

**THE BUSINESS IMPACT OF UX**  
JANUARY 2022





# CONTENTS

1. Introduction
2. Defining UX
3. User-centric Design
4. Quantifying the Business Impact of UX Design
5. Beyond ROI: Additional Benefits of UX Design
6. Case Studies: UX Design Success Stories
7. EV&D UX Design Services

A smartphone is shown at an angle, with its screen displaying a colorful bokeh pattern of overlapping circles in shades of red, orange, yellow, green, and blue. The phone is set against a dark background with a white diagonal line running from the top left towards the center. The overall aesthetic is modern and tech-oriented.

## 01 INTRODUCTION

This white paper is intended to evaluate the business impact of an investment in UX design. It provides an overview of key learnings, quantifiable results, and case studies related to the ROI of UX design. The collection phase for this analysis was conducted as a literature review of secondary research from credible industry resources. These sources are cited throughout the document.

## 02 DEFINING UX

UX, short for “user experience,” was first popularized in the 1990s by Don Norman, co-founder of the Nielsen Norman Group. By his definition, which we’ll apply to the remainder of this white paper, “User experience encompasses all aspects of the end-user’s interaction with the company, its services, and its products.”<sup>1</sup> This is an intentionally broad definition that captures every aspect of a user’s experience, beyond simply product design. Norman invented the term because he believed that “human interface” and “usability” were too narrow.<sup>2</sup> This far-reaching view was supported by research from McKinsey, which found that top-performing companies embrace the entire user experience by eliminating barriers between physical, digital, and service design.<sup>3</sup> According to Adobe, user experience also extends to what users both think and feel. Adobe believes that “humans are both rational and emotional; both sides play a significant role in how users think about a product.” By this definition, the primary objective of UX design is to establish the conditions that are most likely to create a positive experience for the user.<sup>1</sup>



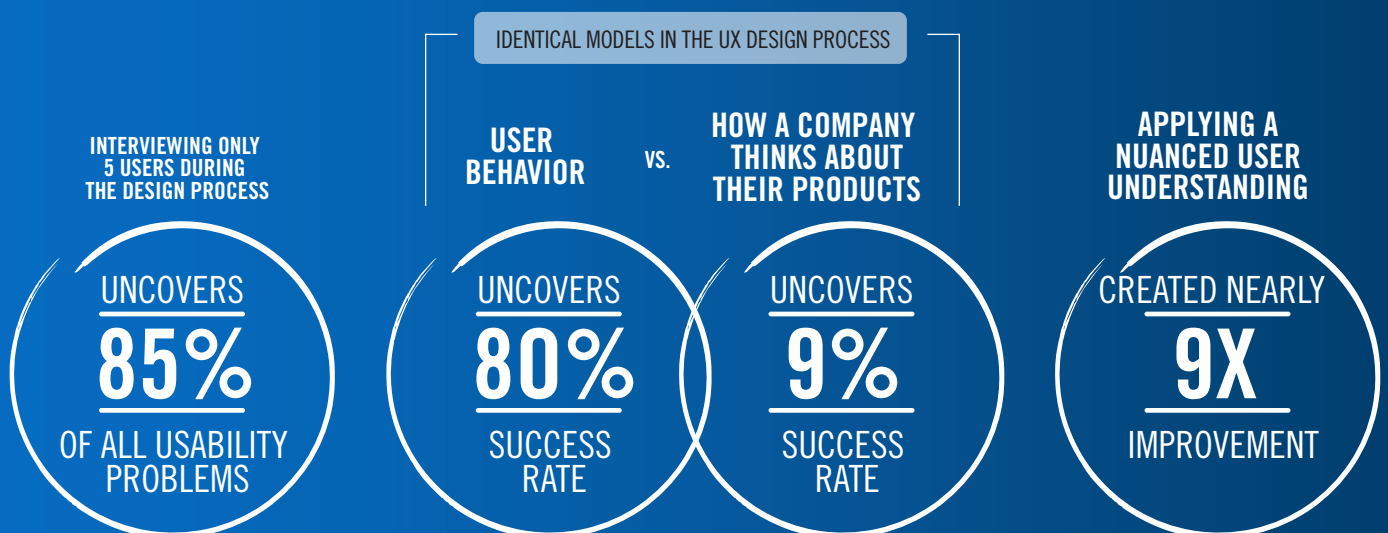
## 03 USER-CENTRIC DESIGN

To that end, users should be kept at the center of the UX design process. When Google was only a few years old, they wrote a “10 things” philosophy which still guides their internal decision making, and their number one rule is to “focus on the user and all else will follow.”<sup>4</sup> Maintaining a relentless focus on the user requires a deep understanding of users’ needs, desires, use cases, and the context in which they’ll be interacting with the company, its products, and its services. As Adobe put it, “the ability to empathize and understand the needs of users is critical for UX designers.”<sup>1</sup>



