Ensuring excellence: the symbiosis of AI and humanity

Australian Customer Experience
Excellence report 2024

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Contents

Foreword

This year, Australia saw a modest 0.5% rebound in the overall customer experience index, following a steady decline since 2021. Despite this improvement, Australia remains behind other markets, where comparable countries have stabilised with acheived improvements of 1% to 2%. Key to this growth has been leading organisations harnessing the power of AI to humanise experiences and connect more deeply with customers on an emotional level.

AI remains a priority in CEO's growth agenda

Australian CEOs acknowledge the power of AI to drive their growth agenda and revolutionise ways of working to increase value, ROI and deepen the connection with customers. 86% of CEOs are optimistic about growth over the next three years, with 58% identifying generative AI as a top priority to support this growth. However, only 42% feel prepared for AI, remaining sceptical on their organisation's ability to integrate AI into their business.[1][2]

They also highlighted gaps in customer understanding and customer experience management and emphasised the need for enhanced capabilities in these areas to fully leverage the potential of AI.[3] These challenges, coupled with 88% of CEOs acknowledging that their organisations are undergoing two or more concurrent transformations, introduce risks to their growth plans.[4]

Laggards boost Australian scores

When it comes to the Australian index growth this year, the improvement is largely attributed to sectors that have historically lagged, such as Utilities and Telecommunication. These sectors demonstrated remarkable growth across all six pillars of experience excellence, closing the maturity gap in key areas like **Integrity, Time & Effort, and Empathy.** In particular, the utilities sector has significantly improved its customer experience excellence scores by understanding customer and community priorities, supporting vulnerable groups, raising awareness about the energy transition, and assisting with cost-of-living pressures. Notably, the bottom 25 brands from 2023 have exhibited substantial progress, improving their score five to six times more than the leading organisations.

Strengthening customer empathy

Australian organisations are making significant progress in deepening their understanding and connection with customers, with enhancements in the **Empathy** pillar.

Last year, our main findings highlighted that directing customers towards 'low-cost, minimal-contact' channels notably diminished their perceptions of how organisations respond to interactions and build rapport. This year's higher levels of empathy suggest that industry leaders have acknowledged this feedback and made concerted efforts to improve in this critical area.

Elevating beyond efficiency

We continue to see Australian organisations invest in making interactions easier for their customers with **Time & Effort** once again the strongest performing pillar. However, as seamless interactions have become a baseline expectation, customers are now placing greater emphasis on **Personalisation** and **Integrity** as key drivers of loyalty and advocacy, respectively. This indicates a misalignment between the areas where companies excel and what customers now view as most important.

1. KPMG CEO Outlook 2024, KPMG Australia 2024
2. KPMG 2024 CEO Outlook, KPMG International, 2024
3. L. Leachman & D. Scheibenreif, Using Technology to Create a Better Customer Experience, Harvard Business Review, 17 March 2023
4. Transforming the enterprise of the future, KPMG International, June 2024

Customers remain cautious about AI interactions

In a digital age where interactions are often machine-mediated, maintaining a human touch is a significant challenge. We know from our previous studies that as human beings, we resonate with personalities, not machines. When questioned about the use of artificial intelligence (AI) in customer interactions, the two predominant concerns highlighted by customers were the inability to interact with a human representative and the protection of personal data.

Human–tech symbiosis

Organisations are now asking: **How can we infuse humanity with technology to transform customer experiences and realise AI's transformative potential?**

To fully harness the potential of AI, organisations must foster greater collaboration between the business and IT. Such a cultural shift begins at the executive level where the business, the CFO and IT work collectively to promote a unified vision for AI that aligns with the organisation's overall strategy. This is then emphasised with cross-functional teams and shared goals, ensuring that both the business and IT understand their roles and contributions.

Organisations must also address the ethical and responsible use of AI by developing robust frameworks to ensure transparency, fairness and accountability in AI systems. Data challenges, too, need to be tackled through stringent data governance policies, ensuring data quality and protecting privacy.

Trusted AI

At KPMG, we have established the KPMG Trusted AI framework based on eight principles that outline how organisations can deploy and use AI in an ethical and responsible manner, while accelerating the value of AI with confidence.[5] KPMG Australia is the first organisation in the world to achieve ISO certification to AI management. This milestone is a testament to our commitment to building innovative AI-based solutions with a human-centred approach.[6]

This report explores how leading organisations are using AI and human ingenuity to power Customer Experience Excellence (CEE) within Australia. We take a look at how leaders and movers across sectors are leaning into these opportunities and overcoming challenges to drive transformative improvement in customer experience.

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Partner, Customer & Operations Advisory,
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5. The KPMG Trusted AI approach, KPMG International, December 2023
6. KPMG Australia becomes first company in the world to achieve certification to AI management system standard by BSI, KPMG Australia, 17 October 2024

About the Customer Experience Excellence research

Drawing on 15 years of primary research, the KPMG Six Pillars of Customer Experience Excellence (CEE) have been identified as the foundational elements for delivering world-class customer experiences.

Integrity
Being trustworthy and engendering trust.

Resolution
Turning a poor experience into a great one.

Expectations
Managing, meeting and exceeding customer expectations.

Personalisation
Using individualised attention to drive an emotional connection.

Time & Effort
Minimising customer effort and creating frictionless connection.

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

This year's global study includes 86,000+ evaluations of 3,832 brands across 23 countries, ranking each brand within its respective country based on its overall Customer Experience Excellence (CEE) score. Scores are derived from the Six Pillars of Experience, weighted by their impact on advocacy, represented by the net promoter score (NPS) and loyalty.

In Australia, the study covered over 5,000 evaluations of 105 brands, covering 9 sectors and 25 subsectors.

Customer Experience Excellence 2024 report findings

Australian customer experience headlines

This year, Australia witnessed a modest 0.5% rebound in the overall customer experience index, following a steady decline since 2021. The key drivers of customer experience improvement have been gains in the **Time & Effort** and **Empathy** pillars, and advancements in the utilities and telecommunications sectors.

