



KPMG Customer First Podcast Transcript

Insight Driven Engagement

Welcome to the Customer First podcast hosted today by me, Urvashi Roe.

I'm part of the KPMG international global customer centre of excellence. We focus on helping our clients deliver profitable growth by putting their customers at the heart of their business. Joining me on the podcast today I have Amanda Hicks who is Partner in Charge, Customer Brand & Marketing Advisory from Australia and Torsten Fritz who is Director in our Customer Advisory Business in the UK, welcome both.

Our global customer research into customer experience excellence found that many of the organisations that were really customer obsessed are also insight driven. These companies know their customers at a really deep and profound level, they continually listen to customer feedback so that they can choreograph motivation experiences.

Torsten and Amanda, you're both working in this area at KPMG and I'd really like to hear from you about why this approach is so powerful for organisations. Amanda, maybe 'll come to you first.

(Amanda) The first thing is of course that everyone is moving towards customer centricity. We need to know about our customers and the only way to do that is through utilising as many data points as we have available. I also think the thing that's really interesting these days about insight and data and designing customer experience is that now we can start to look at designing customer experiences that are proactive in nature; trying to anticipate customer needs or being predictive - trying to predict what a customer may or may not need or want. While at the same time building in fantastic efficiencies because the data also tells us how to do things in an efficient manner and from my perspective, working in data and insights for more users than I care to count. Years ago, we could always talk about what a customer wanted but we always had trouble delivering in an efficient manner and now this data allows us to do both. It's a really fantastic way to start developing these amazing customer experiences that are just so profitable.

(Urvashi) Yeah absolutely, Torsten what's your view?

(Torsten) I absolutely would agree with what Amanda said and I'd probably add that this increase insight being available to an organisation, we also can see that this organisation's empathy to customers really increases and that in its own right i think drives new solutions, new ideas, both in the area Amanda just talked about but also more generally in how organisations feed their customers. I think that available insight to an organisation really helps shift towards a much creative customer centricity. Both in terms of proactive, pre-emptive actions, services and products they deliver to their customers, but also in how they deal with their customers on a day-to-day basis. That makes a huge difference.

(Urvashi)And why do you think that there is so much opportunity for these increased insights? How's that come to pass?

(Amanda) From my perspective, it's because we're shifting to the digital channels in the way we're operating with customers in a digital manner. The vulnerability of data that we have on customers is just exponentially exploding. In fact, when I look ahead and I think about the internet of things and how much data is going to be delivered to us even more on customers - it's just incredible. So, the more data we have the more we have had to think about customers. Firstly, it's how much we know about customers but then also thinking about how we can use it to really do better for our customers and to deliver those great experiences or to think ahead. Not just for the now but for the next, I think it is so often said that's what the most amazing thing is about the data as well is it doesn't just tell us about what's going on now but gives us a chance to think much more ahead.

(Urvashi) Do you think there's this risk of focusing on having too much data? what should organisations be mindful of there?

(Torsten) I absolutely think that risk exists. For me the most important point for organisations here is to think of the business issue or challenge they're trying to solve with the data they have. I've seen many organisations that understand that having data in all disconnected data silos is a problem so they've invested a lot of effort in getting all this data integrated both from a technology perspective but also from a conceptual perspective. But then they don't have that use case, that end point of what they're trying to achieve with that data. I think that's really the most important aspect for organisations. To really know what they are trying to do because then you can use that data very effectively.

(Amanda) One of the things I always think about is that people always talk about 'big data' and what an experience changing organisational disruptive thing big data has become. I always think big data doesn't really describe what data should be about - it's not about big it's about better. We should know these use cases, we should know how we want to use this data, just having big data isn't sufficient. We need to have better data and more insight from it.

