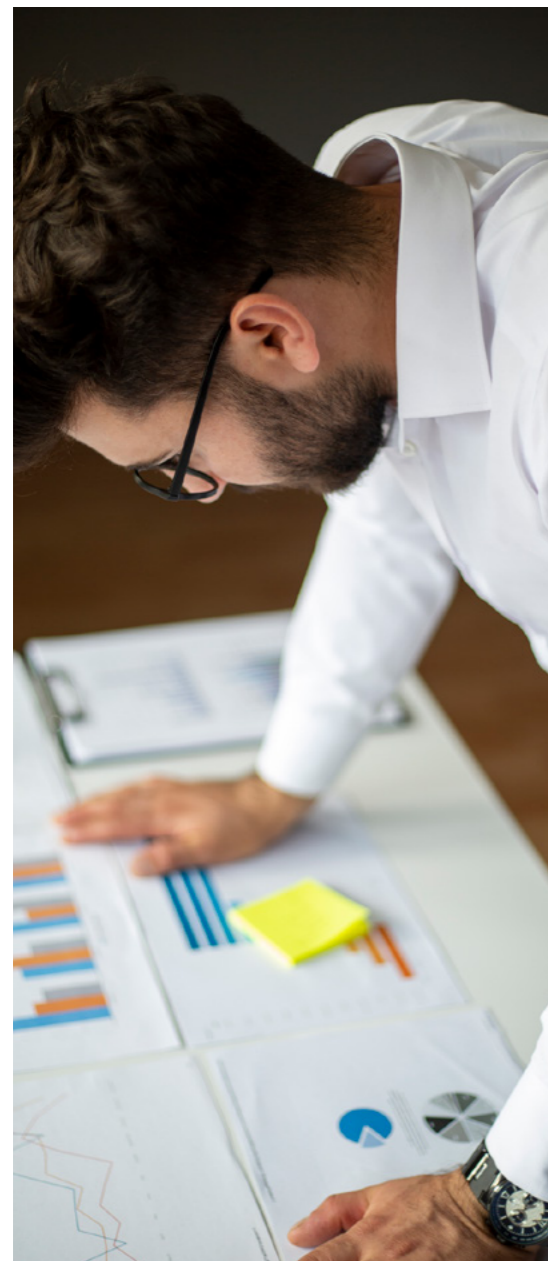
Source: Ipsos' Global Voices of Experience

This also relates to the importance of diversity and inclusion. Having a diverse workforce can be expected to positively

impact CX by enabling the company to better meet the diverse needs of their customers

Linking EX and CX - the three gears of success

More practically, let's outline the EX/CX linkage approaches organisations can leverage to better join EX and CX in order to empower employees to be more customer focused and deliver the right experience to customers – and create a more human-centric culture to drive business improvements across EX and CX.



01 LAY THE FOUNDATIONS

Creating a baseline and business case

- **Integrated EX/CX reporting** – A key requirement is to integrate and report the Voice of Employees and the Voice of Customers together. This helps organisations create a single source of feedback for Experience Management and organisational connections.
- **Analytical linkage** – The next step is to demonstrate the impact of EX on CX via statistical analysis. EX/CX analytical linkage is needed to demonstrate the connections between EX and CX, and to quantify the worth of improving EX on customer outcomes and business performance. It will also identify critical aspects of Employee Experience that the organisation can focus on to improve customer and business performance, as well as employee outcomes themselves. EX/CX analytical linkage can help reinforce the importance of creating a customer-centric culture at all levels of an organisation.



02 UNDERSTAND

Diagnose any gaps in Experience and carry out root cause analysis

- **Journey mapping** – Map customer and employee journeys to identify aspects of each that serve as barriers to delivering a great experience.
- **Mirror analysis** – Identify and close gaps in employee perceptions of what customers need and value in an experience. The goal is to empower employees with the knowledge needed to create the right experience for customers.



03 IMPROVE

Design and implement solutions to address pain points

- **EX/CX service blueprinting** – Ideate improvement initiatives with journey-led thinking to better align EX and CX. Identify viable solutions and put in place pilot activity using service blueprinting techniques. This can include re-thinking specific aspects of the employee or customer journeys, or designing training schemes among employees to instil a more customer-centric culture.

In order to be effective and drive action, these solutions need to be supported by a broader customer focussed organisational and cultural ambition. A genuine commitment to customer centricity, embedded at all levels of the organisation, is a prerequisite to optimising the Employee Experience so that it positively impacts the Customer Experience.

