



Customer Experience Excellence report 2023



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Foreword

In this report, we explore how accelerating digital transformation in business is more important than ever. Alongside a backdrop of global uncertainty, customers are now expecting a more streamlined journey, and have a lower tolerance for bad experiences.

Integrated business centred around the customer

The key to Customer Experience Excellence (CEE) is building your business around your customers, to create a connected organisation between front, middle, and back offices. Excellence requires a seamless, agile, and digitally enabled organisation that's capable of transformation to reach greater levels of performance and value.

In recent years, we have focused on how leading organisations were enabling orchestrated customer experiences. We have seen it transpire through a conscious attempt to help customers navigate a range of channels and capabilities, resulting in improved customer satisfaction and reduced cost to serve. To achieve this, leading organisations have had to dismantle silos, develop new cross-functional working practices, and bring changes in cultural mindsets to focus on the outside-in, rather than the inside-out. The [KPMG 2023 Global CEO Outlook Report](#) highlighted these shifts, with 79 percent of CEOs saying they were responsible for connecting the enterprise in ways their predecessors were not.

KPMG research shows customer experience is only effective when it becomes a management discipline that's aligned to other emerging disciplines such as agile at scale, then adopted enterprise-wide. Yet for many organisations, customer experience is still a work in progress; often held back, as it is seen in many instances as a function, or the responsibility of those who cannot truly effect change.

“Personalisation at scale continues to be recognised as the number one driver for customer experience in Australia, where brands are expected to demonstrate that they know and understand their customers. This is where a truly connected organisation can transform relationships and drive bigger profit margins. Data and digital transformation are key to this, creating a positive cycle of insights driving improved outcomes, and supporting humans in practical ways to provide better, faster, and always-on support.”

CARMEN BEKKER

Partner, Customer & Operations, KPMG Australia

Three themes driving experience excellence in 2023

1. **Experience orchestration** remains a top priority in creating best-practice customer experiences across channels and touchpoints.

2. **AI-driven orchestration** is transforming the way businesses engage and serve their customers to accelerate towards seamless, responsive, and proactive customer journeys.

3. **Fusing humanity and technology** is a winning combination.

Australians feeling the pinch

Customers in Australia are becoming savvier and demanding more personalised, seamless experiences and more value for their spend. Interestingly, despite dealing with the effects of higher living costs, Australians, like their global counterparts, remain willing to pay more for brands whose values align with their own.

Artificial intelligence enabling connection

Our 2023 Global CEO Outlook Report shares that 70 percent of CEOs rate artificial intelligence (AI) as their top investment priority. At 56 percent, Australian CEOs are not quite as on board with this, but do see AI as a driver of job creation and profitability. AI is one of the many tools driving digital transformation and has the power to redefine the economics of customer engagement and help create better connections.

ChatGPT has heightened expectations around what can be achieved by AI. It has spawned a whole wave of new business use cases and is anticipated to yield economic benefits across the entire customer lifecycle – improving productivity, reducing costs, and increasing revenue.

Most organisations are now alive to the fact that AI will be a hugely disruptive technology and that there is a choice between being a disruptor and being disrupted. But, as organisations seek to catch up and harness AI potential, they will also need to consider the new set of risks and complexities that come with it.



The 2023 research

This is the 14th year of our ongoing global research program into Customer Experience Excellence, and the fifth year Australia has participated.

Globally we interviewed 81,725 customers, 2,726 brands across 21 countries for this year's research. Within Australia, we covered 8 sectors, 92 Australian and international brands and interviewed 2,583 customers.



Introducing the Six Pillars

Customers evaluate their interaction with brands across the Six Pillars of excellence.



Integrity

Being trustworthy and engendering trust.



Resolution

Turning a poor experience into a great one.



Expectations

Managing, meeting and exceeding customer expectations.



Time & Effort

Minimising customer effort and creating frictionless connection.



Personalisation

Using individualised attention to drive an emotional connection.



Empathy

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

The Six Pillars of excellence continue to define world-class experiences and maintain a high degree of explanatory power for advocacy and loyalty. Organisations who have mastered the Six Pillars have significantly better commercial outcomes.



-3.8%

General downward trend in CEE across most markets



Non-grocery retail was the strongest performing sector and had the lowest decline in CEE in 2023

5

Financial services brands dominated the top 10 (five of the top 10 places)



Nike and Apple led the CEE index in two countries – Mexico and Vietnam and Hong Kong and Singapore respectively



Eight markets have had the same brand retain their number one status in CEE



Personalisation is considered the most important driver of advocacy and loyalty



Time & Effort is the most improved pillar for the highest rising organisations



61%

of customers are willing to pay more to a company that is seen as being ethical or giving back to society



97%

of customers say cost-of-living pressure has impacted their purchasing decisions

Global insights

Trends in Customer Experience Excellence

Global uncertainty has affected customer experience significantly over the past 12 months. This 2023 report into Customer Experience Excellence (CEE) was researched with a backdrop of war, soaring energy prices, a looming recession, political upheaval resulting in inflation in multiple countries, a cost-of-living crisis and troublesome supply chain issues impacting customer perceptions. These factors are now causing customers to re-evaluate their relationship with leading brands and make new, economic-value-based choices.

Our global analysis spans 2,726 brands across 21 countries and reveals a general downward trend (-3.8%) in the CEE metric across most markets. This is possibly due to heightening customer expectations and a reduced tolerance for bad experiences, as well as a reaction to the return to business-as-usual processes after the extra customer care provided by organisations during the pandemic. But there is a further reason. Technology has become a substitute, and often a poor one, for human interaction. Customers have been deflected to low-cost channels, whether emotionally they require human contact or not. In many cases, technology hasn't helped – putting a barrier between the customer and the help they were seeking.

Eight brands have retained their place at number one in CEE, proving that once acquired, excellence becomes a habit. Included in the mix are brands that can trace their heritage back 100 years such as KeurSlager in the Netherlands, and businesses still in their infancy like Air Bank in the Czech Republic and Spusu in Austria. Apple Store and Nike each lead the CEE index in two countries.