The other thing I was thinking about when I was reflecting on is there a danger about too much data. Sometimes I think there is. I'm particularly thinking about real-time feedback for example. Constantly trying to change or enhance their customer experience to meet their customer needs and to really put that customer at the centre of everything they do. Most of the time that's really what's important and absolutely the way forward, but at the same time you've got to hold onto what your brand is too and your brand experience and I think that's sometimes the risk with too much customer feedback. If you don't also say - well look I don't know how I want my brand to manifest, the customer is right in telling you about the pain points but they might not always be right in terms of the solution or the way I should deliver it.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG International Cooperative ("KPMG International"). KPMG International provides no client services and is a Swiss entity with which the independent member firms of the KPMG network are affiliated. All rights reserved. Designed by CREATE | CRT112363R

Throughout this document, "we", "KPMG", "us" and "our" refer to the network of independent member firms operating under the KPMG name and affiliated with KPMG International or to one or more of these firms or to KPMG International.



(Amanda) How do I stay true to my brand? I saw a talk once about a well-known furniture retailer. If you think about the customer feedback they would tend to always get, it would probably be something along the lines of “I wish their furniture came premade and I didn't have to use an allen key to always fix it” but if you took that away you would take away the whole brand experience. That is what the brand is and so that juggle between that customer feedback and understanding what the pain point is, but also making sure you're being true to yourself as well.

(Torsten) You're absolutely right. The availability of customer insight and be that customer feedback or customer data sometimes leads to that feeling of we have to do something about it and then it almost getting back in touch with customers becomes an action in its own right but Amanda's absolutely right - you have to provide your business and your colleagues with some very, very clear guidance of what we stand for and then how that is being delivered, both directly to our customers in the first place but then also when we act on feedback so it's a critical to make sure that the insight that you have as an organisation is coherent with brand and coherent with what you stand for.

(Urvashi) You've both talked about the expanse of data... I'm hearing the term 'data lakes' – Torsten, what does that mean?

(Torsten) Data lakes are essentially the term most widely used for companies or organisations to integrate data in one place and have access to all relevant data at the point of need. That's what we see organisations trying to achieve when they talk about a 'data lake'. Whether that's being delivered by a cloud system or in any other means, that's what we see 'data lake' meaning.

(Urvashi) That sounds incredibly challenging to do. Particularly if you're a legacy organisation that's been around for a while and has data in all of these different places. Amanda, what are some of the challenges you're helping our clients with? How can organisations start to do this more effectively?

(Amanda) Obviously when you start to look at legacy organisations you're starting to say where are these different parts of data being held and if we could unify them together whether at an identified level or at a segment level, what kind of greater insight could that deliver. The other user case is that I'm seeing increasing interest in counter partner organisations coming together - probably airline frequent flyer programmes are a really good example of this. How can they utilise and augment their data from data within other companies? But they had to do it in a 'data lake' way - an identified manner of putting individual transactions together to start to really understand the customer. Not just within their own eco system but how they might be acting and reacting outside of that. Shopping in other ways, how they use financial services, things like that so they can start developing more interesting, more engaging, more encompassing experiences for the customers.

(Torsten) I think I would add an element of risk. With all that data in one place, we absolutely also need to think about how we make sure this data's secure. How do we make sure we've got this data in here that we're allowed to have in many ways so I think that element, unless we start towards more data integration, generating more insight, understanding our customers better, understanding how we can secure that data and then how we make sure that we comply with relevant regulation out there is hugely important. That's an area that we can help our clients with.

(Amanda) I was going to say exactly that - it's a really interesting area to talk about at the moment, isn't it? The balance between personalised experiences and the opportunities data can provide. This is the consumers fears and concerns around privacy and how their data is being used. It's so topical at the moment. Right now, we're in a formative stage of all of us trying to understand how much data is coming in and how we can utilise it best for our clients, while remaining trusted, trustworthy, respecting consumer rights and obligations. Once we bed this down and have these discussions and get it right, I'm really looking forward to a future where we don't have to think about these things in quite this much detail. It's such a balance and it's top of mind for consumers whenever we talk to them. What I get but what I'm afraid of.

(Urvashi) Yeah that's really interesting. I think that other area is that element of trust that you hit on just now. Our research shows that the personalisation component is really, really important for loyalty so it's really clear that using data makes customers feel unique and listened to but there is that underlying do I really trust you to this? For myself from a personal perspective, I'm always been really wary about filling out my details and I've got 2 teenage girls who are starting to enter the world of shopping on their own and putting in all this information. On the one hand it's pretty cool, they're getting all these hyper personalised services back. As a parent though, that makes me feel quite scared in terms of how their information is being stored and how it's being analysed. What would you say is the risk to those organisations who aren't doing this properly?