EX/CX analytical linkage - A case study in private healthcare

A leading European private hospital group has employee and customer feedback mechanisms in place to help improve the experience, but there is a need to connect the dots and analyse the datasets more holistically in order to answer the following questions:

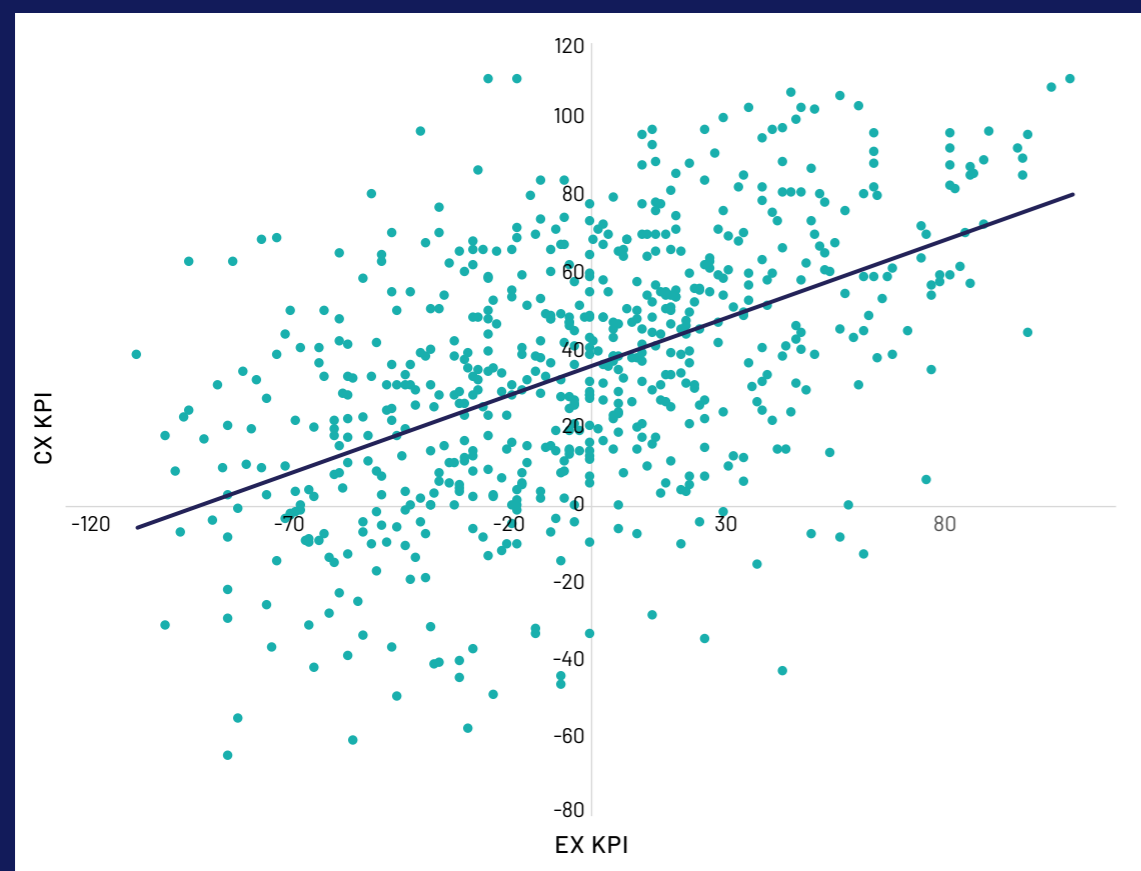
- 01 Is there a link between EX performance and CX performance?
- 02 How much impact on CX can we achieve by improving EX?
- 03 What are the priority EX areas to invest in?

Ipsos conducted EX/CX linkage analysis to address these important business questions and inform the group's strategy.

We linked employee and customer data at hospital level. The integrated data set contained EX and CX survey key performance indicators (KPIs) as well as contextual variables about the hospitals (e.g. size, location, recency, etc.).

We found a significant positive relationship between EX and CX KPIs and quantified how much impact on CX could be achieved by improving EX KPIs.