Hall of Fame organisations and digital transformation

We found many organisations featured in our CEE Hall of Fame have embarked upon successful digital transformation, including the adoption of AI to drive a step-change in experience orchestration. They view AI in human terms and illustrate the extraordinary opportunities the technology provides – noting that to be successful, it must work intelligently alongside humans.

Apple, Nike, and Adidas are adapting new technologies in the areas of robotics, AI, extended reality and Web 3.0 into exhilarating and enticing outputs. They have created online experiences that complement the uniqueness of their retail stores, while showcasing new technologies across the enterprise.

Air Bank, Maybank, Kbank and first direct are focused on humanising the banking experience through technology personification. They ensure their digital assistants reflect the brand and its values through their customer interactions. Technology is further used to equip and enable customers to maximise and take control of their finances.

Excellence in Australia

Customers in Australia are becoming savvier and demanding more from their brands: more personalised experiences, more value for their dollar and more seamless, omnichannel processes.

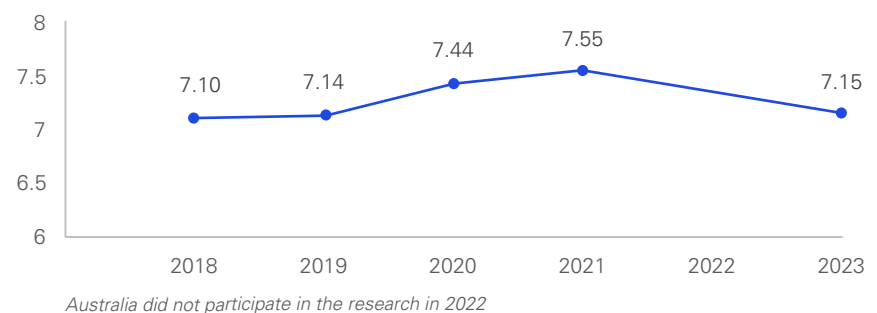
Once again, we see customer perceptions of value formed by how they feel about service and support. It is also formed by how organisations demonstrate their purpose, relevance, and ability to have a positive long-term impact on the environment and society.

As seen in the global insights, higher customer demands have led to an overall drop in the CEE metrics score this year compared to 2021 (-5%) when the survey was last conducted in this market.

Australian customer preferences and behaviours

- Cost of living:** 97 percent of customers say they've been impacted by inflation and the cost of living this year, with 26 percent extremely impacted.
- Ethics holds, despite cost-of-living pressures:** organisational values continue to be a significant factor in customer purchasing decisions. Half the respondents say they are willing to pay ethical organisations more, despite being significantly or extremely impacted by the cost of living, compared with 7 percent who are not at all willing.

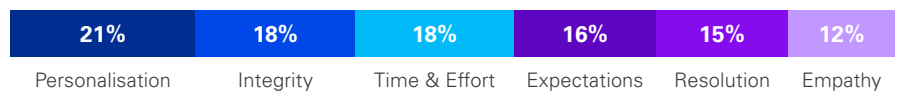
Overall Australian CEE score



Australia's CEE research statistics

Pillar importance

Here, the Six Pillars are ranked according to their importance to Australian respondents.

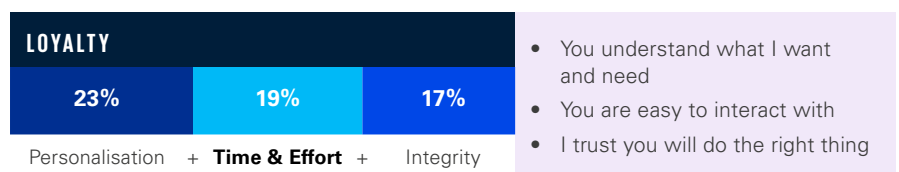
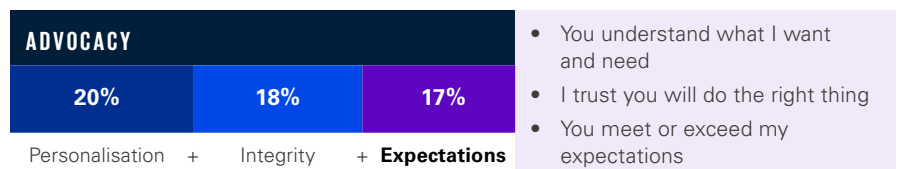


Drivers of advocacy and loyalty

Personalisation and integrity are at the core of both advocacy and loyalty. This means organisations are expected to understand their customers' wants and needs, while instilling trust that they're doing the right thing by them.

Advocacy is heightened when customer expectations are met or exceeded.

Loyalty is heightened when a customer finds the organisation easy to interact with.



Outstanding Australian customer experience brands

Leading organisations demonstrate mastery of the Six Pillars and are outstanding in each of them, relative to their industry's customer sentiment and behaviours.



Non-grocery retail dominates

Non-grocery retail dominates in excellence this year, accounting for eight of the top 10 brands.



Five brands hold in top 10

Five brands are consecutively in the top 10 – Mecca, Bendigo Bank, THE ICONIC, Chemist Warehouse and Specsavers.



Three re-entered the top 10

Three brands have re-entered the top 10 since 2021 – Bunnings, The Body Shop and Dan Murphy's.



Two new entrants

Two new entrants appear in the top 10 – Apple and JB Hi-Fi.

"In an increasingly complex world where customer expectations are elevated, staying ahead in digital transformation has never been more pivotal for customer experience leadership. It begins by driving change, designing experiences based on industry relevant characteristics of excellence, and the organisation's maturity. These factors must also be coupled with seamlessly linking the entire enterprise from front to middle to back offices."

