DashResearch
cx market intelligence

EXECUTIVE SUMMARY
Employee Experience
Market Drivers and Barriers, Market Sizing and Forecasts, and Case Studies

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Section 1

Executive Summary

1.1   Introduction

The massive shift caused by the Covid-19 pandemic has been deeply felt across all industries and at every department level within B2C and B2B companies. The effect on the global workforce has been profound, with companies around the world struggling to hire and retain employees. An evolution that many say was already in progress before the pandemic has accelerated with a balance of power starting to migrate toward employees. Companies are becoming more human-centered, and human resources (HR) is shifting focus from operations and productivity toward experience, health, and well-being. In many cases, the fundamental relationship between employer and employee has changed.

These shifts have resulted in companies turning toward a broad range of technologies and solutions to not only decrease day to day friction in an employee journey, but to attempt to meet the expanded desires of a changing employee population. The line between traditional HR tech and employee experience (EX) technologies has blurred over the past few years and has given rise to larger companies that provide human capital management or workforce engagement technologies adding modules more focused on engagement, community building, recognition, or performance management. Also, smaller companies have gained leverage in the market with more specific offerings focused on just one part of the EX ecosystem.

Employee experience is both a broad and personal journey, and can and should be approached with multiple strategies. Gathering employee feedback has long been an activity companies turn to gauge employee sentiment and satisfaction, and to get a pulse on their employee populations. These technologies have evolved from annual surveys to more sophisticated and ongoing omnichannel listening programs that can churn out insights and analysis that, in more EX-mature organizations, can be put into workflows for action to be taken. This is just one facet of the broader employee experience ecosystem but often provides the direction and impetus for investments in other technologies, such as ramping up efforts in rewards and recognition programs, implementing different ways to conduct performance management, or perhaps putting more focus on digital EX and supporting technologies.

This Dash Research report focuses on the software platforms, applications, and services that are offered to help companies achieve excellent employee experience. If implemented thoughtfully and with sustained commitment, these solutions can promote deeper employee engagement, less employee churn, improved efficiencies and in-house automations, and improved customer experience (CX).

1.2   Market Drivers

The key market drivers spurring the purchase of EX software and services include:

- The Great Resignation and the Need for Better Retention Strategies
- The Employee Experience/Customer Experience Link
- Shifting Employee Wants and Needs
- Move to Hybrid and Remote Leading to Increased Need for Communication and Connection
- Growing Need for Optimal Digital Employee Experience and Great Supporting Technologies

1.3   Market Barriers

There are many barriers for organizations when attempting to deploy employee experience solutions, many of which are internal and operational. The key challenges tempering the growth of EX include the following:

- Outdated and Challenging Tech Stack
- Lack of Internal Ownership
- Struggles with Analysis and Action
- Inability to Build an EX-Supportive Culture

1.4   Market Forecast Highlights

Dash Research projects that the market for EX-enabling software will reach $14.6 billion by 2026, increasing from $5.8 billion in 2019, reflecting a compound annual growth rate (CAGR) of 14%. North America represents the largest revenue in the market, with revenue expected to reach $8 billion in 2026, up from $2.4 billion in 2019, a CAGR of 18.7%.