Google  
**#1 RULE**  
FOCUS ON THE USER

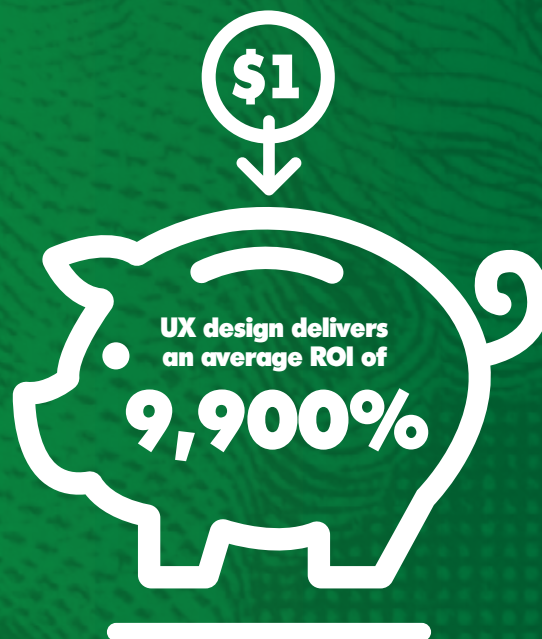
As more companies begin to design for positive user experiences, Forbes reported on a recent shift from organization-centric UX to a more customer-centric approach.<sup>5</sup> Unfortunately, as proven by an IBM survey of 23,000 executives, many company leaders still rely more on their own experiences and beliefs rather than listening to their customers.<sup>5</sup> While engaging users for feedback may seem daunting, even a small effort can have a significant, positive impact on UX design. The Nielsen Norman Group (NNG) found that observing and/or interviewing only five users during the design process typically uncovers around 85% of all usability problems.<sup>6</sup> NNG also shared an example of an e-commerce site that was testing two different navigation schemes for its homepage. One was structured based on user behaviors, while the other was structured based on how the company thinks about its product lines. The two models were otherwise identical. In usability testing, the user-based scheme had an 80% success rate, compared to only a 9% success rate for the company-based scheme. While the UX designs were only slightly different, applying a nuanced user understanding created a nearly 9x improvement, which can have a huge impact on business success.<sup>7</sup> The evidence overwhelmingly suggests that prioritizing users, ideally early in the design process, can minimize rework, improve speed to market, and ultimately create better user experiences.



## 04 QUANTIFYING THE BUSINESS IMPACT OF UX DESIGN

Investment in UX design is proven to have an exponential ROI for businesses. Below, we'll explore the findings from industry-leading research related to quantifying the business impact of UX design.

According to a research study from Forrester, on average, every dollar invested in UX brings \$100 dollars in return. Stated differently, UX design delivers an average ROI of 9,900%. Forrester concluded that companies that invest in UX benefit from a lower cost of customer acquisition, lower support costs, increased retention, and an increased market share, all of which contribute to a company's bottom line.<sup>6</sup>



To further analyze the business impact of UX design, Forrester also created a stock portfolio, their Customer Experience Index (CXi), which included only the leading UX companies. Over a 6-year period, the CXi earned a cumulative +43% gain in performance, compared with a +14.5% increase for the S&P 500. In other words, the top UX companies earned nearly triple the returns of the S&P 500. A similar index of “customer experience laggards” generated a -33.9% loss across the same time period.<sup>8</sup>

#### CUSTOMER EXPERIENCE INDEX (CXi) OVER A 6-YEAR PERIOD



McKinsey conducted a similar analysis, monitoring the design practices of 300 companies over a 5-year period, including multiple countries and industries. McKinsey interviewed & surveyed leaders from the companies, collected over 2 million financial data points, and recorded more than 100,000 design actions. They used their findings to rate the companies based on the strength of their design practices, and found a strong correlation between a high design rating and superior business performance. Compared to their industry counterparts, companies ranked in the top quartile generated +32 percentage points higher revenue growth and +56 percentage points higher total returns to shareholders. McKinsey concluded that “the potential for design-driven growth is enormous in both product and serviced-based sectors.”<sup>3</sup>