SUE LANGFORD

Director, Customer & Operations, KPMG Australia

Hall of Fame

Australia 2023

1		Bunnings Warehouse
2		The Body Shop
3		MECCA
4		Specsavers
5		Chemist Warehouse
6		THE ICONIC
7		Bendigo Bank
8		Dan Murphy's
9		Apple
10		JB Hi-Fi

Global 2023 – country market leaders

BRAND	INDUSTRY	COUNTRY
Tokyo Disney Resort	Entertainment and leisure	Japan
Air Bank	Financial services	Czech Republic
Maybank	Financial services	Malaysia
Kbank	Financial services	Thailand
first direct	Financial services	UK
MAIF	Financial services	France
Keurslager	Grocery retail	Netherlands
H-E-B	Grocery retail	US
Martinus	Non-grocery retail	Slovakia
Nike	Non-grocery retail	Mexico
Nike	Non-grocery retail	Vietnam

BRAND	INDUSTRY	COUNTRY
Adidas	Non-grocery retail	Indonesia
Apple Store	Non-grocery retail	Hong Kong
Apple Store	Non-grocery retail	Singapore
Dyson Store	Non-grocery retail	Türkiye
Bunnings Warehouse	Non-grocery retail	Australia
Amazon	Non-grocery retail	Italy
Fielmann	Non-grocery retail	Germany
Jollibee	Restaurant and fast food	Philippines
Spusu	Telecoms	Austria
Emirates	Travel and hotels	UAE

Leading CX in the age of AI

Customer experience in Australia is in decline, driven by cost reduction programs and failed last generation technology implementations. The emerging CX leaders are looking to AI to help the front office service customers more effectively and efficiently. They apply the Six Pillars of customer experience to consistently design and deliver brilliant human connections with their organisation.

AI orchestrated experiences

AI has the power to completely redefine the economics of customer engagement and connection. From identifying potential customers, enabling cross-selling and driving cost reduction through improved processes, AI will fundamentally change how businesses go to market.

AI has the potential to yield economic benefits across the entire customer lifecycle, improving productivity, reducing costs and increasing revenues.

- **Productivity:** automation and AI-driven process improvements will lead to higher output and reduced manual workloads, for a boost to overall workforce productivity.
- **Cost reduction:** AI can automate repetitive tasks and reduce the need for human intervention, leading to operational cost savings. Implementing AI in customer service through chatbots can also reduce support costs and increase customer satisfaction.
- **Revenue improvement:** AI-driven customer personalisation and targeted marketing can help increase customer engagement and conversion rates, resulting in revenue growth. AI can optimise pricing strategies, inventory management and supply chain operations to positively impact revenue streams.

AI driven orchestration

AI will have a **significant impact on customer orchestration**, transforming the way businesses engage and serve customers across different channels. This will lead to more personalised, efficient, and satisfying

customer experiences. It also fosters stronger customer loyalty and drives business growth.

Personalised orchestration at scale across customer journeys will be made possible by AI. Customer journeys should no longer be seen as linear processes, but as dynamic and ongoing relationships. AI orchestration will manage more complicated journeys with many variables, choosing from a larger number of options which make sense for an individual customer, based on their profile. Organisations will be able to continuously map and adapt the customer journey through real-time feedback and insights, to ensure every journey is fresh, relevant, and tailored.

The virtual co-worker

The relationship between humans and machines is becoming more collaborative. Machines powered by AI are increasingly learning to perform tasks traditionally handled by people. This perspective shifts the focus from seeing AI as an abstract technology, to thinking of it as a tool with specific responsibilities, capabilities, and limitations – where tasks can be allocated to a human or virtual employee. Leading organisations show that treating AI as a virtual employee encourages the design of AI systems to mimic human interactions and behaviours.

Dell Technologies has identified the importance of human-machine partnerships, where AI is seen as a helpful co-worker – not just another piece of technology.¹ And, in the very near future, intelligent virtual assistants will find a home in the workplace – prized because of their ability to automate mundane everyday duties, leaving employees free to pursue more role-enhancing tasks.

first direct in the UK recently implemented AI to support autonomous banking, in response to customer concerns about managing their financial affairs.² This is now taken care of by AI technology, which provides customers with peace of mind and security. first direct's chatbot, Dot the Bot, rapidly caught up with its human counterparts when it came to positive customer feedback. This is a major achievement, given first direct employees are among the best in the industry.

“first direct helped me when I needed to change names on my account. Their customer service was human, warm and welcoming and they resolved issues very quickly.”

FIRST DIRECT CUSTOMER

¹ Dell Technologies, [The Next Era of Human-Machine Partnerships](#) July, 2017

² First direct, [first direct launches Dot the Bot](#) Press release, 5 March, 2021

Staffing the AI virtual co-worker on value streams

By applying a virtual employee lens to value streams and customer journeys, organisations can identify opportunities for automation, and synchronisation. This can lead to improved process efficiency, reduced cycle times, better resource allocation and enhanced customer satisfaction.

AI and trust

In our global report, Trust in Artificial Intelligence,³ KPMG with the University of Queensland, surveyed over 17,000 regional leaders in AI activity and readiness from 17 countries. Key findings include:

- Customers are wary about trusting AI systems and have low or moderate acceptance of AI – depending upon the application.
- People expect organisations that deploy AI systems to uphold high standards of data privacy, security, and governance.
- Most people are comfortable with the use of AI to augment work and inform managerial decision-making but want humans to retain control.
- People have low understanding of AI but want to learn more. Eighty-two percent of people are aware of AI, and 50 percent feel they do not understand it, and when or how it is used. Businesses and their systems are still silo based with 62 percent of respondents still needing to remove silos between functions.

Use cases

AI helps businesses enhance their overall customer experience and deliver more personalised and efficient services. Customer and business benefits include:

- Prompting customers about flexible and adaptable products and services, more strongly related to their personal circumstances.
- Instant support, customer answers and streamlined interactions through AI-powered chatbots and virtual assistants, leading to faster issue resolution and improved customer service.
- Analysis and categorisation of customer support queries via AI, directing them to the appropriate department or agent faster, resulting in quicker resolution times.
- Anticipation of customer needs and proactive help. For example, AI-powered systems can remind customers about upcoming appointments, suggest relevant products or services, and even predict potential issues before they arise.
- Hands-free access to information, entertainment, and smart home controls via AI-powered voice assistants like Siri, Alexa and Google Assistant making daily tasks more convenient for customers.
- Improvements to safety, efficiency and usability as AI is incorporated into various products, such as autonomous vehicles, security systems and smart appliances.
- Analysis of customer behaviour and transactions to detect or prevent fraudulent activities via AI-driven cyber security and privacy protection to help make online transactions more secure.

