

Customer experience: The next battleground for success

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Asset managers need to be more agile, flexible and responsive than ever as disruptive influences continue to rewrite the rules for doing business.

While the trust-based relationship between investor and fund manager has changed little in more than a century, client expectations are dramatically evolving in today's hyper-competitive marketplace, making customer outcomes and the overall customer experience critical to future success.

The industry is shifting away from 'selling products' and towards 'providing solutions'; away from 'opaque fees and structures' and towards 'transparency and value'. Success now and in the future

hinges on how customer experience is delivered, perceived and shared. With product innovation at risk of being copied or acquired, and all firms wanting to avoid a race to the bottom on price, asset managers must look to customer experience as the next battleground.

The challenge, perhaps unprecedented, involves the complex balancing act of maintaining personal relationships without transgressing anti-bribery regulations while also delivering 21st century service that not only retains current customers but attracts the next generation of investors. And, as noted in the recently published KPMG

Forward-looking industry players already understand that outstanding customer experience excellence delivers real financial and commercial benefits.

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Nunwood report *Spotlight on the Asset Management Industry — B2B Customer Experience: Winning in the Moments that Matter*, asset managers recognize that the industry is already behind the curve, lagging among consumer markets as well as mainstream B2B. At the same time, opinion is divided on how quickly — and with what degree of effort and investment — the industry will be able to catch up.¹

Forward-looking industry players already understand that outstanding customer experience excellence delivers real financial and commercial benefits. Our Customer Excellence Center reports from the UK in 2016 and the US in 2017 clearly show that firms focused on the quality of the customer experience achieve twice the revenue growth rates of firms less focused on customer experience, they are better able to maintain their margins and, overall, they deliver higher levels of shareholder value.

Six pillars that define customer experience excellence

The research defines the dimensions of customer experience using the six pillars framework. Developed by KPMG Nunwood of the UK following research involving more than one million customers across three continents, the system spotlights six key principles as the building blocks for customer experience success: personalization, integrity,

expectations, resolution, time and effort, and empathy.

By understanding what's embodied in each, asset managers can start to assess where their businesses stand and where they need to go to develop a truly customer centric culture. The six pillars articulate the elements of a target experience that drives both loyalty and advocacy and they should lie at the heart of any organization's customer experience strategy, providing a framework for both implementation and measurement.

Personalization is achieved through knowing your customer, remaining alert to their needs and preferences, and tailoring experiences to their unique circumstances. In a B2B relationship, this knowledge may need to span several players rather than a single buyer.

Integrity involves the degree to which consumers believe a firm is trustworthy and likely to act in their best interests. Creating trust requires trust-building behavior, reliability and ensuring beneficial outcomes for both parties. Trust is formed in the onboarding journey, an area where many firms admit they are weak.

Expectations are higher than ever today among clients, meaning firms must strive to deliver a level of service

that consistently meets or exceeds customer expectations. This also requires businesses to avoid the tendency to over-promise and under-deliver on services, products, value or satisfaction.

Resolution revolves around the simple reality that no matter how well-developed or mature your business processes might be, things will go wrong. What sets the top companies apart is how they deal with problems as they occur. The ability to resolve issues quickly and reliably is paramount to an exceptional customer experience.

Time and effort mean the level of convenience and efficiency firms can provide on every customer transaction and interaction. The ease of doing business and the amount of time it takes are strong drivers of loyalty. Finding opportunities to reduce cost, time and effort are major relationship enhancers.

Empathy is not a word you hear often when it comes to customers but leading companies talk about 'people and culture' — the ability of their people to put themselves in their customers' shoes and react accordingly. This means demonstrating that you can see the world from their perspectives — their priorities and challenges, the obstacles that will get in the way, their fears and worries.

The six pillars of customer experience excellence:



Personalization

Using individualized attention to drive an emotional connection.



Resolution

Turning a poor experience into a great one.



Integrity

Being trustworthy and engendering trust.



Time and effort

Minimizing customer effort and creating frictionless processes.



Expectations

Managing, meeting and exceeding customer expectations.



Empathy

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

Source: *Spotlight on the Asset Management Industry — B2B Customer Experience: Winning in the Moments that Matter*, KPMG Nunwood, 2017.

¹ *Spotlight on the Asset Management Industry — B2B Customer Experience: Winning in the Moments that Matter*, KPMG Nunwood, 2017.

Replace the traditional 'inside-out' view with an 'outside-in' perspective

These six principles should make clear the need for businesses to replace the traditional industry approach — simply creating products and looking for the customers who will buy them — with a

customer-first perspective that evaluates customer needs and delivers a solution that best fits each customer. This essentially requires the industry's entire market perspective to evolve, with asset managers no longer on the 'inside looking out' but instead taking a view from the 'outside looking in'.