Overall Australian CEE

Note: Australia did not participate in the research in 2022

Brand movements: sustained excellence and rapid improvement

- **Consistency in excellence:** Six organisations that were in the top 10 in 2023 remain in the top 10 for 2024, indicating consistent excellence ensures long-term success.

- **Ongoing improvement:** The top 30 brands have achieved continued improvements in their scores, demonstrating that once excellence is achieved, it can lead to further continuous improvement.

- **Diverse industry success:** Excellence in customer experience is not limited to any single industry, as evidenced by the top 30 brands spanning 15 different subsectors.

- **Significant progress among lower performers:** The bottom 25 brands from 2023 have shown remarkable improvement, with growth rates five to six times greater than those of leading organisations, indicating a rapid catch-up.

Sector highlights

Retail: driver of innovation and customer centricity.

The retail sector continues to lead customer experience with seven of the top 10 Australian brands being retail brands.

– The retail sector continues to lead the market, despite a minor dip (-0.3%). The retail sector's performance reveals a decline in grocery retail customer experience (-2.0%), contrasted with the stability of non-grocery retail (+0.2%).

– The downturn in grocery retail can be attributed to factors like fluctuating food prices, changes in consumer behaviour due to economic uncertainty, and supply chain disruptions. In contrast, non-grocery retailers have maintained stability through stable demand for durable goods and discretionary items, as well as effective adaptation to e-commerce and omnichannel strategies.

Financial services: continued leadership.

The financial services sector retains third position within the Australian market, with a modest increase of 0.7% in CEE.

– Overall, the uptick in **Personalisation** (0.7%), **Integrity** (0.7%), and **Empathy** (1.6%) has played a significant role in the financial services sector's modest improvement, making customers feel more valued and understood, which is essential in the competitive financial services landscape.

– Financial institutions have been successful in tailoring services to individual needs while maintaining trustworthiness, and customers appreciate the efficiency and the alignment of services with their expectations. However, **Resolution** experienced a slight decline of 0.1%, indicating that while most areas are improving, there is still room for better handling of customer problems and disputes.

Utilities: making focused gains:

The utilities sector saw the greatest improvement, with a growth of 3.2%, and perceived value by customers growing four times faster than the rest of the market.

– The key drivers behind this result are **Time & Effort** (3.6%) and **Integrity** (4.5%), indicating more efficient services and higher trust. **Personalisation** (3.0%) and **Expectations** (3.1%) have also improved, reflecting better alignment with customer needs. **Resolution** and **Empathy** each rose by 2.3%, signalling advances in issue handling and customer understanding.

– Australia's utility sector performance is even more impressive when considered against global sector performance, where CEE scores have declined by around 4% – driven primarily by a perceived decline in value by customers. As energy costs take up a larger portion of household budgets, customers perceive they are not receiving adequate value for money.

'In an era defined by both digital transformation and heightened uncertainties like the cost-of-living crisis, energy transition, AI advancements and data privacy concerns, anchoring organisational strategies in empathy and humanity is paramount.
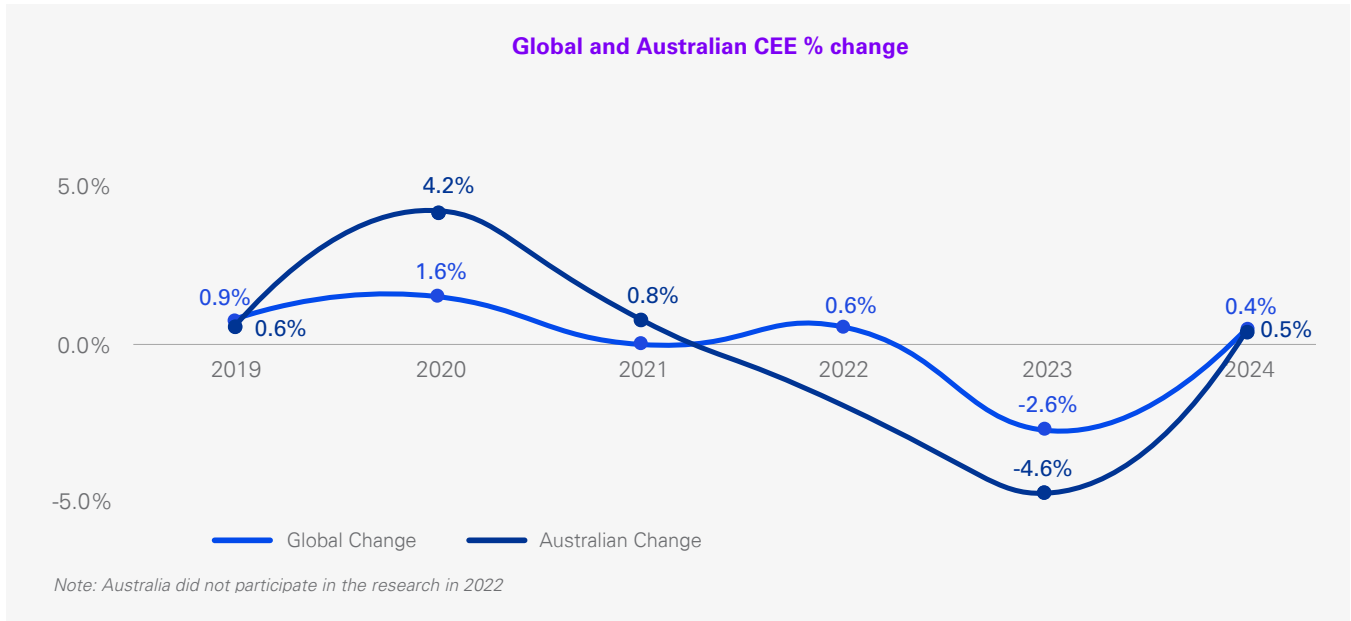
Efficiency has become the foundation – no longer a differentiator but a baseline expectation.'