#### MONITORING DESIGN PRACTICES OF 300 COMPANIES OVER 5 YEARS





Teehan+Lax, a Toronto-based design firm, took a unique approach to measuring the ROI of UX design. They believed that the financial return of UX design should ultimately be reflected in a company's stock price. To test their theory, they created the "UX Fund," which invested \$50,000 in companies focused on delivering great user experiences. Over the course of 10 years, the UX Fund returned +450%, compared to the Nasdaq's +92% return. Their \$50,000 investment had grown to \$250,044. The significant growth of the UX Fund represented an annual return of 45%, which exceeds any other asset class.<sup>9</sup> The impressive returns offer a strong indication that companies with a focus on user experience will outperform their competition in the long term.

#### UX FUND INVESTED \$50,000 IN COMPANIES FOCUSED ON GREAT USER EXPERIENCES

OVER THE COURSE  
OF 10 YEARS THE  
UX FUND RETURNED

**+450%**

COMPARED TO  
NASDAQ'S

**+92%**

Findings from a UX Design survey of over 400 business suggested that, in addition to a high ROI, investment in UX design also has a high point of diminishing returns. The research found that companies that invest more in UX design generate higher sales. The companies with the largest investment in UX, referred to as "design unicorns," saw their sales increase by +75%. Those in the next tier, considered "design-centric" companies, saw a slightly smaller but still significant increase of +61%.<sup>10</sup>

#### UX DESIGN SURVEY OVER 400 BUSINESSES HIGH ROI / HIGH DIMINISHING RETURNS

UX DESIGN GENERATES  
HIGHER SALES.  
LARGEST INVESTMENT  
CALLED "UX UNICORNS"

**+75%**

UX UNICORNS

COMPARED TO  
NASDAQ'S

**+61%**

DESIGN-CENTRIC

For e-commerce organizations, the impact of user experience is often even more direct and measurable. A study by Forrester found that a well-designed user interface can improve a site's conversion rate by up to 200%, while a better UX design can improve conversion rates by up to 400%.<sup>11</sup> In a more specific example, the Baymard Institute, as part of a cart abandonment study, discovered that e-commerce conversion rates could be improved by 35% with a better checkout flow and design.<sup>12</sup> At a time when customer expectations are higher than ever, a subpar customer experience can be costly for organizations. According to PwC, 32% of customers would stop doing business with a brand they loved after just one bad experience.<sup>13</sup> While we've established that good UX design can drive business growth, this finding demonstrates that poor user experiences can also result in lost business for organizations.

