

CUSTOMER EXPERIENCE EXCELLENCE REPORT 2021



Foreword

The C-suite have been increasingly focused on the customer and the need to tailor and nurture these relationships to maintain long term customers and drive profitable growth.

In our recent [CEO survey](#) we saw this highlighted with 60 per cent of CEOs saying their main objective was to embed their purpose into everything they do in order to create long term value for stakeholders. Of the CEOs who responded, 88 per cent see a clear corporate purpose as having the greatest impact on building strong customer relationships over the next three years.

Trust in organisations has become more nuanced as the public demands more ambitious environmental, social and governance (ESG) goals. A trusted purpose is now an essential building block of a sustainable customer relationship, with customer engagement dependent upon trust.

Before, during and after the pandemic, companies have recognised the importance of customer experience and the need to make it simpler and easier for their customers to engage with them. However, shifting customer needs, changing expectations, continuously rapidly evolving technology and organisational fragmentation have created a significant level of complexity for companies seeking to deliver on the promise of simplicity.

With customer experience becoming ever more complicated with multiple moving parts, the pandemic has forced many companies to reflect on how these moving parts can be better orchestrated to work more effectively and cohesively together to deliver holistic customer experiences.

How can we assess and improve customer experience? Where should we prioritise our investments?

The Six Pillars of Customer Experience Excellence have consistently been shown to be the essential characteristics of world class experiences and are the prerequisites for customer economics and commercial success. With customers expecting more from organisations than before, organisations need to strive for excellence in all six pillars. We believe this trend will place increased pressure on organisations to identify where best to focus their investment and what initiatives to prioritise to improve customer experience.

Personalisation is the number one driver of CX.

Personalisation unequivocally continues to be recognised by Australian customers as the number one driver for customer experience, having the most impact on both advocacy and loyalty. Customers are looking for personalisation that goes beyond 'know me' to 'understand me'.

How you do it matters.

The other notable trend we have seen over the last four years is the constant growth in the importance of Empathy and Resolution. Customers seek not just simplicity of transactions, physical ease, but

also the psychological satisfaction of human connection and want to deal with companies that show they care about their customers and have sensitive solutions to their problems. It's not what you do but how you do it that matters most.

Orchestrate the how relative to purpose and industry.

It has also become increasingly apparent in our survey this year that the shift in what matters the most to customers differs across industries. How organisations orchestrate the pillars therefore needs to relate to the expectations relevant to the industry with an over index of investment in those pillars relative to the sentiment and consumer behaviour in that industry.

While this report includes our top findings, there are more insights to share. If you would like to discuss any aspect of this report, please contact one of the KPMG CBMA team to learn how they can help you shape a profitable and sustainable customer experience for the future.

Carmen Bekker

Partner in Charge
Customer, Brand & Marketing Advisory

To bring this dynamic to life, our 2021 report features three sectors to highlight key trends and what leading organisations have been focused on:

Retail

The rapid advancements in personalisation and the choreographing of the on and offline experiences.

Energy

Continued focus on empathy and integrity, combined with an investment in personalisation.

Public Sector

Leaning into service delivery improving time and effort and reaching resolution in every interaction.

Retail



Retail continues to hold the market leading position across industries in driving customer experience excellence with seven of the top 10 brands being grocery and non-grocery retail, including fast food and quick service retail.

This result is more remarkable when you consider this industry has faced significant second-year COVID-19 challenges including business impacts on omnichannel store network management, managing channel, customer and supply chain challenges and meeting customer expectations. In response Retail brands have increased their focus on resolution, time and effort and expectation management across consumers and stakeholders who are critical to their operations and CX service delivery.

Retail as an overall category sees Personalisation continuing to be the lead customer experience driver. This level of personalisation moves beyond just personalised communications to one incorporating the involvement of loyal customers, personalised offers and services and, where relevant, personalised range suggestions.

“Personalisation continues to be the lead customer experience driver across retail in Australia...”