Figure 7: Relationship between EX and CX

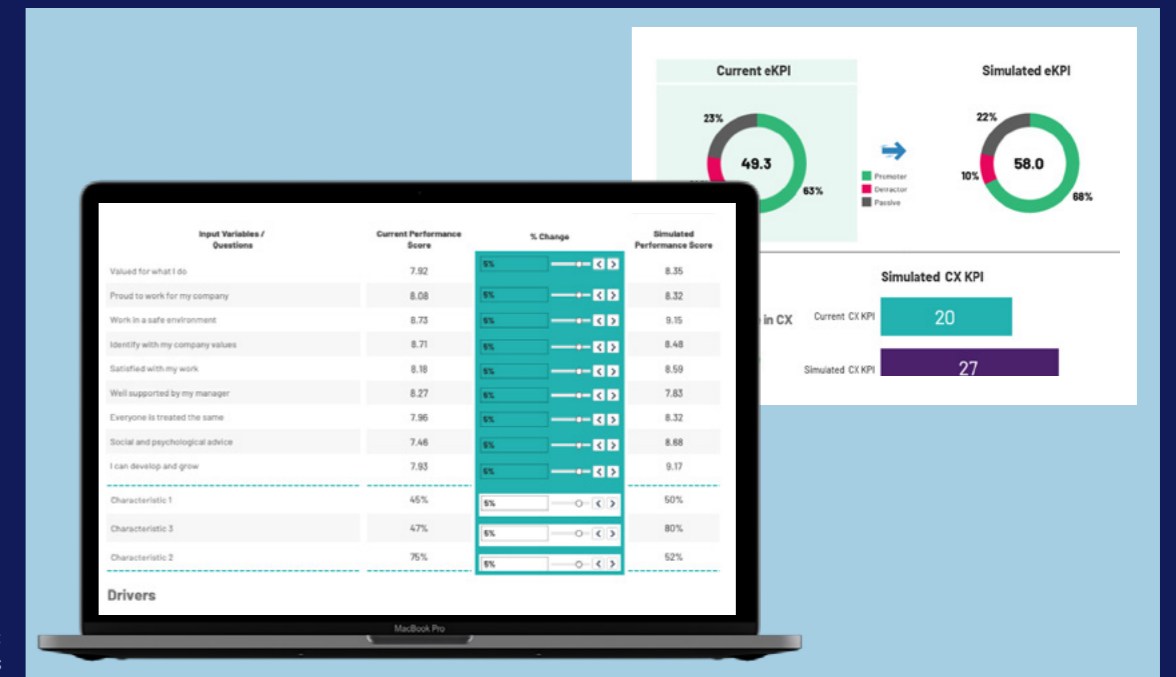


Source: Ipsos

We then identified and prioritised the key EX levers that needed to be improved to generate the biggest return on CX and

created a 'what-if' simulator for scenario creation and action planning.

Figure 8: Creating action planning scenarios with an EX/CX 'what if' simulator



Source: Ipsos

Quantifying the potential impact of improving EX onto CX and business performance is powerful, but it needs to be followed by action. In order to realise the potential upside, organisations need to work out how to improve the priority areas and close any gaps in experience.

We used Ipsos Facto, Ipsos' cutting-edge Generative AI solution, to analyse unstructured data from employee comments to diagnose the pain points and create next best action guidance. This analysis brought more organisational alignment between EX and CX teams and was used as a catalyst for action. Action plans were designed to improve EX aspects in order to positively impact CX performance.

The Impact





Our client was able to:

- **DEMONSTRATE** that employee and customer outcomes are linked
- **UNLOCK** resources to improve EX to shape better CX
- **EMPOWER** employees to deliver the right experience to customers
- **DRIVE** improved business performance

Conclusion

By recognising the fundamental connection between EX and CX, organisations can unlock significant potential and drive sustainable growth. By fostering a culture of empathy and creating bridges between EX and CX strategies, businesses can create a virtuous cycle where investing in creating strong relationships among employees creates a positive ripple effect on customers leading to improved business performance.

Call to action:

- 
01 Integrate and report the Voice of Employees and the Voice of Customers together.
- 
02 Analyse EX and CX data to quantify the links between the two and identify areas for improvement.
- 
03 Diagnose any gaps in EX/ CX alignment via EX and CX journey mapping and mirror analysis.
- 
04 Design and implement improvement schemes via EX and CX blueprinting methods to create better experiences for both employees and customers, and ultimately boost business performance.




Get in touch with us on CustomerExperience@Ipsos.com to learn more about how Ipsos can help you do right by your employees to do right by your customers.

Endnotes

- 1 [Money Talks or Budget Walks - Delivering a Return on Customer Experience Investment \(ROCXI\) | Ipsos](#)
- 2 [\[Webinar recording\] Global Voices of Experience 2023 | Ipsos](#)
- 3 [Introducing Ipsos' newly updated CX Maturity Assessment, and CX Roadmap | Ipsos](#)
- 4 [The Forces of Customer Experience - The science of strong relationships in challenging times | Ipsos](#)

Further reading



 Browse a selection of Ipsos' Employee Experience thought leadership:

<https://ipsoskarianandbox.com/insights>

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