Sue Langford, Director,
Customer & Operations Advisory

Customer preferences and behaviours

Australian consumer sensitivity

Over the last five years, we have observed that Australian consumers exhibit higher sensitivity to changes in perceived customer experience compared to global trends, experiencing swings of +/-4%, while the global average has fluctuated around the +/-2% mark. This heightened sensitivity emphasises the importance of prioritising investment in creating exceptional customer experiences to maintain competitiveness and drive growth aligned with inherently more demanding consumer expectations.

Global and Australian CEE % change

	2019	2020	2021	2022	2023	2024
Global Change	0.6%	1.6%	0.8%	0.6%	-2.6%	0.5%
Australian Change	0.9%	4.2%			-4.6%	0.4%

Global Change — Australian Change

Note: Australia did not participate in the research in 2022

AI integration and consumer attitudes

Consumer expectations are evolving as AI continues to transform our lives. The adoption of AI has highlighted distinct generational divides in attitudes and concerns. Understanding these differences is crucial for businesses aiming to effectively implement AI-driven customer experience solutions.

YOUNGER CONSUMERS	OLDER CONSUMERS
The primary concern among younger demographics is the fear of AI displacing human jobs, leading to worries about the reduction of entry-level positions and the long-term impact on career opportunities.	Older consumers value the personal touch that human representatives provide. They find AI interactions impersonal and less satisfactory, especially when dealing with complex or sensitive issues. They also have pronounced concerns about the security of personal data, being wary of potential data breaches and the misuse of their personal information by AI systems.

ESG (environment, social and governance)

In previous years, we identified the growing prioritisation of sustainability in customers' purchasing decisions. This remains an important factor with 44% of consumers willing to pay more for ethically and sustainably sourced goods and services, with willingness differing by age group.

Willingness to pay for premium customer experience

The willingness to pay for premium customer experiences is heavily influenced by generational factors.
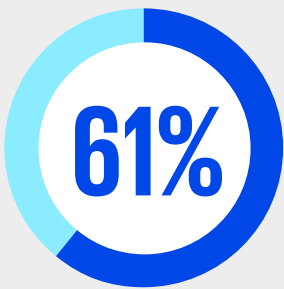
Younger consumers

Here, **50%** are willing to pay more for personalisation, convenience and social validation, making them more inclined to invest in premium services.

Older consumers

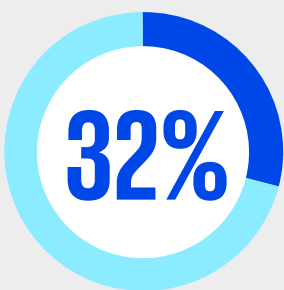In contrast, **25%** are willing to pay more, indicating their priority for value, reliability and cautious spending.

Younger consumers (18 to 34)

61%

are willing to pay more for ethically and environmentally focused products.

Older consumers (55+)

32%

show the same willingness, indicating a decline in priority for ESG concerns with rising age.

The KPMG Six Pillars of Customer Experience Excellence

KPMG's Six Pillars of Customer Experience Excellence collectively serve as key drivers for customer experience metrics, such as Net Promoter Score (NPS) and loyalty. However, each pillar has a varying degree of influence individually.

Make it personal and easy: the continued keys to loyalty

Personalisation remains the most influential driver of loyalty with growing importance (now at 23.1% up from 21.6% in 2021), followed by **Time & Effort**, underscoring the importance of tailored and seamless customer interactions.

– Customers are more likely to stay loyal to a brand that offers tailored interactions and experiences that meet their individual preferences and needs.

– AI algorithms can process vast amounts of customer data to understand individual preferences, behaviours, and needs. By doing so, AI can deliver highly customised product recommendations, personalised marketing messages, and relevant content.

– This tailored approach makes customers feel valued and understood, which strengthens their emotional connection to the brand and enhances loyalty.

Be trustworthy and compassionate: the cornerstones to modern customer advocacy

For the first time in five years, **Integrity** has emerged as the most critical driver of advocacy (NPS, now at 19.6% up 1.2% from 2023) overtaking **Personalisation**, highlighting that customers place great importance on ethical and honest business practices.

The decline in importance of Personalisation was also offset by the increased importance in **Empathy,** being the ability of an organisation to truly listen to customers and demonstrating care.

– When customers perceive a brand as trustworthy and principled, they are more likely to recommend it to others, positively impacting the NPS.

– Integrity is the pillar with the strongest correlation to the perceived importance of value. Consumers are likely attributing the brands that offer value as acting with principle during challenging financial times. Organisations are looking to a wide range of options to deliver value, both direct (offering lower prices, rewards, bonuses and exclusive access) and indirect (reducing operating costs to invest in customer experience initiatives and deliver more direct value).

– AI can improve business transparency and ethical practices by automating compliance checks, monitoring for fraudulent activities, and ensuring consistent and accurate information dissemination. AI-powered chatbots and customer service platforms can provide prompt and reliable responses, maintaining a high standard of honesty in interactions. Additionally, AI can analyse customer feedback to identify areas where the business can improve its ethical standing, further fostering trust and credibility among customers.

PILLAR		NPS	NPS CHANGE VS. 2023	LOYALTY	LOYALTY CHANGE VS. 2023
	Empathy	13.9%	0.5%	11.3%	0.1%
	Personalisation	18.7%	-0.8%	23.1%	0.2%
	Time & Effort	16.4%	-0.1%	19.4%	0.4%
	Expectations	16.1%	-0.8%	14.7%	-0.6%
	Resolution	15.2%	0.0%	14.5%	-0.1%
	Integrity	19.6%	1.2%	17.1%	0.0%

Leaders and movers – Australian and global

Australian top 10 leaders

| **1** | **MECCA** CEE Score **7.88** | ▲ |

2	**Specsavers** CEE Score **7.84**	▲	**3**	**ING** CEE Score **7.81**	▲
4	**Bunnings Warehouse** CEE Score **7.84**	▼	**5**	**Chemist Warehouse** CEE Score **7.81**	▼
6	**Bendigo Bank** CEE Score **7.68**	▲	**7**	**Apple** CEE Score **7.65**	▲
8	**RACV** CEE Score **7.64**	▲	**9**	**IKEA** CEE Score **7.64**	▲	**10**	**Kmart** CEE Score **7.61**	▲