(Torsten) For me, I couldn't agree more with you and you talked about trust being absolutely critical. I've recently worked with a global organisation and in many ways they are not seen as a hugely trustworthy organisation. The products they deliver don't in their own right deliver a huge amounts of trust. What they're seeing is that when they now start to build customer centric propositions and services for which they require customers to provide data with them, they really struggle with customers giving that data to them. That link between trust and the personalisation that you're able to deliver based on that information you hold is for me absolutely clear. That's a big risk for organisations. I believe even if you do own that trust off your customers, that they are willing to provide you certain information - that can erode very quickly. You really start getting into a problem - not just about managing your brand about the trust agenda, but also what you can then deliver from a product and service perspective. If you're unable to use that data or use it in the first place.

(Urvashi) It's this ongoing circle of trust that takes one interaction to fail for you to completely lose that trust.

(Torsten) I believe so. Here in the UK, we've had some very public examples of information being made publicly available on the internet and that is really calling these organisations some problems. From a reputation management perspective, but also from a perspective of customers entrusting their data. So, if you deliver services or products that are based on an increase availability of customer data, I truly believe you will be hampered in that area if you don't have that trust with your customers.



(Urvashi) We've spoken a lot about how data is collected and what organisations can do to do that more efficiently. How the data can help organisations be a little more proactive in how they serve their customers and certainly more customer centric. I wanted to talk a little bit about the analysis that organisations can do with this data and the technologies that they're using. Tell me a little more about the trends you're seeing here.

(Torsten) I think from my perspective the trends we're seeing are increasingly more and more towards that predictive offerings. For me that's the biggest area where we're likely to see the biggest improvements over the next year. Both from a personalisation perspective, so very much from how we can deliver the next action - through to our customers as they are interacting with us. I also mentioned earlier about innovation. It's about using all that data that's available to really drive innovation. To be proactive in a service or product development cycle. That to me is something that I think is going to be really exciting in the next few years. Software technology and AI or machine learning are critical elements of that.

(Amanda) I think people are using the terms a lot, I think people are starting to permeate in certain user cases. We've seen machine learning in marketing and communications, offering up the next best product. When I'm talking to people in my organisation, they've mentioned that they could start to use this technology, for example in higher education institutions, to start really designing customer service experiences for where to go for students from when they first start to consider a particular university or higher education institution, all the way through to course learning, how they interact, how they enrol, what the non-learning experience is. Also I feel like once we've started to have these discussions about how you can get machine learning across a cycle and across an organisation it's starting to get really powerful.

(Urvashi) Absolutely. I can really visualise that because my girls are starting to look at universities and I must say it's a very confusing process so from a personal perspective that would be amazing! Are there any other examples of things you're seeing in the marketplace with AI, Torsten?

(Torsten) I think big use cases are evolving and it's not new in its core but speech analytics is for me a technology that is getting increasingly good at how it's getting used within organisations. I think that's something I can see. It's been around for a long time, but the use cases get more sophisticated, the integration of that data gets more sophisticated and that drives the more effective user cases and the more effective use of machine learning and AI. For me that's an area that's quite exciting at the moment as that allows that even deeper understanding of a customer and then the solutions on the back of that.

(Amanda) I'm really excited about all this AI/Machine learning moving into - being put on top of those technologies such as the internet of things where we're starting to see an increase in metric data from our customers and consumers as well to really start learning not just what their preferences are but also to see how biological reactions might occur. I was reading about a major healthcare company in the sleep area and how they've been investing in an enormous amount of money in technology around data and analytics, in the billions. They're starting to get their machines to deliver live healthcare information through to clinicians - the future is so rife for them to start thinking ahead to prepare them to start thinking about serving these customers and patients. It's just amazing.