Success through integration and customer centricity

To successfully implement AI, organisations need a clear approach to data and AI governance. A key prerequisite to having an organisational AI strategy is ensuring leaders are aware of the benefits and opportunities it can bring, while addressing the risks and ethical problems along the way.

Responding to customer concerns and delivering customer benefits means organisations will need to assess their internal environment and culture. AI adoption levels will rely on building trust with the workforce, so they agree and understand the value and benefits in these technologies. Communication, transparency, responsible and trustworthy leadership alongside robust workforce education and upskilling programs will be necessary.

Success requires a connected approach, which is more than just collaboration between marketing, sales, service, and commerce. It requires process integration, common technologies, and new organisational operating models. But most of all, it requires creativity and imagination for how to harness these technologies in service of the customer.

³ KPMG Australia and University of Queensland, [Trust in Artificial Intelligence \[PDF\] 2023](#)

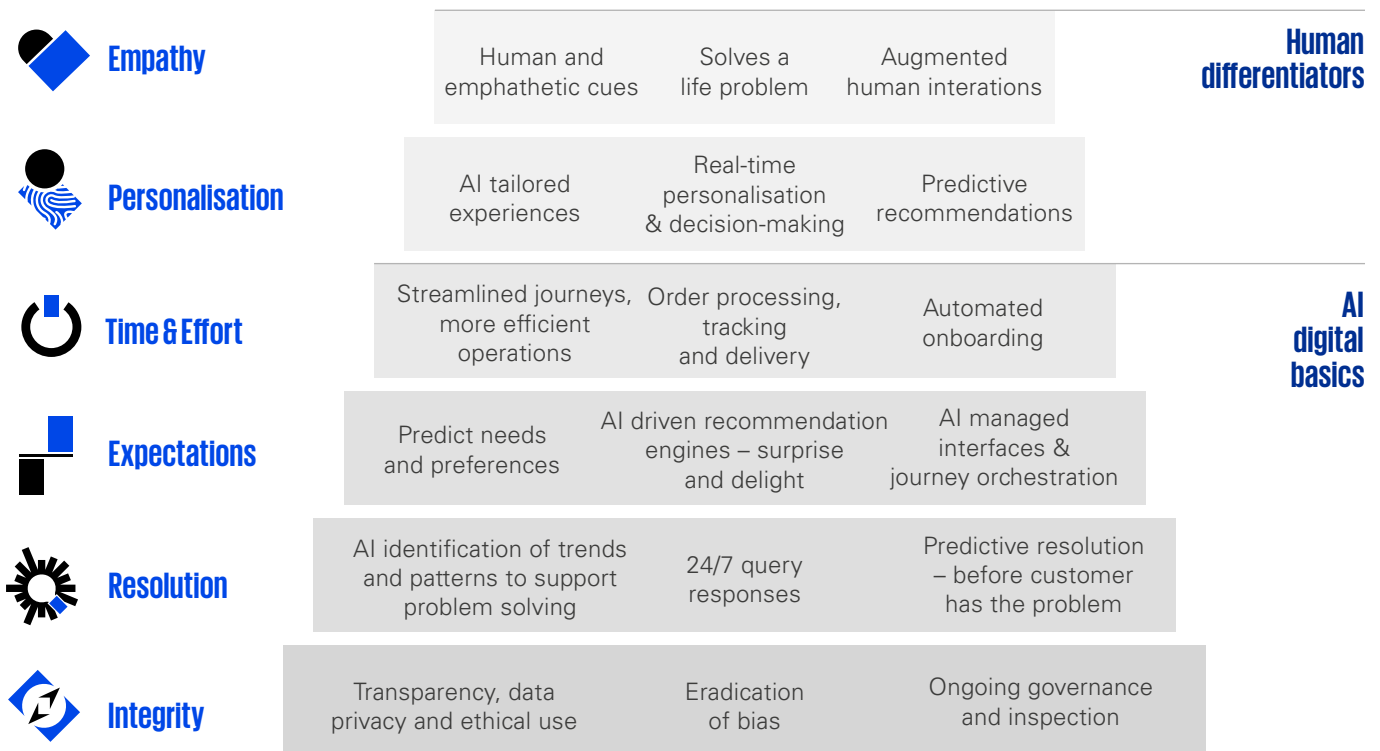
AI and the Six Pillars of excellence

KPMG’s Six Pillars of Customer Experience Excellence (Six Pillars) are essential characteristics needed to drive superior customer results. Even in a world fuelled by technology, the Six Pillars still define the DNA of outstanding customer experiences. They act as design principles, providing guidance on how to incorporate best practice into world-class customer journeys.

The Six Pillars, when applied together, provide a powerful mechanism to help organisations understand how well their customer experience is delivered across channels, industries, and company types. In this new age of AI, they are not only relevant, but an essential consideration if organisations are to maximise customer opportunities and minimise the risks.

The reasons customers become dissatisfied with an experience differ to what drives their advocacy and loyalty. Consequently, there is a Maslovian hierarchy to take into account when focusing on the pillars. For example, there is little value in focusing on developing personalisation or empathy if there is poor lower order performance undermining trust and causing dissatisfaction and negative comments.

When implementing AI, the hierarchy highlights where organisational efforts can be best focused. It **fixes the basics** by removing the causes of mistrust, unresolved issues, and unmet expectations. Human **differentiation is driven** when the customer finds the organisation easy to use, suited to their personal circumstances and feels that the organisation cares about them.



How digital transformation can support each of the Six Pillars



Personalisation

AI can significantly improve personalisation by analysing large volumes of customer data and behaviour patterns including past customer interactions, purchase history, preferences, and demographics, to create tailored experiences. Segmenting customers based on this data helps an organisation deliver tailored and relevant content.



Integrity

Implementing AI responsibly and thoughtfully, with a focus on transparency, data privacy and ethical use, will positively impact customer trust. Organisations that demonstrate a commitment to customer wellbeing and empowerment through AI technologies are more likely to build long-term trust and loyalty.