Australian top movers by sector

Utilities	**Synergy**	+29
Retail	**Ikea**	+23
Telecommunications	**Belong**	+19
Financial services	**Macquarie**	+13

Global leaders and movers

MARKET	NO.1 BRAND (MOVEMENT SINCE PREVIOUS YEAR)	BIGGEST MOVER	RANK CHANGE SINCE PREVIOUS YEAR
France	Chanel (+1)	LCL	+63 places
Germany	Fieldmann (+0)	DERTOUR	+129 places
Hong Kong	Leading Online Retailer (+0)	CitySuper	+25 places
Indonesia	Nike (+1)	Uniqlo	+13 places
Ireland	Credit Union (0)	The Passport Office	+42 places
Japan	Tokyo Disney Resort (+0)	DMM	+78 places
Singapore	Leading Online Retailer (+0)	Public Utilities Board	+49 places
UK	first direct (+0)	Fidelity	+201 places
USA	USAA (+1)	Barclays	+143 places

Fusing humanity with technology to transform customer experience

Evolving AI priorities: from opex to CX

In last year's report we highlighted fusing humanity and technology as one of the three themes driving customer experience excellence. CEOs have clearly flagged that their focus has shifted from harnessing AI to drive productivity and efficiency to a greater focus on how this will drive CX uplift and revenue growth.[7][8]

This year, we dive deeper into what leading organisations are doing to harness the power of AI to connect at an emotional level with customers. They are humanising their AI interfaces, making them more engaging and relatable through anthropomorphism – that is, attributing human traits to non-human things. They have mastered sentiment analysis for key engagement interactions such as seamless transfer, tone-aligned responses, and conversational tips and insights.

- **Seamless transfer: first direct** incorporates advanced NLP and sentiment analysis into Dot the Bot to ensure interactions feel more human. AI is used to detect when a customer is frustrated or confused and seamlessly transfer the conversation to a human agent.

- **Tone-aligned responses: Fidelity** is using AI to detect customer emotions by analysing voice, text, behavioural patterns and even facial expressions. When AI detects signs of distress or frustration, it can trigger proactive engagement from customer service representatives, aiming to address issues before they escalate.

- **Conversational tips and insights: Fielmann**, the number one brand in Austria and Germany and a leading optical retailer, integrates AI into its services to provide personalised eyewear recommendations while offering tips and insights in a conversational manner, mimicking the experience of a human assistant.

Key takeaway: by infusing AI with human-like qualities, organisations are not only enhancing user satisfaction, but also strengthening the bond between customers and AI systems.

Accelerating velocity: always listening

As the speed of change increases, organisations must adopt an 'always-on' listening strategy by leveraging modern CX insights platforms, democratising data, and implementing a more agile CX operating model to support the organisation.

Leveraging customer insights is crucial for developing robust AI capabilities and aligning customer data, advanced analytics, and AI technologies to enhance customer experiences and drive business growth.

Customer insights, derived from data collected across various touchpoints, offer a deeper understanding of behaviours, preferences, and pain points. The KPMG 2024 Global Tech report reveals that 78% of technology leaders admit insights collected from customers are not used in a meaningful way.[9] Targeting technology investments toward the primary service pain points identified by customers and employees is ranked as the top tactic for achieving quick wins from technology investments.

7.   I. Bousquette, It's Time for AI to Start Making Money For Businesses. Can It?, The Wall Street Journal, 10 July 2024

8.   KPMG LLP AI & Digital Innovation Quarter Pulse Survey: the path to sustainable returns, KPMG US, 10 July 2024

9.   KPMG global tech report 2024, KPMG International, 2024

Elevate CX economics: value exchange focus

As seen in the survey results, organisations must prioritise personalisation and integrity to drive customer experience excellence. In today's challenging environment, customer value exchange is more critical than ever, making innovation essential. It deepens the importance and need for CX practitioners to better understand, predict, and deliver ROI on their experience investments

IKEA: Transform your space, transform your decision: IKEA Kreativ boosts conversion by 7x

On the IKEA app, the company introduced an innovative experience called IKEA Kreativ. This tool allows users to capture visuals of their rooms, remove existing furniture, and visualise how IKEA furniture would look in that space. IKEA is now enhancing this experience with generative AI-powered features that provide personalised recommendations based on users' lifestyle and style preferences. In its initial version, customers who engaged with the IKEA Kreativ experience were four times more likely to make a purchase than those who simply used the app, and seven times more likely to make a purchase than those who only visited the website.

Octopus Energy: empowering smarter, greener homes with innovative energy solutions

Octopus Energy helps customers manage and reduce energy usage through various initiatives. Partnering with Amazon Alexa, they optimise smart home energy use via voice automation. They provide thermal cameras to households with high energy bills to identify energy loss. The Octoplus rewards scheme offers money for smart energy choices, and notifications for Free Electricity Sessions are sent when the grid is underwhelmed. Saving Sessions also pay customers to use less energy during peak grid times. Additionally, Octopus Energy offers smart home technology like heat pumps, solar panels, and EV chargers.

Procter & Gamble: AI-powered insights ignite a billion-dollar growth in revenue

Procter & Gamble (P&G) uses AI to analyse vast amounts of consumer data, optimising product development and marketing strategies.[10] This has resulted in a more efficient allocation of resources and a 5% increase in sales, contributing an additional $1 billion in revenue annually.

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10. N. DeNittis, Artificial Intelligence at Procter & Gamble, Emerj, 2 February 2024

Trusted AI: the new age of integrity

Organisations must also address the ethical and responsible use of AI by developing robust frameworks to ensure transparency, fairness and accountability in AI systems.

Data challenges, too, need to be tackled through stringent data governance policies, ensuring data quality and protecting privacy. What we have learnt from the study this year is that integrity is critical to advocacy, with transparency playing a crucial role; this includes clearly communicating how customer data will be used, ensuring it benefits them, and keeping it secure.