## UX E-COMMERCE STUDY – FORRESTER

UX DESIGN CAN  
IMPROVE A SITE'S  
CONVERSION RATES**200%**WELL-DESIGNED  
USER INTERFACE

COMPARED TO

**400%**

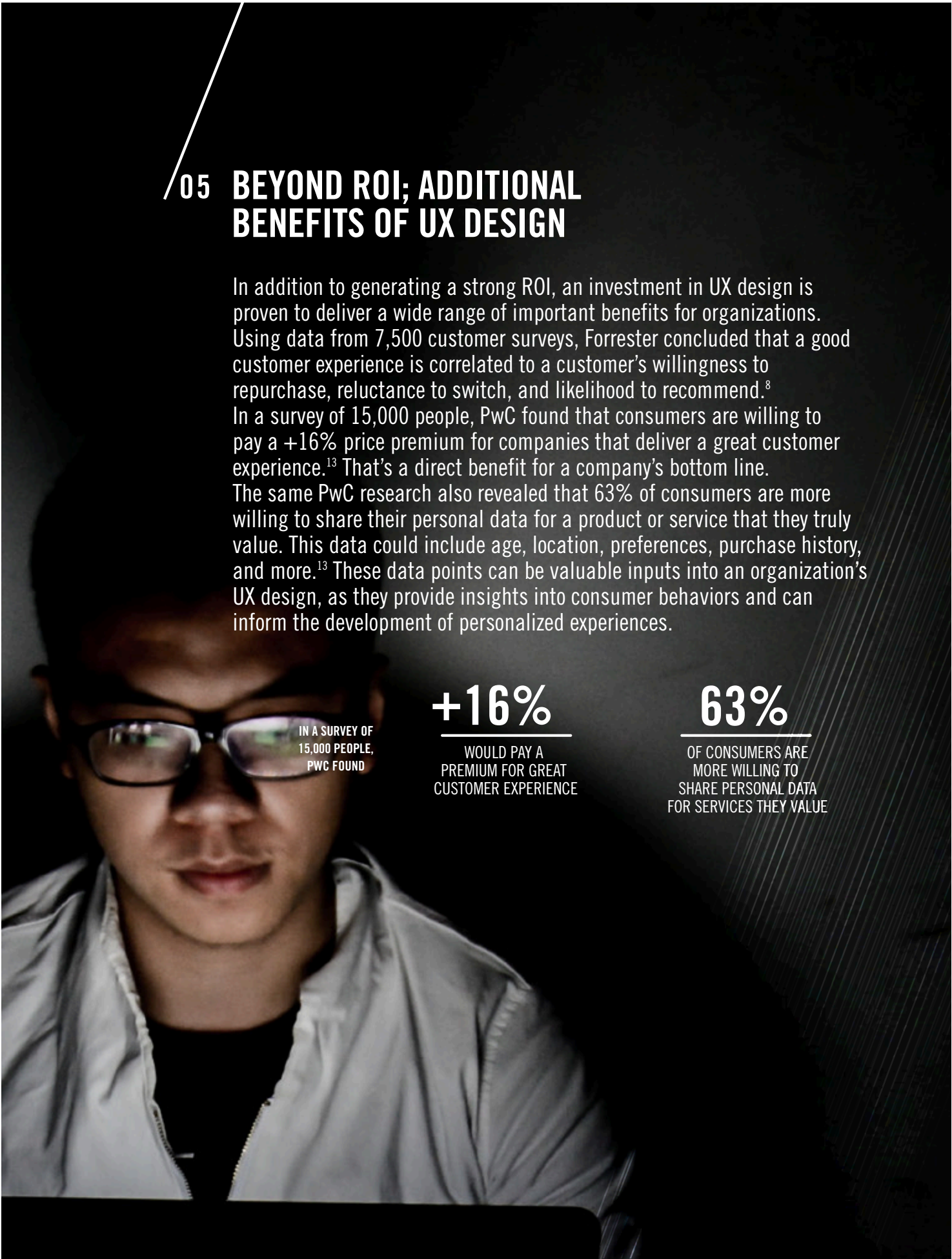
UX DESIGN

## CART ABANDONMENT STUDY BY BAYMARD INSTITUTE

E-COMMERCE  
CONVERSION RATES**+35%**WITH WELL-DESIGNED  
USER INTERFACE**32%**OF CUSTOMERS WOULD  
STOP DOING BUSINESS  
WITH JUST ONE BAD EXPERIENCE

## 05 BEYOND ROI; ADDITIONAL BENEFITS OF UX DESIGN

In addition to generating a strong ROI, an investment in UX design is proven to deliver a wide range of important benefits for organizations. Using data from 7,500 customer surveys, Forrester concluded that a good customer experience is correlated to a customer's willingness to repurchase, reluctance to switch, and likelihood to recommend.<sup>8</sup> In a survey of 15,000 people, PwC found that consumers are willing to pay a +16% price premium for companies that deliver a great customer experience.<sup>13</sup> That's a direct benefit for a company's bottom line. The same PwC research also revealed that 63% of consumers are more willing to share their personal data for a product or service that they truly value. This data could include age, location, preferences, purchase history, and more.<sup>13</sup> These data points can be valuable inputs into an organization's UX design, as they provide insights into consumer behaviors and can inform the development of personalized experiences.



IN A SURVEY OF  
15,000 PEOPLE,  
PWC FOUND

**+16%**

WOULD PAY A  
PREMIUM FOR GREAT  
CUSTOMER EXPERIENCE

**63%**

OF CONSUMERS ARE  
MORE WILLING TO  
SHARE PERSONAL DATA  
FOR SERVICES THEY VALUE

A close-up photograph of a person's hands holding a white smartphone. The person is wearing a white button-down shirt. In the background, a white coffee cup with a brown beverage is visible. The lighting is soft and natural, highlighting the texture of the skin and the fabric of the shirt. A thin black line is visible in the top left corner of the page.