Time & Effort

AI can significantly reduce the time and effort customers spend when dealing with organisations by streamlining processes, automating tasks, and providing personalised assistance. AI can index and analyse vast amounts of information, making it easier to find specific details or solutions quickly.



Expectations

AI can play a crucial role in helping organisations meet or exceed customer expectations. It can use predictive analytics to anticipate customer needs and preferences. By understanding customer behaviour patterns, organisations can proactively offer relevant products and services and exceed expectations by providing solutions before customers even ask.



Resolution

AI can transform customer query resolution and problem solving, improve efficiency, and enhance the overall customer experience. This is because AI algorithms can process vast amounts of data and information quickly and accurately. AI systems can also learn from past interactions and customer feedback, continually improving their problem-solving abilities over time.



Empathy

AI has the potential to promote empathy in organisations and their people by assisting in ways that foster understanding, connection, and emotional intelligence. While AI can contribute to increasing empathy, it should complement and not replace genuine human interactions. Organisations must strike the right balance between AI-driven automation and maintaining a human touch to create an empathetic and compassionate work environment.

Sector trends in Australia

In this report we explore the trends in three sectors:

1. Retail
2. Financial services
3. Energy

The retail sector

The Australian retail sector once again leads in CEE this year, despite being challenged with inflation. Customer expectations are heightened as value is questioned – with customers rightly asking what benefits they will receive from paying more.

The second half of FY23 presented challenging conditions for retailers. As inflationary pressures reduced household discretionary spending, retailers were required to tread a delicate balance between delivering exceptional experiences that maintain customer loyalty, while consolidating costs. The return on customer experience investment and the ability to measure and provide it, is tantamount to success here. It requires a deep understanding of behavioural drivers and how to economically influence them.

Digitisation of customer journeys across channels

A point of differentiation for leading retailers is the improved integration of digital channels and in-person retail. Most retailers accelerated their investment in digital channels during the pandemic out of necessity, and CEE leaders have been able to integrate these digital journeys with instore experiences – recognising many Australians have retail journeys that begin online, but also include an instore touchpoint.

For example, Specsavers makes it easy for customers to book an appointment to collect their new glasses by simply replying to the text message alert that they're ready. Based on the urgency, Specsavers can also ensure a seamless experience by providing an instore fitting or adjustment using pre-captured facial measurements.

Digital solutions that support customers along their journey while freeing up staff to provide personalised help has become increasingly prominent for leading brands. Technologies include mobile point of sale units to reduce queueing time, digital shelf pricing allowing for dynamic pricing and additional product information, and app driven self-checkouts like My 7-Eleven Pay & Go. Other examples include Bunnings Warehouse's investment in their shopper facing product finder app, which helps customers plan at home, find items instore, and request for a team member to pick the inventory.

Data and AI delivering more personalised shopping experiences

Data and AI are being used by leading brands to offer more personalised shopping experiences. Key applications include personalised customer search recommendations based on individual preferences, past purchases, and search history. Others include conversational AI chatbots providing 24/7 real-time customer service, personalised offers and tailored dynamic pricing. The more recent use of retail media for advertising across physical and digital assets offers additional ways to personalise content for individual customers. It also provides a significant incremental revenue opportunity and is expected to become a \$2 billion industry by 2026.

The significant adoption of the grocery loyalty programs provides grocery retailers and their partners with the means to collect detailed and extensive customer data. By identifying a customer's shopping behaviour, their preferred products and purchasing patterns, organisations can deliver hyper-personalised, timely offers to customers. With a better understanding of the individual, retailers can avoid the common pitfall of treating all shoppers the same, such as rewarding them for behaviour that would have occurred anyway and giving away value (and margin) unnecessarily.

ESG demonstrating integrity as a key loyalty driver

Many leading CEE retailers have embraced an environmental, social and governance (ESG) focus to mitigate the impact of their brand. The CEE research shows 50 percent of people are willing to pay more to a company seen as being ethical or giving back to society – demonstrating that ESG is front of mind for customers and influences their purchasing decisions. A key example of a brand putting ESG front and centre is THE ICONIC through its partnership with AirRobe. This service provides a marketplace for the resale of second-hand items previously purchased on THE ICONIC.

Case studies

Bunnings Warehouse climbed from fourth place in 2021 to lead the brand rankings for CEE in 2023. Over the last two years, the home and lifestyle retailer has invested in expanding its digital data capabilities to improve personalisation for their DIY and commercial customers. They also introduced an ecommerce platform and instore technology to reduce the time staff spend performing tasks. Staff are now able to better spend their time helping customers and improving the shopping experience. These investments see Bunnings Warehouse as the **market leader for three of the Six Pillars: Integrity, Time & Effort, and Resolution**. It also holds **second place** in two pillars: **Personalisation and Expectations**.

The Body Shop has risen back into the top 10 this year, taking second place. It is the **market leader in Empathy** and holds **second place for Integrity and third for Personalisation**. A key strategy behind their move up the ranks has been the brand's decision to incorporate sustainability into their value chain. In doing so, they embraced the growing number of sustainably conscious customers and offered them experiential initiatives instore. Meanwhile, their improved online features like how-to guides and trending product pages led to score improvements in Time & Effort and Personalisation.

"LOVE The Body Shop. Every person working there has been super friendly and amazing. The products have been amazing for my skin and for the environment. Both instore and online are easy to navigate and I recommend them to everyone for skin care because it works and is affordable."

QUOTE FROM AUSTRALIAN
CEE RESPONDENT

Long renowned for their instore customer experience, **MECCA** who came in third place, has shifted its focus. The brand blends content, commerce, and customer experience online, while maintaining their strong in-person retail presence.

"I have had many experiences with MECCA both instore and online. They stock a lot of great products and brands that I love. When placing an order online it is always very easy to navigate and arrives on time with no issues. When shopping instore the employees are always very helpful and friendly. The stores are set out in a way that is easy to find what I am looking for and the staff always greet you and ask if you need a hand with anything."