The Australian Government is already looking at how it can encourage ethical AI usage, with the National AI Centre recently developing a new AI Safety Standard to help organisations control the risks.

FWD: instant quotes, fair premiums, fast policies

FWD is harnessing the power of AI to revolutionise the insurance industry by offering instant insurance quotes and streamlining the underwriting process. Their AI algorithms assess risk with greater accuracy, resulting in fairer premiums and faster policy issuance. This innovative approach not only enhances customer satisfaction by providing quick and equitable solutions but also strengthens the efficiency and reliability of their insurance services.

Monzo: pioneering security, protecting you

Monzo is leading the industry in security innovation with the introduction of three new anti-fraud tools designed to tackle phone theft and impersonation scams. Customers can now enhance their account protection by enabling features such as a 'known location', a 'secret QR code', or a trusted contact to verify their identity when making large payments. Additionally, Monzo's app provides real-time notifications to prevent fraud, making it clear whether they are communicating with Monzo and ensuring that customers can verify they are not being contacted by fraudsters.

Sector
trends

Retail sector

A driver of innovation and customer centricity

Retail sector at the forefront of Australian customer experience. Seven of the top 10 Australian brands are retail brands.

Retail sector CEE

7.42

Change: -0.3% vs last year

Grocery retail sector

7.34

Change: -2.0% vs last year

**Non-grocery retail sector**

7.44

Change: +0.2% vs last year

Retailers are leading the pack in terms of driving innovation and customer experience. They are focused on delivering value to customers in many ways, including lower prices, superior service, great experiences, exclusive access and more.

Retailers are further improving digital fundamentals, making the digital shopping experience even more simple and easy (i.e. fewer clicks to cart) and improving the payment experience as digital payments like 'buy now, pay later' become further entrenched. They are focusing on omnichannel orchestration, ensuring the customer experience remains seamless across devices and channels.

Leaders are implementing advanced customer listening strategies and technology platforms – alongside holistic data and analytics capabilities. Customer loyalty is also a focus, with retailers investing in driving repeat customer purchases and higher basket sizes with personalisation and targeted engagement. They are also thinking strategically about the role of the physical store and finding ways to make the instore shopping experience a differentiator.

Leaders are looking for opportunities to extract cost out of the supply chain and operations to smartly reinvest in customer experience and offer value in more ways than price alone. AI use cases range from forecasting demand and managing inventory in the back end to supporting predictive product recommendations and customer support in the front end.
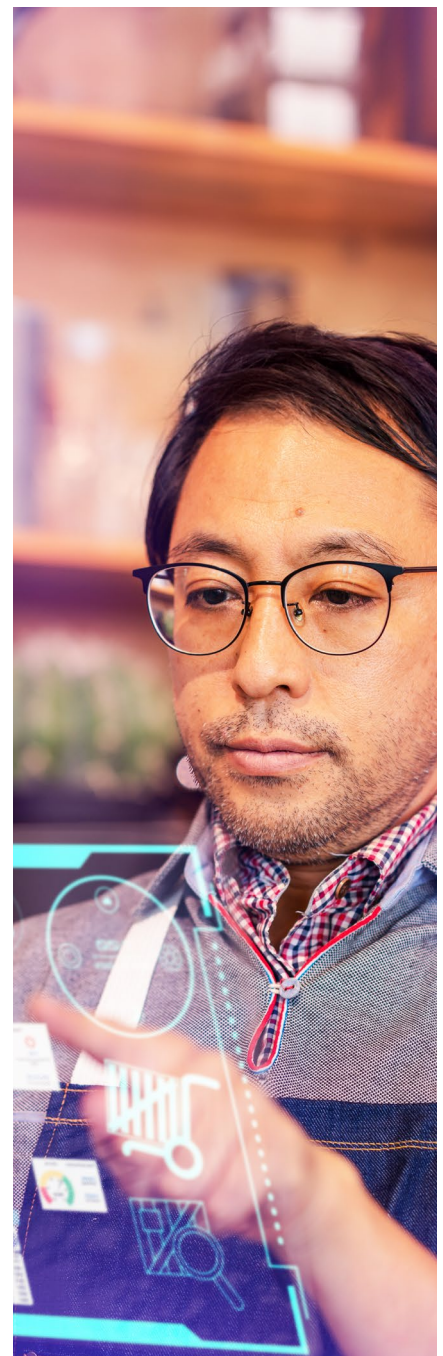
Drivers at play

Customer experience focus areas

– Responding to cost-of-living and inflation pressures

– Achieving cost efficiencies across operations to invest in customer experience and/or price reductions

– Moving to direct-to-consumer, connected end-to-end experiences

Technology and AI use cases

– Online delivery support, search engines, picking, substitutions, route management

– Personalised product and service curation

– Streamlined inventory management, enhancing cost efficiencies

Humanity amid digitisation

– Providing service across multiple channels 24/7

– Leading digitisation including chatbots with human characteristics and empathy and online chats combining digital and human support

– Improving instore experiences via wide-scale training and talent retention

Privacy

– Transparent disclosures for data collection

– Ability to control personal information and managing preferences including withdrawal of consent

– Embedding ethical data practices supported by privacy governance

Frictionless experiences

– Supply chain management including streamlining merchandising

– Seamless customer experience delivery across channels

– Support for new world of digital payments including 'buy now, pay later' without hiccups

Value for money

– Exceptional products, experiences and information delivering value, exclusive access to products and experiences

– Physical stores and experiences as a differentiator

'The retail sector has been impacted by customers looking for value in the face of cost-of-living pressures. Retailers are leaning into driving operational efficiencies to extract cost from the supply chain and to offer customers more value. Every time one organisation improves and simplifies clicks to purchase, others need to take the same step or risk getting left behind.'

Richard Large, Director, Customer & Operations Advisory

Looking to leaders for use of technology and AI across the retail sector

Globally: Retailers like American H-E-B and Czech La Formaggeria Gran Moravia are using AI to revolutionise the shopping experience and optimise supply chain management.