## 06 CASE STUDIES: UX DESIGN SUCCESS STORIES

To help illustrate the real-world power of user experience, this section will explore a few success stories related to companies that have invested in UX design. The examples are intended to show a diverse range of use cases and approaches.



CASE STUDIES

## 06 Amazon: Prioritizing Investment in UX

Amazon is known for its reactive design that creates personalized shopping experiences based on each user's behavior on the site. This approach has been extremely successful at driving customer satisfaction and conversion by always keeping users at the center. As reported by Forbes, in Amazon's first year, they invested 100x more into customer experience than advertising.<sup>6</sup>

IN AMAZON'S FIRST YEAR THEY INVESTED

# 100x

MORE INTO CUSTOMER EXPERIENCE  
THAN ADVERTISING



## 06 American Express: Customer Experience Transformation

American Express transformed their business by shifting their customer service from a cost center into an opportunity to build customer relationships. In doing so, American Express gained valuable insight into their customers needs and challenges. They then applied these insights by implementing changes to every aspect of their user experience: processes, products, policies, technologies, etc. This created an experiential shift that put customers at the center of their business strategy. The efforts led to a +400% increase in customer retention. The new UX also helped American Express establish more meaningful relationships with customers, which gave them permission to expand into additional aspects of their customers' lives, like travel and concert tickets, creating incremental business opportunities.<sup>13</sup>

IMPLEMENTING CHANGES TO EVERY ASPECT  
OF THEIR USER EXPERIENCE LED TO A

# +400%

INCREASE IN CUSTOMER RETENTION





CASE STUDIES

## 06 General Electric: Creating a UX Center of Excellence

By 2010, General Electric had become the world's 14th-largest software developer by revenue. Their growth and product innovation had been largely opportunistic, as they created solutions in response to disparate requests from their clients. While the approach quickly fueled their growth, it also led to little software consistency across the company, which ultimately resulted in quality control issues for their users. In response, GE committed to developing a common software platform and created a UX Center of Excellence to lead the charge. Their mission was to create a software user experience that matched their reputation for excellence in hardware engineering. The UX COE established tools and processes to put users back in the center of GE's innovation. In the first year after its launch, the group generated a 100% productivity gain in development teams and produced an estimated \$30 million in savings for the company.<sup>14</sup>

IN ITS FIRST YEAR AFTER LAUNCH  
THE GROUP GENERATED A

**100%**

PRODUCTIVITY GAIN IN DEVELOPMENT  
TEAMS AND PRODUCED

**\$30M**

IN SAVINGS FOR THE COMPANY



## 06 HubSpot: A User-Centric Redesign

As they prepared to release free versions of their products, HubSpot kicked off a significant UX project to implement a redesign of their website. The primary objective was to consolidate their conversion flows and create a simple experience that helped users easily navigate their products. HubSpot took a rigorous approach to the UX work, including user interviews to identify pain points and copy testing to inform their “copy-first” design approach. In total, they published 130 pages, 39 of which were brand-new to HubSpot. Upon launching the redesigned site, HubSpot began tracking over 90 different conversion paths to monitor its performance. They found that their conversion rate had doubled, their demo requests had increased by +35%, their inbound call volume doubled, and their product signups increased by +27%. In revisiting the project, HubSpot stated, “We place this project amongst our growing list of confirmations that a strong focus on User Experience and Conversion Rate Optimization will drive the greatest performance impact on a design.”<sup>15</sup>

CONVERSION RATE DOUBLED AND  
DEMO REQUESTS INCREASED BY

**+35%**

INBOUND CALL VOLUME DOUBLED,  
AND PRODUCT SIGNUPS INCREASED BY

**+27%**





## 07 EV&D UX DESIGN SERVICES

You may have the most brilliant product to hit the market, but if your target market is not properly introduced, your value proposition might become buried or lost.

Investment in customer and user experience is proven to have exponential return, but choosing where and how to begin your CX and UX journey can be tricky. Our consultancy shepherds you to the areas where you'll get the most return on investment and start seeing a transformation in the way your audience interacts with your product.