Chart 1.1	Employee Experience Software and Services by Region, World Markets: 2019-2026
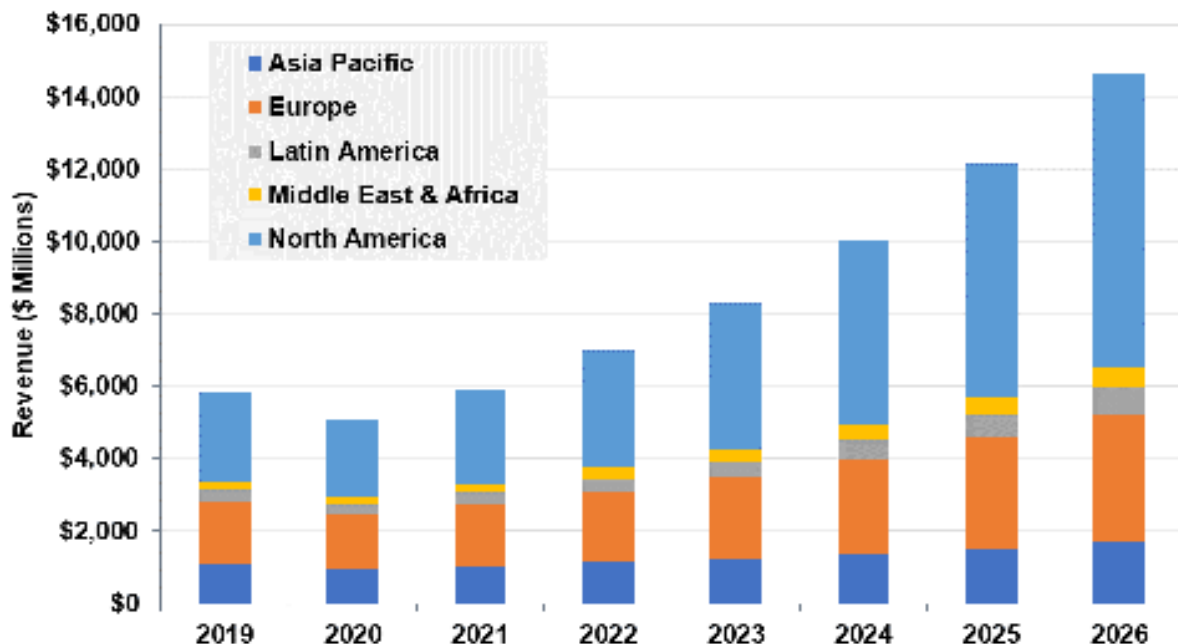
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1.5   Dash Research Insights

- Employee Experience is not one-size-fits-all when it comes to technology, both for the company implementing it and for employees themselves. The market is still in earlier stages of maturity, and some companies will (and should) be tackling their primary focus areas with select tools, rather than end to end solutions.

- Companies need to keep in mind that similar to customers, employees have personas as well, and communications, feedback, and recognition need to be personalized.

- It will be important to map and track the entire employee journey. An employee's relationship with a company is not just the big moments, but all the micro-moments in between.

- Digital employee experience, including an employee's daily interactions with technologies and systems, both in office and remote, is a growing focus area that should not be neglected.

- The way employers treat employees is becoming a larger part of their brand stories. With the growing use of social media, as well as the airing of positives and negatives on channels such as LinkedIn or Glassdoor, employee advocates, promoters or detractors can influence brand image.

- A lot of EX efforts, while well-intended, are falling short due to poorly defined objectives and lack of ongoing support and ownership.