– H-E-B employs AI to forecast demand, manage inventory and reduce waste. By using AI to analyse purchasing patterns and external factors like weather, H-E-B can ensure the right products are available at the right time.

– La Formaggeria Gran Moravia leverages AI to enhance customer experiences through personalised recommendations and targeted marketing. AI-driven insights allow the retailer to tailor its offerings to customer preferences, increasing sales and customer loyalty.

Locally: JB Hi-Fi is using AI across its supply chain and digital retail platforms to enhance the shopping experience. The brand has implemented Recommendation AI, which provides customers browsing its online platform with similar curated products, emulating the instore shopping experience where staff are trained to identify complementary products that can elevate customer experience.[11] JB Hi-Fi has also implemented AI in its inventory management system, using forecasting models to predict future stock requirements and manage replenishment plans, enabling efficient inventory management and significantly reducing stock unavailability during peak periods.[12]

11. JB Hi-Fi: Increasing eCommerce revenue with Recommendations AI, NCS, 1 July 2024

12. D. Richards, How JB Hi-Fi Control Their Stock As Others Struggled, Channel News, 25 January 2023

Leading brands in Australia

MECCA: continued leader reclaims top spot

CEE score

7.88

Change: +1.13% vs last year

Cosmetics retailer MECCA achieved the highest CEE score in this year's dataset, as well as growth in score from last year. MECCA increased its scores in **Personalisation** and **Time & Effort** through concentrated investment in its customer experience and digital offerings.

MECCA has completed a three-year digital transformation project, which has reshaped its omnichannel experience and brought its instore experience to life online. The retailer is now able to connect online and instore records for a 360-degree view of the customer, allowing them to recognise the customer at any point in their journey and personalise the experience to individual needs and preferences, inspiring customers with features like personalised product recommendations.[13] Since its launch in 2023, MECCA's 'endless aisle' has enabled customers to order out-of-stock items instore and have them shipped.[14] This initiative has consistently satisfied customers' needs as it has ensured products are always available. To further improve the customer experience, MECCA continues to offer Australians value through its MECCA Beauty Loop rewards program including exclusive access to new and limited edition products.[15]

MECCA continue to invest in and evolve their web platform to deliver a digital storefront which brings together the same components their physical stores are famous for in delivering outstanding customer experience. Content and commerce are seamlessly combined through simplified account management and payment options alongside content enabled search, reducing the time and effort required for MECCA customers to find both the beauty inspiration and products they desire.

'I purchased a gift voucher for my granddaughter for her 17th birthday. We went in, were given some very good advice and excellent recommendations for products and the services they would offer her to come into the store for make-up advice. I also make a regular six-monthly purchase on a particular make-up item and the shop assistants are always there to help me choose the correct shade. The only issue I have with all retailers, not just MECCA, is the cost increase every time I visit the store now.'

Quote from Australian CEE respondent

13. MECCA enhances the customer experience online and offline to make every touchpoint seamless, Salesforce Australia, accessed 24 September 2024
14. An update on orders and product availability | MECCA
15. O. Scott, MECCA fans go wild after discovering secret 'Magic Circle' Beauty Loop level: 'It's wild', 7News, 31 May 2024

Kmart: improving efficiencies and offering value

CEE score

7.61

Change: +0.90% vs last year

Kmart had a successful CEE year. The affordable retail brand continues to deliver low prices on a wide range of products without sacrificing on quality, not surprisingly leading the index for value. Kmart continues to perform strongly in **Time & Effort, Personalisation** and **Value.**

Kmart has been winning on a global scale with its value brand, Anko, which is now purchased by around 90% of Australian households each year and makes up 85% of the products the retailer sells.[16] Kmart has taken Anko global, enabling economies of scale and promoting a consistent experience for customers. Anko collaborates with 900 manufacturers to continually adjust thousands of products to customer preferences, leveraging social media and data to swiftly adapt to new trends.[17]

Kmart has a uniquely clear value proposition and is continually offering low prices to customers while designing out waste and maintaining quality.[18] This is a key priority for them and is evident throughout the business. To support this, Kmart has invested in implementing RFID, tagging all apparel in its stores to be read by a robot called TORY which roams the store during quiet times to detail exactly where items are and how much stock is left.[19] This has improved inventory accuracy and management to reduce cost and waste, while allowing Kmart to maintain low prices.

'Always love shopping at Kmart as every visit is a great experience. Plenty of stock at great prices. I always come away a satisfied customer.'

Quote from Australian CEE respondent

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16. J. Murphy, Kmart brand is sneaking into every Aussie household but there's a catch in global takeover, Yahoo Finance, 28 February 2024

17. C. LaFrenz, There's a $8b business quietly growing inside Wesfarmers, AFR, 26 July 2024

18. Prof G. Mortimer, The Kmart Australia story – leading through transformation, Australian Retailers Association, 15 January 2024

19. C. Swedberg, RFID Rollout Goes Companywide for Kmart Australia, RFID Journal, 21 November 2022

Myer: a focused improvement in online experience

TOP MOVER (+3.41%)

CEE score

7.45

Change: +3.41% vs last year

Myer achieved a considerable uplift in CEE score this year of +3.41%, driven by impressive performance across **Time & Effort** and **Personalisation**. Strong performance across these pillars reflects Myer's efforts to streamline and optimise the customer online purchasing experience through its expanded partnership with Australia Post, implementation of AI search functionality, and investment in digital omnichannel experiences.[20]

The retailer is using AI to drive personalisation and retain loyal customers. It has an advanced customer value management strategy, powered by AI and machine learning to serve more than 10 million Myer One customers. Using always-on predictive campaigns, Myer delivers relevant and consciously timed omnichannel member campaigns.

Myer's strategic partnership with Australia Post provides customers with express and next-day delivery, with over 5 million parcels delivered within the past 12 months.