QUOTE FROM AUSTRALIAN
CEE RESPONDENT

MECCA's focus on personalisation and experience was at the core of their technology and digital investments. This enabled a single view of the customer to recognise at any point in their journey how best to cater to their individual needs and preferences. They understand people are not shopping and searching the way they used to, and their ecommerce investments are reflected in their results as the **market leader in meeting customer Expectations and third position in Integrity**.

In the grocery retail sector, Australian retail liquor brand **Dan Murphy's** returns to the top 10 for CEE this year, ranking first within the sector. They focused on improving customer experiences across their omni-channel journeys – using innovative products and advanced technology to create personalised digital experiences. These uplifts included the ability for customers to use the image search feature in the Dan Murphy's app to find information about a wine, beer or spirit, choose the right product while instore, and more easily compare prices and unlock Dan Murphy's Lowest Liquor Price Guarantee. This has been reflected in this year's CEE results where they are **leaders in the grocery sector for Personalisation, Expectations, and Integrity** pillars, and placed second place for the Time and Effort and Resolution pillars.

"At Dan Murphy's our customers are at the heart of everything we do. Our focus is on building engagement with our five million active My Dan's members and inspiring them to choose us every time. Through our amazing product range, our lowest liquor price guarantee, our personalised storytelling, and experiences, we help customers on their drink discovery journey so they can feel empowered to 'drink better'."

AGNIESKA PFEIFFER-SMITH
Managing Director, Dan Murphy's

“The last time I was in Bunnings I asked a staff member where I could find a plastic bucket. She not only told me which aisle it was in but exactly where it was located on the shelf. This happens frequently. They are knowledgeable and always happy to help. If they see you looking for something and feeling a bit lost, they approach you and offer assistance. This level of service is rare and, along with their low prices and amazing range, is the reason I recommend them so highly.”

QUOTE FROM AUSTRALIAN CEE RESPONDENT
Bunnings

“The competing forces at play in the retail sector when it comes to customer experience excellence means organisations are having to be much more choiceful in their CX spend, in particular investments in technology which are often critical in delivering the experiences they desire to provide. ROI, and the ability to measure and provide it is crucial, requiring a deep understanding of behavioural drivers and how to economically influence them.”

RICHARD LARGE
Director Customer & Operations, KPMG Australia

The financial services sector

Coming off their CEE score peaks during the pandemic, where the sector's response to the economic challenges faced were well received, financial service providers face new headwinds that will challenge their ability to maintain and improve their customers' experience.

During the next phase of the economic cycle, these organisations will need to evolve their products, pricing and services in a way that genuinely evidence they have their customers best interests at heart. This will include ensuring the shift to digital doesn't come at the cost of providing their customers with direct human-to-human interaction in moments of need.

Personalising solutions and service interaction models for customers at scale, while maintaining the ability to empathise with individual customers in sensitive situations, is complex. That's why leading organisations are increasingly investing in data and AI capabilities to enhance these capabilities – to proactively identify and engage with customers to drive action and outcome in a way that recognises customers' different channel preferences. In today's environment those are particularly focused on challenges such as fraud protection, early warning sign capabilities to identify hardship and customer or asset vulnerability.

Positive traction across Personalisation and Resolution

Compared to our 2021 CEE report, a number of larger financial service providers have made significant progress in improving pillar scores across Personalisation and Resolution. Investments in digital channels like apps demonstrate improvements

in personalised services and value-adds (e.g. financial management and budgeting tools, access to tailored loyalty programs and seamless payment capabilities in banking). More engaging propositions are also evident in superannuation and insurance businesses through strategic partnerships that deliver value to low-touch customers. Meanwhile, response to regulation around customer best interests and resolution (e.g. complaints management, investment in self-service, digitally enabled channels) have helped improve Resolution performance across the sector.

Identifying and supporting vulnerable customers

Cost-of-living pressures are being felt by customers across all sectors in Australia. Rising interest rates and increasing insurance premiums in particular are hitting financial service customers and causing stress. Institutions are combating this by using data and AI to find patterns of behaviour that identify vulnerable customers, or allow for more tailored, personalised pricing options. This personalised and empathetic approach to dealing with customers has a mutual benefit – allowing the provider to minimise the risk of default and loss incursion, while creating an opportunity to build greater brand affinity and loyalty over the longer term.

Personalised services to encourage interaction and reduce churn

Traditionally, customer retention challenges have varied significantly across the banking, insurance, super and wealth management sectors. For banks, customer churn has historically been low – with the older generation largely adhering to the traditional main financial institution (MFI) approach for most of their products and needs. However, as younger generations begin to experiment and become exposed to different financial products and services, they become less reliant on the MFI model. For younger generations, being able to pick and choose digitally accessible products and services that best meet their needs will fundamentally shape how they engage with financial service providers for the rest of their lives. So, to compete for attention, banks need to evolve and personalise their services to remain relevant.

For superannuation providers, stapling rules and fund performance transparency is making it easier for customers to make more informed decisions about who they want to manage their investments. This is creating additional competition to attract and retain customers over a sustained period and driving innovation in through-the-lifecycle value-add services that create tangible and immediate reasons for people to stay with their provider.

The CEE results show the Six Pillars with the most impact on loyalty are Personalisation and Time & Effort. Simplifying the experiences across digital onboarding, applications, and service is paramount, as overly complex processes can drive potential customers away.

In this year's CEE results, we have seen a shift back to the importance of Expectations in driving advocacy. It is the third most important pillar in driving advocacy along with Personalisation and Integrity. While Time & Effort is critical, advocacy will be improved through a focus on using AI to understand customer behaviour patterns to proactively offer relevant products and services that exceed expectations, by providing solutions before customers even ask for them.

The shift to cashless banking prompting a better user experience

As banks transition towards a cashless future, they are focused on remapping their core service interactions to be fully digital and eliminate offline interactions. To make this digital model work, multichannel processes must be set up and seamless from end to end. Investment in advanced technology paired with service design is paramount. Attention should be paid to older customers – many with a high net worth, who may still rely on offline services and require the most support in the digital transition. Overall, digital services should save the customer time and effort and should be continuously improved until they are more effective than their offline counterparts.