### **Areas of practice:**

- Competitors Analysis
- Users Research
- User Persona Definition
- Data Analysis
- User Journey Map
- Concept Design
- E-Commerce and Loyalty

### **Creative:**

- Design for Web
- Design for Mobile
- Motion Design
- Video Production

### **Data analysis:**

- Usability testing
- Performance optimization
- Complex analytics and KPI development

## CITATIONS

1. Babich, N. (2020, November 24). What You Should Know About User Experience Design. Adobe. Retrieved November 19, 2021, from <https://xd.adobe.com/ideas/career-tips/what-is-ux-design/>.
2. The Value of User Experience Design. Odell Keller. (2019, May 2). Retrieved November 19, 2021, from <https://www.odellkeller.com/the-value-of-user-experience-design/>.
3. Sheppard, B., Sarrazin, H., Kouyoumjian, G., & Dore, F. (2018, October 25). The Business Value of Design. McKinsey & Company. Retrieved November 19, 2021, from <https://www.mckinsey.com/business-functions/mckinsey-design/our-insights/the-business-value-of-design>.
4. Ten Things We Know To Be True. Google. (n.d.). Retrieved November 19, 2021, from <https://about.google/philosophy/>.
5. Kucheriavy, A. (2017, January 23). How UX Is Transforming Business (Whether You Want it to or Not). Forbes. Retrieved November 19, 2021, from <https://www.forbes.com/sites/forbestechcouncil/2017/01/23/how-ux-is-transforming-business-whether-you-want-it-to-or-not/?sh=53f8d1b8580e>.
6. Kucheriavy, A. (2015, November 19). Good UX is Good Business: How To Reap Its Benefits. Forbes. Retrieved November 19, 2021, from <https://www.forbes.com/sites/forbestechcouncil/2015/11/19/good-ux-is-good-business-how-to-reap-its-benefits/?sh=4d8b526a4e51>.
7. Nielsen, J. (1999, August 21). Do Interface Standards Stifle Design Creativity? Nielsen Norman Group. Retrieved November 19, 2021, from <https://www.nngroup.com/articles/do-interface-standards-stifle-design-creativity/>.
8. Bodine, K., & Dorsey, M. (n.d.). The Business Impact of Customer Experience. Yumpu.com. Retrieved November 19, 2021, from <https://www.yumpu.com/en/document/read/47624202/forrester-perspective-cx-2>.
9. S., D. (2019, July 10). The Story of the UX Fund: 450% Return by Focusing on Great User Experience. Medium. Retrieved November 19, 2021, from <https://medium.com/swlh/ux-fund-27bdc7009556>.
10. Grayson, D., Lee, A., & Dillon, C. (2016, August 1). The Future of Design in Start-Ups. NEA. Retrieved November 19, 2021, from [https://daoy1b221nves.cloudfront.net/NEA\\_FOD\\_Survey\\_2016.pdf](https://daoy1b221nves.cloudfront.net/NEA_FOD_Survey_2016.pdf).
11. Hogan, A., & Laufer, D. (2016, December 28). The Six Steps for Justifying Better UX. Forrester. Retrieved November 19, 2021, from <https://www.forrester.com/report/The-Six-Steps-For-Justifying-Better-UX/RES117708>.
12. 46 Cart Abandonment Rate Statistics. Baymard Institute. (2021, November 19). Retrieved November 19, 2021, from <https://baymard.com/lists/cart-abandonment-rate>.
13. Puthiyamadam, T., & Reyes, J. (2018, January 15). Experience Is Everything: Here's How to Get It Right. PwC. Retrieved November 19, 2021, from <https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/future-of-customer-experience.html>.
14. Philips, M. (2018, June 21). The True ROI Of UX: B2B Redesign Case Studies. Toptal Design Blog. Retrieved November 19, 2021, from <https://www.toptal.com/designers/ux/roi-of-ux-redesign-case-studies>.
15. Knight, A. (2017, July 28). How Redesigning HubSpot's Website Doubled Conversion Rates. HubSpot Blog. Retrieved November 19, 2021, from <https://blog.hubspot.com/marketing/hubspot-redesign>.



## **WE SIMPLIFY COMPLEX CHANGE**

As an experienced consultancy partner, we've dedicated our time and resources to utilizing the disruptive power of technology and ingenuity to enable our clients' business in their pursuit of what is next.

Simply put, we are an experience group that elevates the connection between brands and their audiences through innovative solutions.

We bring a startup mindset to established companies to help them unlock value in ways that delight their customers and improve their brand experience. Our approach is grounded in a view of both the company and the customers holistically, uniquely integrating strategy and consulting, experience and design with a thirst for problem-solving creativity.

[evdsolutions.com](https://evdsolutions.com)