Myer's implementation of an AI search engine, which uses the image recognition skills of AI to provide users with tailored product search results has been a key driver of customer satisfaction, contributing to an uplift in personalisation. The new search capability has led to an 11% increase in e-commerce conversion and a

93% reduction in no result search queries, encouraging customers to explore Myer's product catalogue and increasing engagement.[21] [22]

'Myer online makes shopping easier without the physical effort.'

Quote from Australian CEE respondent

'I bought something for a present for a colleague who was leaving and bought it online – when it arrived it was faulty in the zipper, so I rang them took a photo of it and they agreed it was broken and offered a refund or another item which was done expediently.'

Quote from Australian CEE respondent

20. A. Garcia, Australia Post and Myer Expand Strategic Partnership, The National Tribune, 18 December 2023

21. MYER Half Year 2024 Results, Myer, 14 March 2024

22. Enhancing Myer's Online Customer Experience with AI Search, Crownpeak, 2023

eBay: connecting customers with technology

CEE score

7.47

Change: +2.08% vs last year

Global e-commerce platform eBay has made impressive strides in this year's CEE, growing by more than 2% against the previous survey. This performance has been driven by a rise in **Integrity** scores, while **Personalisation** and **Time & Effort** remain eBay's top performing pillars.

eBay has launched new generative AI tools to assist users in listing products on the platform, providing a customised item description based on brief user prompts.[23] This tool gives sellers greater accessibility to the platform and a streamlined experience. Buyers also reap the rewards, as the AI tool ensures descriptions are consistent and provide sufficient depth of information on items, enhancing personalisation across the platform.

In May 2024, eBay rolled out a new feature to streamline resale of luxury apparel through its acquisition of Certilogo in July 2023. Certilogo is

an AI-based authentication provider ensuring new, certified used, limited edition, or exclusive inventory from luxury brands are authenticated by eBay for sale on its platform. The authentication process is integrated with resale features, pre-populating information about the item that the seller can edit before officially listing the item for sale.[24]

To better understand customer sentiment, eBay has implemented a Voice of Customer program, analysing data from key touchpoints including phone calls, emails and webchats to garner insights on customer pain points and preferences.

This program has enabled eBay to identify points of improvement and expedite change via the support of robust data – a clear sign of greater customer focus.[25]

'Easier than shopping from physical store to store – saves time, and a good choice of items to buy. Delivery is easy. Convenient.'

Quote from Australian CEE respondent

23. L. Tien, How to leverage eBay's generative AI tool, ChatGPT and more, Amaka, 22 May 2024

24. M. Meisenzahl, EBay releases new reselling feature with Certilogo digital ID, Digital Commerce 360, 16 May 2024

25. E. Bencic, How eBay is transforming its customer experience by asking less and learning more, Retailbiz, 31 May 2023

Financial Services sector

Continued leadership

The financial services sector continues its customer experience leadership. Three of the top 10 brands are financial services brands.

Financial services CEE

7.30

Change: +0.7% vs last year

The CEE score in financial services has seen improvements across five of the six pillars, with **Resolution** being the exception. Financial services brands have continued to invest in the latest digital technology, with a consistent trend of brands launching AI-enabled customer service strategies to enhance the personalisation of their offerings and reduce the **Time & Effort** taken to resolve customer queries.

The sharpest increase in performance by financial services has been in **Empathy,** with the sector achieving a 30% higher rate of growth in this area than the average seen across Australian brands. This has been driven by a renewed focus, post-pandemic, in supporting customers through key life events and hardships, with companies responding by increasing investment in face-to-face services, publishing educational materials to help customers protect themselves online, and adopting new and modernised customer listening strategies, such as deploying AI-enabled sentiment analysis and agent-assist capabilities to continuously improve key customer journeys such as onboarding and servicing.

Drivers at play

Customer experience focus areas

– Channel orchestration/end-to-end customer journey management

– Adoption of AI to reduce costs by removing high-volume/high-cost tasks

– Using AI to reimagine customer service interactions

– AI-driven bots and customer support

Technology and AI use cases

– Autonomous banking AI to provide insights and suggestions for customers

– AI-to-agent improvements, elevating agent competency and resolution time

– Intentional design and journey orchestration

– Predictive servicing – AI chatbots to handle simple queries, live coaching for agents via AI copilot, and analysing customer behaviour through speech-to-text analytics

– Next best action

– Regulation implementation monitoring

Humanity amid digitisation

– Fusing human with digital

– Modern and technology-enabled customer listening strategies and capabilities to accelerate identification of pain points

– Service available across multiple channels 24/7

– Leading digitisation including chatbots with human characteristics and empathy, online chat that offers a combination of digital and human support at the back end

– Support for financially vulnerable customers

Privacy

– In-person programs to foster digital literacy

– Transparent disclosures of data collection practices to customers

– Increased clarity on data handling practices for customer journeys

Frictionless experiences

– Consent management through data collection and throughout the customer journey

– Continuous improvement of digital platforms and apps as a differentiator

Value for money

– Proactive identification and correction of digital failure points

– Operational efficiencies to offer greater value

– Consideration of the role of physical retail banking spaces as a differentiator

'This year we have seen a solid performance from Australia's top superannuation providers. As regulatory and competitive dynamics continue to change, they have responded well by finding new, digitally focused ways to engage their younger customers while looking at ways to innovate their products and services to better meet the needs of Australia's ageing population.'

Ben Kilpatrick, Partner, Financial Services, Customer & Operations Advisory, KPMG Australia

Looking to leaders for use of technology and AI across the financial services sector

Globally: UK-based first direct and French mutual insurance company MAIF are harnessing AI to offer personalised financial services and improve operational efficiency.

first direct uses AI-driven chatbots to assist customers with their banking needs 24/7, providing quick and accurate responses.[26] AI also helps the bank detect fraudulent activities by analysing transaction patterns and identifying anomalies in real time.

MAIF employs AI to enhance customer interactions and streamline insurance claims processing. AI tools analyse claims data to identify potential fraud, accelerating the approval process for legitimate claims and reducing costs.