The benefits extend beyond customer loyalty through to significant improvements to revenue and retention, a resultant reduction in marketing costs and an uplift in customer acquisition and engagement metrics for brand,” says Lisa Bora, Partner in Charge of Corporates – Management Consulting, KPMG Australia.

Grocery and other food and beverage retail categories such as liquor remain constant against last year’s report findings. Health Beauty and Wellbeing has seen a strong acceleration in performance this year vs prior years with newcomers into the Top 10 CEE leaders of Mecca, Specsavers, Priceline and Chemist Warehouse.

Mecca has topped the charts this year with a strong result due to their accelerated digital drive across communications, operations and ensuring a strong focus and delivery in brand integrity and expectation management.

“At MECCA we have always been customer-obsessed but have really used the last 18 months to codify this and embed it in our strategic thinking and frameworks much more than it being an assumed or organic part of the way we operate. The biggest change is probably the extent to which we now use customer feedback and data. We use a lot more quantitative data to drive decision making today, whereas we used to rely more on anecdotal insights.

We focus on four core pillars when delivering our customer facing initiatives – content and storytelling, seamless omnichannel experience, relevant and personalised journeys and exceptional services. The ways in which we bring these pillars to life is continually evolving, particularly as we’ve heavily accelerated our focus on digital. This includes concentrating on improving engagement through amplified content, livestreaming and enhanced live chat options; developing a stronger omnichannel offering with Click and Collect

and our recently launched MECCA App, which bridge the gap between digital and physical experiences; doubling down on personalisation and relevance across all touchpoints for the customer to make shopping with us on any channel as seamless as possible; and blending ecommerce and social community to meet new expectations for convenience and a truly connected shopping experience.”

Sam Bain, Chief Digital Officer, MECCA Brands

Our top CEE brand in Australia: Mecca

The power of omnichannel experiences comes to the fore for Mecca. The online beauty brand’s ongoing commitment to customer and employee experience has driven a successful path through the pandemic and set the standards for future growth. Putting the emphasis on customer and employee experience and more recently driving a rapid acceleration of digital and personalisation

capability alongside physical retail expansion, has led to its number one position.

Mecca’s loyalty program Beauty Loop avoids discounts and instead relies on a community of 4.3 million highly engaged customers to share data to create its leading customer loyalty and advocacy program.

“It has really built a community of phenomenally passionate and engaged beauty customers who share reams of data with us and that’s enabled us to personalise the experience as this lovely virtuous circle.”

Jo Horgan, founder and co-CEO, MECCA

Quote source: <https://www.adnews.com.au/news/reset-mecca-founder-jo-horgan-on-the-brand-s-most-powerful-marketing-lever>



Energy

The past eighteen months have seen unprecedented levels of job losses and business closures driving significant financial hardship compounded by the impacts of the cooler winter months, and higher levels of energy consumption in homes fundamentally changing the way we live and work.

Government, regulatory, customer and community expectations put energy retailers' firmly in focus in terms of empathy and understanding of individual circumstances. This year's CEE results show the industry met that need, with the sector's performance on empathy increasing steadily since 2018.

Prolonged affordability issues will continue to place pressure on compliance delivery and drive regulatory challenges. As such, having the flexibility to tailor support to individual customer situations will require ongoing consideration. Energy consumers are increasingly aware of, and engaged in, gaining control of their electricity and gas bills. This, coupled with an intensifying competitive landscape, increasing use of technology, tighter regulation, and a growing cost base, means the bottom line of energy retailers is being threatened.

Consumers are also easily convinced to switch providers. This is predominately due to price and ease of switching, particularly through

comparison tools. Compared to other categories, brand loyalty for energy is in the bottom 25 per cent of loyalty scores collected in this research.

While differentiation through personalisation remains important to a strong customer experience, empathy is becoming more closely linked to personalisation and, therefore, more important to customer experience over time.

Achieving consistency in customer experience across all aspects of the customer lifecycle, as well as meaningful engagement across channels, requires an integrated approach to ensure customer commitments and expectations are met.