Figure 1.1   Employee Experience Market Ecosystem
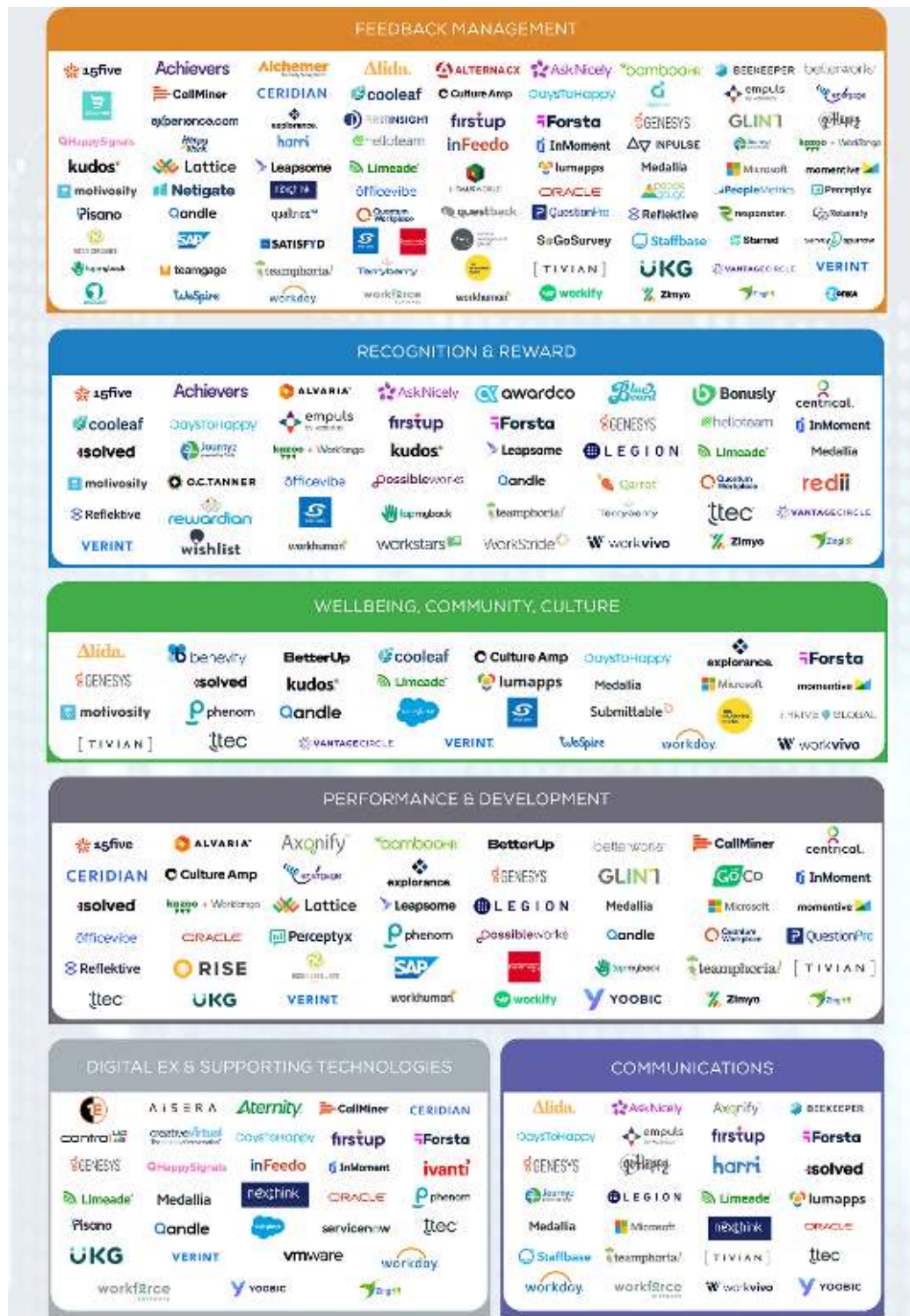
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9.1   Scope of Study

This Dash Research report examines the market issues, drivers, and barriers for EX software platforms, software applications, and services. The scope of the market forecasts includes software that is deployed by Dash Research's overall ecosystem of companies that spans 20 industries, 5 world regions, and 3 offerings (software platforms, software applications, and professional services). The forecast takes 2019 as a base year, forecasts market value from 2021 through 2026, and segments the market by offering, geography, and function.

9.2   Sources and Methodology

Dash Research is an independent market research firm that provides industry participants and stakeholders with an objective, unbiased view of market dynamics and business opportunities within its coverage areas. The firm's industry analysts are dedicated to presenting clear and actionable analysis to support business planning initiatives and go-to-market strategies, utilizing rigorous market research methodologies and without regard for technology hype or special interests including Dash Research's own client relationships. Within its market analysis, Dash Research strives to offer conclusions and recommendations that reflect the most likely path of industry development, even when those views may be contrarian.

The basis of Dash Research's analysis is primary research collected from a variety of sources including industry interviews, vendor briefings, product demonstrations, and quantitative and qualitative market research focused on consumer and business end users. Industry analysts conduct interviews with representative groups of executives, technology practitioners, sales and marketing professionals, industry association personnel, government representatives, investors, consultants, and other industry stakeholders. Analysts are diligent in pursuing interviews with representatives from every part of the value chain in an effort to gain a comprehensive view of current market activity and future plans. Within the firm's surveys and focus groups, respondent samples are carefully selected to ensure that they provide the most accurate possible view of demand dynamics within consumer and business markets, utilizing balanced and representative samples where appropriate and careful screening and qualification criteria in cases where the research topic requires a more targeted group of respondents.

Dash Research's primary research is supplemented by the review and analysis of all secondary information available on the topic being studied, including company news and financial information, technology specifications, product attributes, government and economic data, industry reports and databases from third-party sources, case studies, and reference customers. As applicable, all secondary research sources are appropriately cited within the firm's publications.