(Torsten) I think you're absolutely right here Amanda, and if I just think back to maybe 10 years of the customer insight industry, psychology and studies that learn that understand the biological reaction of customers to specific services and products very qualitative information. In the early stages we were still using things like MIT scans and things like that, all of a sudden that data is available at scale and we can really understand what makes customers tick not just from a psychological but also physiological perspective and also how that may help organisations to really develop products and services to customers. I think you're right it's a really exciting prospect.

(Urvashi) I think there's this empathy component that you talked about earlier, Torsten,

(Torsten) For me, empathy is a result of individuals understanding who they're dealing with and then being able to put themselves into their shoes. That increased availability of customer info, that deepens that understanding and that profound understanding of the customer. That is true from an organisational perspective. For it to be really effective, it needs to work at an individual level within the organisation as well. So that every decision that is made within the organisation has a customer as a factor and an influence. Now we can never assume that the customer is the only factor driving decisions within organisations, but as an organisation it's important that you understand the impact of that decision. That's what customer insight can deliver and that's what I think, that's what's happening in those organisations that's really changing the needle in CX and delivering better experiences. They've understood that it is about having those data providing decisioning it's about proactive offering, but it's also about our people understanding customers and I think those 2 strands are critical. That's why empathy we see over and over again is one of those big differentiating factors for organisations.

(Amanda) It's about getting greater insight to customers and also that empathy about identifying smaller and smaller to the individual level. Customer groups to design these experiences. One thing that's occurring here in Australia at the moment is that we've had some issues in our banking industry so they're really looking at their models to make sure they're customer centred but also a recognition that they - particularly for the big banks over here - they shouldn't just focus on those customers for whom there is a high level of profit or their customer lifestyle value would be very strong, but also that they have an obligation to vulnerable customers. Everyone needs a bank account these days so now we can use analytics to uncover what the hallmark of a vulnerable customer might be, to be able to size them in various markets or areas to understand that if you're making a decision such as shutting down a branch or changing interest rates on products, how that would impact these small but vulnerable but important customer groups. It's that empathy to everybody to say that you have to understand that it's a very different life and a different way of dealing with this organisation. It's really interesting to start using data in lots of different ways to identify the different cohorts.

(Urvashi) I think it's really interesting that you've both spoken about that interaction with people and the interaction with employees within the organisation. what does that balance look like?



(Urvashi) On one hand you've got all that data that's coming from different places, different sources to serve these customers but how do you train the organisation to understand that better and work with that data better and how do you work with the AI that is involved with that customer interaction?

(Torsten) I think for me it's almost you need to treat your employees as customers on the inside you're generating. That really is for me - what that leads you to think about is that you really need to design the inside so that your colleagues can really work with them so I think organisations will likely fail if they try and train their staff on technical expertise that's not what this is all about. For me this is all about asking sure that the insides sits and fits within the decisions and the day-to-day of your colleagues. Help your colleagues understand how the insight can help your employees to make this even easier and better for them. That's where the focus needs to lie, rather than educating on the technical heavy mass underneath that inside.

(Amanda) We've all drowned in data. Personally, I've had experiences where I can no longer see any more numbers, tell me what that one thing is I need to know, or those 2 or 3 things I need to know to make a difference or impact. I think that's the challenge when you're looking at using data across the organisation, it's the levels of info that are required at different points within that organisation. Your front office staff who deal with customers day-to-day may only need to know 3 or 4 key things that will help them craft and deliver and serve customers in the most effective way. When you're starting to look at strategic decision making perhaps if you're looking at long ranging development in product innovation or development then you need much heavier insights. It's about delivering the right amount of data at the right time and using insights in the right way as Torsten was saying!

(Urvashi) I wanted to ask you both - how does this better use of data insights and analytics- what are the other efficiencies that this drives?

(Amanda) I think when we think about how data can better customers, going back to my original point it's about how we can do that in a really efficient manner. For example, scheduling or supply chains, or stock deliveries, to make it really effective I think that to me some of the key use cases. For example, the other day a pharmaceutical product in colds and flus and they had look at their sales data over time but overlaid it with weather behaviours and virus data to be able to start predict when to start delivering cold/flu medicine stock through faster and to have it available as needed. It's not just about the customer, it's about the suppliers-

(Urvashi) it's connecting that whole organisation together and all these different elements of the organisation operating in silos. It's that connectivity so that the experience is seamless all the way through.