The 2021 results show that customer experience efforts are recognised by Australian consumers. However, the energy sector has more work to do to meet ever-evolving customer needs, with a continued focus on empathy, integrity and ongoing investment in personalisation.

“Our positive customer advocacy and strength in customer experience comes from a continued focus on customer engagement – underpinned by innovation, simplification and digitisation. We believe investments in customer technology, processes and communication are key to uplifting capability in delivering an engaging and seamless omni-channel experience for our customers.”

Jo Egan

General Manager, Product and Portfolio, AGL Energy





Public Sector

The Australian public sector has made leaps and bounds in the past two years in terms of delivering improvements in customer (citizen) experience in some of the most difficult years faced by the sector.

The public sector in all states and territories have seen significant positive shifts across the six pillars of good customer experience, during a period where they have had to lean into service delivery.

David Thodey, chair of CSIRO, led a review of the Australian Public Sector (APS) in late 2019. It called for the need to put Australians at the centre of government and be held to account for experience and service delivery. These findings were supported with funding set aside across the sector to enhance the focus on measurement of customer satisfaction. Then we were hit with bushfires and floods, and then COVID-19.

Since March 2020 the public sector has been buffeted by the need to keep the economy resilient and its constituents safe.

Citizens expected the government to be able to develop and deliver existing and new services efficiently and digitally. All while holding them to the same (or better) experience standards they might expect from a bank or telecommunications

company. Citizens have expected personalisation, empathy, to be kept informed and to be heard.

The public sector has delivered, with significant improvements in the lived experience of citizens accessing services from the governments. In our research we have seen the CX performance gap closing with the public sector improving at twice the rate of the market average, leading the growth rate for five of the six CEE pillars, only coming second to the energy industry for Empathy.

Australians have seen a new and emerging standard from the public sector and they won't easily accept a reverse of this, rather they will demand consistency across touchpoints and a culture of continuous improvement to ensure service delivery standards keep pace with increasing expectations. To deliver this at pace the public sector will need to orchestrate delivery to prioritise across the pillars and aligned to customer needs in the sector. With a focus on empathy and continued investment in time and effort and resolution.

“There has been a significant shift across the sector and a real focus on putting citizens at the centre of service design and delivery, it is fantastic to see that effort reflected in such positive shifts in customer sentiment.

There is still more work to do across the board to align policy design with service delivery and to digitise and streamline services for customers and these results show the impact of all the hard work over the past year.”

Jenny Roche

Partner, Customer, Brand & Marketing Advisory



Key next steps for you

There is a realisation that the ways of the past, considering radically changed customer behaviour and priorities, are no longer relevant and will fail to meet the challenges of future expansion. More than ever customers now expect connected journeys, seamless transitions across channels, and end-to-end experiences tailored to their circumstances.

The design and delivery of compelling customer experiences needs a high degree of orchestration across the business. It requires breaking down complexity and aligning the business around the customer based on a deep understanding of customers' values, interests and motivations, the marketplace and organisational purpose.

This will involve:

A focus on building the capabilities to balance how digital and offline experiences combine for customers, choreographing the online and the offline experiences to enable customers to achieve their objectives simply and easily across different channels.

Finding ways to make the best use of data and information to be able to deliver digital and intentional experiences that meet customers where they want to be met.

Investment in the right technology to extract meaningful insights that are readily available to sales, marketing and service teams to aid in removing organisational silos.

Developing an organisation design that can be moulded around customer journeys. Linking front and back office to drive synergies and improvements across the journey and a focus on journey designs that reflect customer life missions and goals rather than product processes.

Operationalising empathy, being clear on how employee experience drives the target customer experience whilst seeking to engender an agile culture, and ensure the organisation habitually thinks customer first.

The result

A new, more connected, more integrated, and cohesive operating model to engage a new, more connected and dynamic customer.

For many of the leading companies' success is found through holistic thinking, taking an end-to-end view of the experience a customer has and seamlessly connecting the capabilities, business processes and technologies required to deliver it. What differentiates the leaders is the rigor with which they connect their Customer Experience Management strategy across each of the support processes.

