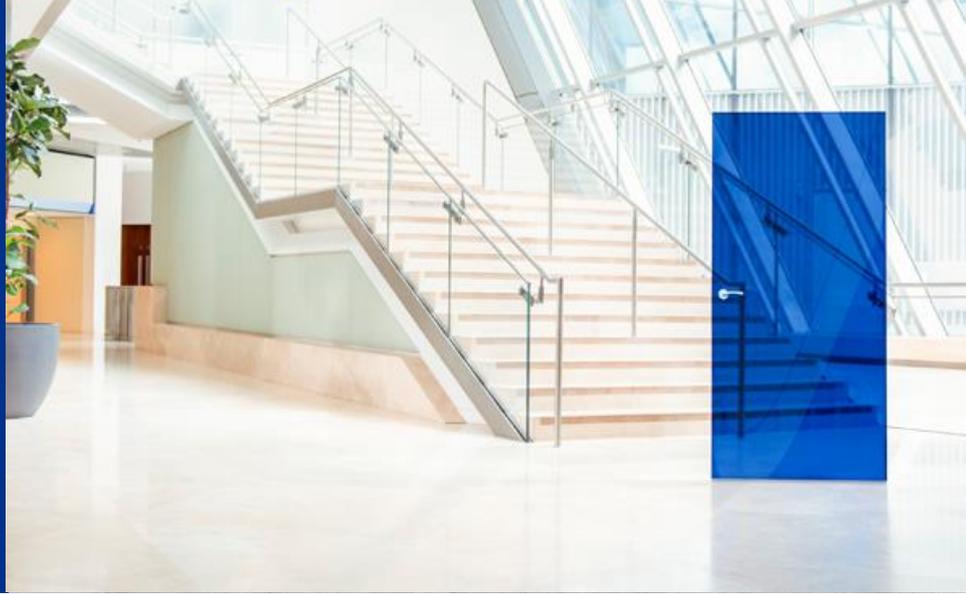




Meet your new customer: key questions

KPMG Board Leadership Centre



Globally, a new and changed customer is emerging. This New Customer looks and behaves differently. They have less to spend, are increasingly digital and display unfamiliar patterns of demand. They have specific physical needs, driven by social distancing. Most businesses are already hurrying to reconfigure to meet these immediate challenges.

For most of us, however, this is a prelude to more seismic disruption. Scratch the surface and the New Customer has profoundly changed; a generation of forced evolution has occurred in a handful of months. There has been a global psychological shift in values, beliefs and needs. Existing trends have been accelerated and new ones introduced. Customers feel more vulnerable, insecure and less in control than ever before. Values have evolved, with renewed demands that brands put integrity and purpose before profit. The basis for many customer decisions has shifted.

These are the fundamentals that every business is built upon. To compete and grow, every enterprise has been fine-tuned over many years around customer assumptions that may no longer hold true. CEOs and customer leaders have never faced a challenge of this nature: most are still determining the impact of the New Customer and depth of change required. Prior to the start of 2020, customer experience was the only way to differentiate your brand among a sea of sameness. Now the challenge is not just to stand-out, but to reinvent, innovate and transform.

To help business leaders compete in this new reality, KPMG Nunwood's 11th annual review of UK customer excellence focuses specifically on how organisations have performed during the COVID-19 period. Through the lens of best practice and against the backdrop of an emerging new reality, it looks at three important themes:

- How have customers changed?
- How must what businesses offer customers evolve?
- How should CEOs adapt or transform their enterprises to compete for this New Customer?

The report *Meet your new customer: Competing in the new reality* is available [here](#). In this paper, we highlight some of the top short term and long-term decisions and considerations for boards.

90%

of customers are willing to pay more for ethical retailers.

Source: KPMG Me, My Life, My Wallet 2020

71%

of customers say they will lose trust in a brand forever if they perceive it is putting profit over people. Source: Edelman Trust Index

63%

of customers see value as the differentiator on product or service choice now.

41%

are working from home more, 56% believe this will continue.

56%

say the environmental and social practices of a company have an impact when choosing to buy from them.

Key questions

To fully understand the impact on your organisation and exploit the opportunities that the new reality will bring, boards should consider all aspects of the operating model holistically. However, there are so many decisions across the enterprise that it is hard to know where to start - here are some of the top short term and long-term decisions and considerations to kick start your decision diagnostic.

The following questions will help sequence and prioritise activity. For some businesses the answers will be a catalyst for change and improvement, whilst for others they will trigger a need for rapid transformation.

Insight driven

- Do we understand our New Customer?
- Do we have the right data to make decisions?
- How can we monetise data?
- How can we scale our data operations?

Innovative products and services

- How should we disrupt our current offering?
- How can we promote rapid innovation?
- How can innovation be embedded for the long term?
- Does our product strategy meet our business goals?

Experience centricity by design / brand

- What are the ESG activities that will improve brand engagement?
- Does our purpose support the values of the New Customer?
- How does our brand strategy need to change?
- Does our brand come alive for customers at each touchpoint?

Seamless interactions and ecommerce

- How do we maintain excellent service remotely?
- How do we integrate ecommerce into our channels?
- Does our segmentation need to change?
- Should we retain our virtual contact centre?

Responsive operations and supply chain

- How do we keep our operations running?
- How do we secure our future supply chain?
- How do we flex our supply chain to meet demand?
- Should we move to a more Direct to Customer (D2C) model?

Aligned and empowered workforce

- Does our workforce strategy sustain continuity?
- What adaptation is needed for employee experience to maintain customer experience?
- How flexible is the new workforce?
- What new skills and capabilities are required?

Digitally enabled

- Does our workforce strategy sustain continuity?
- What adaptation is needed for employee experience to maintain customer experience?
- What new skills and capabilities are required?

Integrated partner and alliance ecosystem

- Are our partners and alliances operationally reliable?
- What eco systems have the greatest value?
- Does our portfolio of partners meet the customers' needs?
- Are we prepared for a new platform-based world?

The KPMG Board Leadership Centre

The KPMG Board Leadership Centre offers support and guidance to non-executive directors, whether managing a portfolio non-executive career or embarking on a first appointment. Membership offers you a place within a community of board-level peers with access to topical and relevant seminars, invaluable resources and thought leadership, as well as lively and engaging networking opportunities. We equip you with the tools you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business.

Learn more at www.kpmg.com/uk/blc.

Contact us

Timothy Copnell
Board Leadership Centre
T: +44 (0)20 7694 8082
E: tim.copnell@kpmg.co.uk



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 endeavor 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 LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.