(Torsten) If you use the customer as your unifying entity here, what you then start seeing is that your businesses as you see at the moment has processes and systems that absolutely are duplicating efforts. We see that over and over again - when we start looking at available data and use the customer journey as our analysis unit. Organisations that we work with see that they have redundant processes, they send letters out from 2 different departments to the same person. That's a very tangible example but the principle here is that organisations are often inefficient and ineffective in how they deliver their services with their customers. If you look at all that through a lense of a customer, you will find efficiencies that help the organisation and that for me is what customer experience is all about really. It needs to be a win-win, otherwise in my experience customer insights don't gain any traction within the organisation. That focus is critical!

(Urvashi) Amanda, in the future, what does it look like for the customer and for the organisation when they are getting the data, analytics and insight right?

(Amanda) The organisation itself will be much more connected around a single point, they'll be talking more. Everyone will have a much more unified purpose; the organisation will be working much more cohesively and less siloed. For the customers of course it just feels that there's going to be continued upside as we start to understand them more and more which will mean services delivered in an increasingly personalised way so I think going back to that win-win I'm really hoping that's where we get to. That organisations are really efficient and at the same time customers are reaping the benefits. So it's an exciting future I think!

(Urvashi) It really does feel like we're on the cusp at the moment between organisations that are doing this really well and that have started by doing this - for example there are many examples within the entertainment industry where whole new product areas have been created by the analysis by the millions and millions of data points brands have.

(Amanda) I agree with you - I do think we're at a tipping point. A lot of the clients we're talking to a lot of legacy clients who have had a lot of trouble wrapping their heads around this but more importantly being able to get systems to work together so I think they've been a little bit off the mark. We've seen a lot of disruptors come through and things in different ways. New business models for example, in entertainment, subscription models etc leading the way. I feel like the legacy organisations are really starting to get it and we're either going to see those who really pound ahead now and struggle with things as well or I suspect they'll just have to stop. If you can't use data correctly and start to deliver in this way, pretty soon you won't have a competitive experience to offer.

(Torsten) I couldn't agree more. One of the things that I'm seeing at the moment is that insight into those traditional organisations. Insight is something that you deliver to the business and I think the example you mentioned, Urvashi, around the entertainment industry. I think the big difference here is that insight is actually powdering off the fabric of the business and to me that is what organisations are starting to realise. I'm working with a large global bank at the moment who are designing insight programmes from within the business so traditionally you would have seen insight teams separate from the actual business delivering to customers and designing those programmes but that no longer is the case. It's the business taking charge and insight teams supporting those programmes and initiatives. For me that is always the aim of making inside part of the fabric of the organisation and I think for me that is what is needed for organisations to be successful and move forwards.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG International Cooperative ("KPMG International"). KPMG International provides no client services and is a Swiss entity with which the independent member firms of the KPMG network are affiliated. All rights reserved. Designed by CREATE | CRT112363R

Throughout this document, "we", "KPMG", "us" and "our" refer to the network of independent member firms operating under the KPMG name and affiliated with KPMG International or to one or more of these firms or to KPMG International.



(Urvashi) I think that's a wonderful way to sum up this conversation Torsten, insight is the fabric of the business - those organisations who are using analytics well to deliver better customer experiences thank you both for joining me today.

Join us next time as we continue our discussions on being customer first. if you'd like to subscribe to our podcast or read our growing library of blogs, download one of our reports, you can visit [KPMG.com/customerfirst](https://www.kpmg.com/customerfirst). Thank you again to my guests today and to you for listening. Until the next time, goodbye!

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG International Cooperative ("KPMG International"). KPMG International provides no client services and is a Swiss entity with which the independent member firms of the KPMG network are affiliated. All rights reserved. Designed by CREATE | CRT112363R

Throughout this document, "we", "KPMG", "us" and "our" refer to the network of independent member firms operating under the KPMG name and affiliated with KPMG International or to one or more of these firms or to KPMG International.