Preventing fraud and scams creates brand integrity

Financial service businesses are creating integrity for their brands through customer education and the monitoring of customer interactions to prevent fraud and scams. The challenge, given the speed, scale and sophistication of actors in this space, is how these organisations manage the risk while not inadvertently creating poor customer experiences. A good example is how mobile apps allow for the easy reporting of suspicious activity, but during periods of heightened stress and anxiety, customers are transferred to more supportive digital and voice channels. Call wait times to fraud resolution must be well executed, these are the moments where speed and the need to speak directly to people within the organisation is paramount.

Beyond Personalisation and reducing Time & Effort, a brand having integrity gives a customer a reason to stay. We see this reflected again in this year's CEE results with Integrity being the third most important pillar in driving loyalty.

Case study

Bendigo Bank – the leading performer in our CEE index in financial services over many years – has established Up, a digital only bank which targets a younger demographic by delivering banking services in an innovative way. Launched in 2018, Up has attracted over 700,000 customers and more than \$1.5 billion in deposits with its unique approach. Offering this in parallel to their established and trusted Bendigo brand has enabled the bank to accelerate innovation and meet evolving customer demands, while discovering and transferring new approaches and technology to the Bendigo Bank brand and products.

“At Bendigo Bank we continue to put the customer at the centre of everything we do. Bendigo Bank’s longstanding purpose of feeding into the prosperity of our customers and our position as Australia’s most trusted bank cannot be replicated and are supported by our digital capabilities and our commitment to delivering quality products and services in an authentic way.”

RICHARD FENNELL
Chief Customer Officer
Consumer Banking
Bendigo and Adelaide Bank

“In a period where costs need to be closely managed by financial services organisations – there is a risk that digital, automation and AI capabilities revert to focusing on internal challenges such as productivity and reducing cost-to-serve, to the detriment of their customer’s experience. For customers – the ability to flex their preferred channel of engagement with their providers will remain critical – whilst always knowing that direct human-to-human support is readily available when they need it most.”

BEN KILPATRICK
Partner, Customer & Operations, KPMG Australia

“Fantastic staff, very helpful and happy to assist in any way possible. Contacted me regarding my accounts and gave me a better option for my current needs as an existing customer.”

“Best bank ever! Always polite, knowledgeable and fair, especially if experiencing financial difficulty.”

“All my experiences with them have been excellent. I love this bank because they give back profits to the community.”

CEE RESPONDENTS
Bendigo Bank customers

The energy sector

The energy industry requires a multifaceted approach to addressing a unique duality – balancing the need for innovation while building trust and empathy for vulnerable customers. This is all set on the backdrop of global ESG education, controlled pricing, eroding margins, advancements in accessible energy solutions and cost-of-living challenges.

For energy retailers, 2023 and beyond will be a time to showcase a multidisciplinary approach to service excellence and personalisation, to deepen customer engagement while operationalising empathy to combat cost-of-living pressures.

Opportunities found by building customer empathy

The energy sector is undergoing a major transformation with customers now aware, engaged and taking action – by shopping around and switching providers. This is coupled with the rise of the digital age and an increase in customer value of, and demand for:

- instantaneous experiences such as a seamless digital journey
- relevant experiences such as personalised offers
- collective consumption via prosumers including energy sharing platforms.

In this year's research, we saw a shift in the top three pillars of importance driving advocacy and loyalty within the sector, including:

- the return of Integrity, with a shift away from Expectations. This will need to be a critical focus for energy companies in 2023 with largest pillar gap to overall market performance.

- Personalisation and Time & Effort remaining the top two most important pillars for customer experience.
- a reversal of the steady growth in Empathy observed since 2018. In fact, the energy sector experienced the greatest drop in Empathy performance compared to the other pillars. Improving Empathy will be important with the cost-of-living crisis at hand.

With shifting customer behaviours and the importance of Integrity, Time and Effort and Personalisation pillars coupled with Empathy, there has never been a more critical time for the sector to mature its capabilities in Customer Experience Excellence to combat churn and drive greater cost efficiencies in service delivery.

Ethics hold despite cost-of-living pressures

Affordability pressure is causing customers to really focus on value for money, yet **Ethics still holds its value**. Surprisingly, struggling with the cost of living does not necessarily deter customers from spending according to their ethics. Over half the respondents (53%) say they are significantly or extremely impacted by cost-of-living pressures but maintain they would spend more on brands aligned to their ethics.

Innovation and Personalisation in the age of AI

The size of the Australian energy innovation market is growing with more smart devices, electric cars, and always-on connectivity sets. In KPMG's [30 Voices on 2030: The Future of Energy report](#), 69 percent of survey respondents agreed that most businesses and households in Australia will have shifted to the use of solar and battery storage in 2030, and 74 percent will be actively monitoring and adapting their energy usage through the adoption of smart energy monitoring devices.

Furthermore, new government incentives allow residents in shared dwellings and apartments to access solar and alternative energy. Energy retailers are investing in service and product innovation to appeal to the shifting attitudes towards ESG in society at large and technology behaviours in homes.

These changes create an increase in the demand for energy retailers to provide more personalised customer experiences. Now, energy retailers must be mindful of how these shifts in customer preferences and behaviours feed into experience and achieve increased ROI from digital and service excellence, by focusing on perfecting the human differentiators: Personalisation and Empathy.

Building trust (Integrity) and Empathy for vulnerable customers

It is becoming widely accepted across Australia that a social licence to operate is needed, to care for society's most vulnerable. This includes those impacted by the cost of living and those with critical at-home services such as life support. While under the watchful eye of governments, media, and peak bodies, generating brand trust with society is a by-product of maintaining a service that's reliable, fair and offers value for money.

This social licence to operate is the result of a perfect storm. Energy affordability and wallet pressures are forcing Australian consumers to reconsider discretionary spending and household bills. The challenge energy retailers will continue to face is how they bridge the gap on their pillar scores for Integrity and Empathy.

It is also becoming more apparent that customers in more vulnerable circumstances are less likely to trust their energy retailer enough to discuss financial hardship with them, which can place those communities at further risk.