This means shifting focus away from the usual financial and sales performance indicators and towards customer centric metrics that are based on knowing each customer you serve and responding to their specific needs, expectations and preferences. On this front, of course, data and analytics are becoming crucial. The

The B2B experiential life cycle



	Pre-purchase	Purchase	Immediate post-purchase	Ongoing	Renew/dissolve
Target experience	Positive reputation. An organization that stands for something, is competent at what it does and keeps its promises.	A closeness to the customer and the sector that enables the offering to be personalized to the customer's strategic needs.	Delivery on the promise, accurate setting of expectations. Making things easy and straightforward.	Responding with urgency when things go wrong. Emotionally intelligent responsiveness.	Making renewal easy. Achieving strategic supplier status — become difficult to unwind.
Phases of relationship connection	Wooring	Selling/buying	Honeymoon Forming Storming	Norming/bonding Co-creation	Leadership
Moments that matter for asset managers	<ul style="list-style-type: none"> — Clear market positioning on brand attributes: active vs. passive, trust, relationships — Reputational coverage — Referral/ references 	<ul style="list-style-type: none"> — Client knowledge — business, industry and challenges — Risk appetite & investment strategy preference — Knowledge of the end client (where possible) vs. suitability of proposition — Setting clear service expectations — Collaborative mandate development & contracting 	<ul style="list-style-type: none"> — Strong relationship management — First impressions/ first user experience — Well-executed onboarding — Team chemistry — Opportunities to reduce or remove client effort — Product knowledge and insight — 0–3 months building trust — Quality of client reporting 	<ul style="list-style-type: none"> — Anticipating issues and proactive resolution — Issue management — Adapting service to changing client needs — Responding to changes in emphasis/ strategic direction — Fund performance — 3–6 months critical period for performance — Channel conflict management 	<ul style="list-style-type: none"> — Ability to sell-down unhindered — Last impressions — Exit interviews
Moments of failure for asset managers	<ul style="list-style-type: none"> — Reputational issues — Confusion on suitability of proposition — Weak relationship 	<ul style="list-style-type: none"> — No ability to articulate the needs of the client (including the end client) — Failure to identify risk appetite — Tendency to over promise 	<ul style="list-style-type: none"> — Poor onboarding experience — Failure to manage cross-company team dynamics — No solutions to predictable problems — Poor change management process 	<ul style="list-style-type: none"> — Quality of relationship manager or change in relationship manager — Poor or inconsistent service quality — Issue responsiveness — No single point of contact for issues 	<ul style="list-style-type: none"> — Acrimonious exit

Six pillar emphasis



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industry's players have largely been sitting on a vast amount of customer data that they have the opportunity to fully mine for new customer insights and competitive advantages. Using data in a predictive manner will open new opportunities for customer experience excellence.

Certainly, the pace and scale of change are creating choices about where to 'place their bets' on transformation that will position them for success as a customer centric organization. Asset Management, unlike many other sectors, remains at the start of its customer experience journey, and the consensus is clear that much needs to be done. Few firms have a sharp vision for what the future experience needs to be, and even fewer have navigated the complex challenge of understanding end customers with whom they have no direct relationship and limited access to customer experience data.

Asset managers would thus do well to develop a strategic business case that helps them identify where on the value

chain to invest in resources, capabilities, technology and offerings. This means clearly identifying who your customers are and where they most value the experience along your value chain.

Also critical going forward is the need to transform the business culture into one that knows and understands clients and their customer experience expectations. This includes focusing on building relationships with clients and understanding the various stages of the B2B experiential life cycle outlined on page 3.

The industry's leaders, meanwhile, have a crucial role to play. They need to facilitate a customer centric strategy within their organization; one that makes clients and the customer experience the responsibility of everyone across the business. CEOs, in particular, should be playing the role of 'change agent', putting transformation of their culture and a customer focus near the top of the business agenda. Forward-looking leaders will ensure that their businesses are among the disruptors rather than the disrupted. ■

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Martin is a transformational change and business architect with 15 years of experience across the wealth, life and pensions and investment management industry. His experience includes overall platform design and governance, replatforming supplier selection RFI/P, regulatory change and TOM.

Creating a single approach

Having recently decided to merge their various operating entities into a single unit, this large global investment firm wanted to create a more robust customer experience strategy that would put the customer at the center of their new operating culture. Working with KPMG Nunwood, the organization quickly started to define and articulate the 'ideal' customer experience, tailored by business and customer type. Recognizing that implementation would be critical, the team also worked to develop a framework that would allow multiple customer journeys to be mapped, redesigned and implemented, supported by a robust cultural change program. The work has been instrumental in creating a single and integrated company focused on the customer.

A customer-first perspective essentially requires the industry's entire market perspective to evolve, with asset managers no longer on the inside looking out but instead taking a view from the outside looking in.

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