Connected Enterprise

We look to the Six Pillars of Customer Experience Excellence and aim to empower and enable teams to align their front-, middle- and back-office functions for agility and performance which will enable agile, high-speed innovation.

We believe that there needs to be a sustainable, risk-optimised route towards achieving customer centricity, from strategy through to execution. Through [KPMG's Connected Enterprise](#) we can help organisations focus on generating business value at every stage of the transformation journey by building an insights-driven, digital and customer-centric business.

Australia's top 10 CX brands

- 1 Mecca
- 2 First Choice Liquor
- 3 Bendigo Bank
- 4 Bunnings
- 5 Afterpay
- 6 Specsavers
- 7 Priceline
- 8 Chemist Warehouse
- 9 The Iconic
- 10 Paypal

About the research

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International markets covered

3021

Australian consumers surveyed

110

Australian and international brands rated

10

Sectors covered in Australia

Key metrics: the six pillars of Customer Experience Excellence (CEE)



PERSONALISATION

Using individualised attention to drive an emotional connection.



TIME AND EFFORT

Minimising customer effort and creating frictionless processes.



RESOLUTION

Turning a disappointing experience into a great one.



INTEGRITY

Being trustworthy and engendering trust.



EXPECTATIONS

Managing, meeting and exceeding customer expectations.



EMPATHY

Achieving an understanding of the customer's circumstances to drive deep rapport.

CEE pillar importance



The Six Pillars of Customer Experience Excellence

CEE pillar trends we are seeing in 2021



PERSONALISATION

Advances in technology, data and analytics are enabling companies to create much more personal 'human' experiences across moments, channels, and buying stages. Customers seek not just simplicity of transactions, physical ease, but also the psychological satisfaction of human connection. This requires a deep and profound understanding of the customer, being able to track patterns and be able to infer when an intervention can make the most positive difference. Whilst tech is undoubtedly an enabler, true personalisation is how the customer is left feeling about themselves after an interaction.



INTEGRITY

Corporate integrity and its outcome trust continue to be a focus for the leading companies. Re-engaging with purpose, validation of values and moving CSR to the forefront of the brand have been key areas for organisations. The rapid uptake in ecommerce and cybercrime are front of mind for both organisations and their customers, with organisations taking a forensic view as to how they capture, manage, protect, and update the data that is increasingly used to fuel customer engagement programs.



TIME AND EFFORT

Effort and loyalty are inextricably connected, the easier the experience is, the less physical, emotional, and cognitive effort it takes, the more likely a customer is to continue purchasing. This year we have seen a significant rise in the usage of delivery services, Ecommerce has become a way of life and loyalty schemes have become more sophisticated. The emerging trend we are seeing is how organisations are choreographing the online and offline experiences to enable customers to achieve their objectives simply, easily and cost effectively.



EXPECTATIONS

We have historically observed a trend of expectations transfer as customers expect their best experience with a company to be replicated elsewhere. This has become even more evident this past year, as customers embrace a raft of new technologies such as AI and machine learning that are pushing the boundaries of what is possible every day which is in turn leading to an escalation in customer expectations.



RESOLUTION

Customer problem solving has moved beyond just fixing problems that an organisation may cause for its customers into a focus on customer lifetime problems, as a mechanism for extending a trusted relationship. In 2021, to build back better, leading organisations have harnessed new technologies to foster better customer relationships by enhancing query handling and issue resolution, with the two objectives of lowering costs and increasing customer satisfaction.



EMPATHY

Customers want to deal with companies that show they care and can tangibly demonstrate that their customers are important to them and have sensitive solutions to their problems. We are seeing organisations beginning to operationalise empathy; it is becoming a core competence in user experience design and improvement with anthropology and ethnography techniques informing experience designers.

How KPMG can help

KPMG Customer, Brand & Marketing Advisory helps organisations achieve sustainable growth in today's dynamic market by putting customer outcomes at the centre of every decision. We empower our clients to operationalise customer focused change and meet current and future customer needs by working shoulder to shoulder and providing them with best-in-class tools and technology.



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