Governments across Australia are helping those in need by providing financial incentives for households to challenge their energy plans and consider more financially fit alternatives. So, rebuilding loyalty through experience excellence will rely on the foundations of trust – particularly for the most vulnerable customers. Loyalty can be built through tailored customer experiences – a critical factor in reducing customer churn rates, holding frontline staff and digital solutions to a higher barometer of trust, and instilling the principles of Integrity and Time & Effort at the core of service.

Closing the customer experience maturity gap

With advancements in technology and digital solutions, now is an ideal time for the energy sector to optimise their CEE capabilities and improve their Time & Effort service delivery and Personalisation. Investing in connecting their front, middle and back offices will help them better understand their customers and in turn, build trust and empathy.

“Making improvements in customer technology stack, AI and delivering seamless omnichannel experiences are instrumental to closing the customer experience maturity gap. This approach provides the speed required to provide Personalised and Empathetic experiences for innovative customers, while building social licence as a trusted organisation for more vulnerable customers through the pillars of Integrity and Time & Effort.”

LOU POGMORE

Partner, Customer & Operations, KPMG Australia

“I use their product and went to their website when I had to pay a bill. I was looking for usage details as well as history of usage to see how I was tracking with my energy on average and was able to do that.”

“Good customer service, competitively well priced services and additional bonus, they provide loyalty programs as an incentive.”

“Great service. Price can be a little bit expensive... especially with the cost of living. Never had an issue with service. Easy to pay bills and see your usage!”

CEE RESPONDENTS

Customers with the brand leader in the Energy sector

Making the connection

Prioritising around value enables executive teams to focus their digital transformation and AI efforts in a consistent and effective way. It means precious resources and management time are intentionally deployed on the innovations most likely to help the organisation create success.

At KPMG, we help our clients to rebuild their business around their customers to create a seamless, agile, digitally-enabled organisation capable of transforming experiences and reaching new levels of performance and value.

How KPMG can help

The KPMG Customer and Operations Advisory team 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 work shoulder-to-shoulder with them to provide best-in-class tools and technology to meet current and future customer needs. We can guide clients along a path to successful digital transformation, AI implementation, customer excellence improvement and the realisation of business value.

KPMG's Connected Enterprise Approach

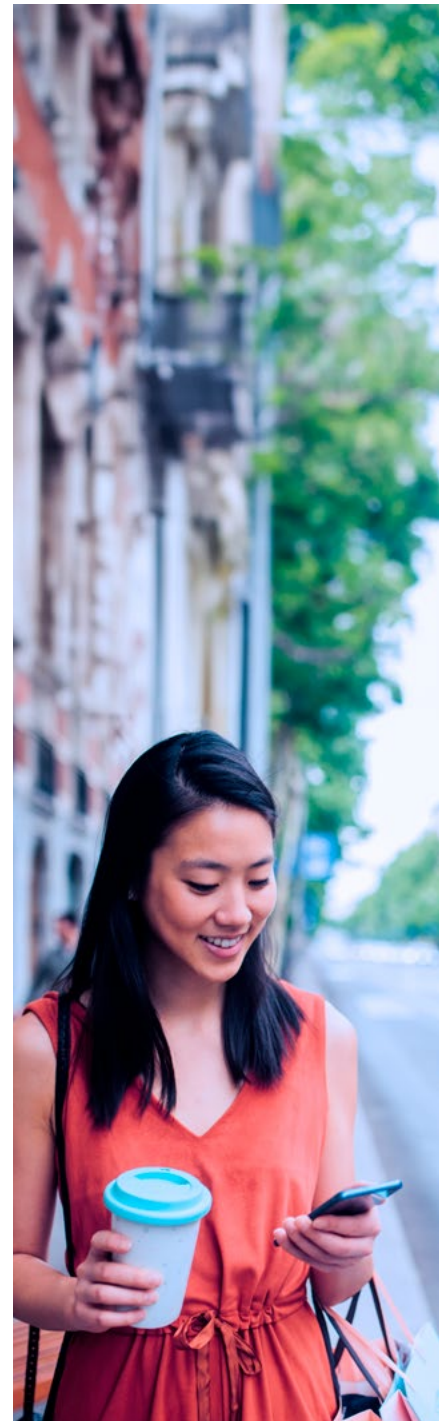
We meet our clients where they are on their digital transformation journey through our **Connected Enterprise Approach**, a customer-centric, agile approach to digital transformation tailored by sector that:

- Brings together the front, middle and back offices with value streams, customer journeys, processes, functions, and relationships to help harness technology.
- Is an agile delivery method, featuring step-by-step guides and an integrated suite of preconfigured, sector-specific enablers for enterprise, operational and technology transformation.

- Allows organisations to respond quickly to market signals, seize opportunities, meet customer expectations, create more business value, and drive sustainable growth.
- Enables journey orchestration over time from solicited feedback to fully digital orchestration through our alliance partners.

We can help

1. Reimagine your business around your customer of the future using the KPMG Connected Enterprise accelerators.
2. Gain a view on how to leverage AI across your front office to provide productivity gains and to improve customer experience, ultimately driving value to your organisation.
3. Review experience orchestration across your front office to drive value and productivity outcomes.
4. Conduct a customer experience maturity review to see where your organisation should invest for customer and organisational outcomes.
5. Design and build digital products and services to enable experience excellence.



Transformation never stops. Neither do we.

At KPMG we believe that business transformation is too good an opportunity to miss. Combining the right tech and the best processes with people whose insight is as broad as it is deep, are essential ingredients to successfully transform. KPMG has worked at the heart of global businesses for many decades, helping our clients realise the full potential of their people and technology and working together to achieve real-world outcomes. Because when people and technology are in harmony great things happen.

Making a world of difference

KPMG people can make all the difference on your transformation journey. Together we can help you to orient your business around the customer, optimise functions for a new era, manage enterprise risk and regulation for a safer future, rise to a new level of value creation, and create an environment for managing ongoing change.

For more information, please get in touch with our Customer & Operations team.



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