All of Dash Research's reports and other publications are carefully reviewed and scrutinized by the firm's senior management team to ensure that research methodology is sound, all information provided is accurate, analyst assumptions are carefully documented, and conclusions are well-supported by facts. Dash Research is highly responsive to feedback from industry participants and, in the event errors in the firm's research are identified and verified, such errors are corrected promptly.

Dash Research Methodology
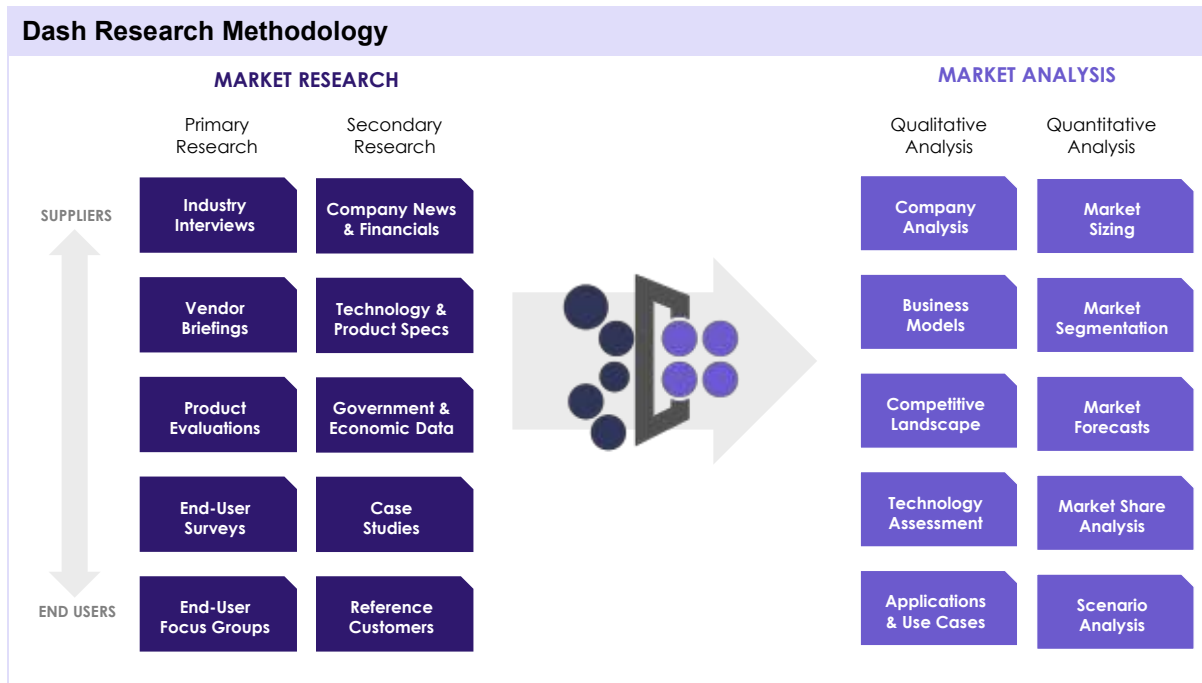
9.3   Forecast Methodology

Dash Research has taken a multifaceted approach to developing its forecast model. A scan of the market was undertaken to identify a market ecosystem consisting of companies serving the EX-market, including small, medium, and large players, across several functional areas.

Using a combination of company-supplied data (annual reports, press releases, analyst conference calls) and public and subscription-based company databases, an assessment of each company's revenue was captured for the base year of 2019. Further assessments on the amount of revenue that was directly attributed to EX platforms, applications, or services were made, which were cross-checked against customer lists, press releases, and industry news reports

To forecast the potential market value, industry growth rates from several sources were collected and analyzed and applied as a baseline growth rate for the industry. Then, segment growth rates were calculated by implementing technology adoption growth curves for each region and functional area, taking into account the internal market dynamics and external economic factors that impact the retail market.

The forecast is not without limitations; many of the functional areas overlap, and Dash Research's categorization relies not only on vendors' classification, but on an assessment of what the company's products and services allow a company to accomplish. Further, while Dash Research has attempted to capture a wide-ranging and comprehensive ecosystem of companies, the definition of what constitutes EX software and services is highly variable.

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