Locally: In September this year, Commonwealth Bank disclosed their ongoing trials on the Hey CommBank platform – a ChatGPT style platform to support their customers. Built with Amazon, the AI capabilities will enable it to respond to customer needs or queries, judge customer sentiment and learn how to improve future customer service off the back of that. While currently still being tested with employees who are also CBA customers, CBA has been acknowledged as a leader in the speed at which it aims to get these tools into the hands of all customers to better meet the changing channel preferences of customers as they become more familiar with ChatGPT-style services in all aspects of their lives.[27]

26. B. Marquand, first direct launches Dot the Bot, First Direct, accessed 24 September 2024

27. P.Smith, CBA explores replacing local call centre staff with AI, AFR, 17 September 2024

Leading brands in Australia

Bendigo Bank: delivering faster customer experience using an innovative banking platform

CEE score

7.68

Change: +0.36% vs last year

Bendigo Bank maintained their strong performance this year, achieving a CEE score of 7.68. The bank continues to perform strongly across all six CEE pillars, with **Personalisation** and **Time & Effort** performing the strongest.

Bendigo Bank is focused on making the lives of their customers easier. It has reduced **Time & Effort** by investing in a new digital lending platform which has significantly reduced the median time to conditional approval through its broker network to under six minutes. The Bank plans to roll the platform out across the rest of the business, which will help thousands of customers in the home-buying market.

The Bank's recent digital banking system rebuild on Google Cloud has enabled dynamic workload scaling to match demand, ensuring services remain fast and available during peak usage times and reducing the environmental footprint of operations during off-peak hours. The modern platform also enables faster rollout for new features across their app and online banking services, setting the stage for potential AI integrations in the future to enhance service personalisation.

Noting the importance of being digital by design but human where it matters, Bendigo Bank has continued to offer face-to-face programs to help foster digital literacy and online safety with customers, enhancing the digital banking experience for thousands of customers and improving cyber safety. This has contributed to Bendigo Bank sitting above the industry and Australian market in **Empathy** and **Resolution.**

'Opening the accounts I now hold with Bendigo was seamless and painless. Their customer service is excellent.'

Quote from Australian CEE respondent

Aware Super: phasing out legacy systems and putting customers in control

CEE score

7.53

Change: NA

In its first year in KPMG's CEE rankings, Aware Super secured its position with strong results in **Personalisation** and **Time & Effort** metrics.

Aware Super is on a journey of digital transformation and has migrated more than 1.2 million members onto a new technology platform. [28] The single platform enables Aware Super to better personalise and control the member experience from end to end, at a lower cost to serve.

Customers can use this more intuitive interface to view all their investments. The migration, which saw the phasing out of paper-based legacy systems has positioned Aware Super to become 'super helpful' in delivering exceptional member services while also reducing costs and fees. The transformation has been integral to the superannuation fund in meeting new regulations and improving customer experience, cementing it as the 'Super Fund of the Future' in the Australian and global pension landscape.

Aware Super has also made efforts to enhance its support capabilities, including expanding its customer service teams to manage enquiries. [29] The fund has also expanded its financial planning teams, with customers noting that the availability and easy access to advisers enables them to manage their accounts with ease and provides a greater sense of control and transparency over their superannuation. Both factors have contributed to Aware Super's

Resolution and **Time & Effort** metrics rating above the market average.

'Managers of my superannuation funds excel at customer relations.'

'Easy to use website and members portal.'

'Like the new app, and their quick and easy call centre.'

Quote from Australian CEE respondents

28. One million Australians wake up to digital super, Aware Super, 24 July 2023

29. H. Wootton, Super funds on spending spree to improve customer service, AFR, 19 November 2023

'At Aware Super, our members are at the heart of everything we do. We believe that a differentiator in the future of superannuation is the quality of help and guidance we provide to our members.

That's why we've brought our administration services and data platforms in-house, reorganised around what matters most – our 1.2 million members – and are investing heavily in enhancing our analytics capabilities. This transformation reflects our ongoing commitment to continuously improving and delivering real value, so our members can feel more confident and secure on their journey to retirement.'

Christopher Cramond, Head of Member Strategy, Aware Super

HCF: developing an innovative digital-first claims experience

CEE score

7.51

Change: +1.01% vs last year

HCF continues with a strong CEE score this year, performing above the average score for insurers. The major factors driving HCF's improvement have been growth across **Personalisation** and **Expectation,** with **Time & Effort** remaining a strong point for the brand.

Contributing to the rise in this year's Integrity score, HCF made steps towards improving member privacy outcomes, providing clear information on how data is stored and protected, and supporting members with privacy concerns via educational material and expanded customer service touchpoints.

HCF's My Membership app was refreshed to support customers in navigating membership, providing intuitive access to features such as checking cover, making claims and scheduling payments, and including a tool to quickly find in-network healthcare providers to reduce out-of-pocket expenses. This app includes HCF's recently developed contactless claims system, enabling members to scan a QR code from their phone at HICAPS Trinity terminals for faster and more convenient claiming without the need for a physical membership card.[30]

'Their staff were able to help us when we needed information on updating our policy. They went through the various policies and determined the best for us at a reasonable cost.'

'They made it easy and were very interested in my welfare. Their call centre was quick and easy to understand. They had a nurse who called me weekly until I was up and independent.'

Quote from Australian CEE respondents

30. HCF and HICAPS launch new QR code claiming solution, HICAPS, accessed 24 September 2024

Utilities sector

Utilities services are making focused gains

The utilities sector is a key driver for market improvement in CEE scores.
This sector holds the brand with the biggest uplift.

Utilities sector CEE

6.93

Change: +3.2% vs last year

The CEE score for the utilities sector continues to lag the Australian national average, highlighting the opportunity for greater customer focus. Gains across the sector, however, are high – an indication of the continued transformation and heightened focus on customer centricity. Within our CEE findings, the sector has seen increases across all six pillars, with increases in **Integrity** as providers work to build trust with customers and broader community stakeholders.

Facing continued change and increased competition, energy and water providers are looking for targeted and smart opportunities to invest in customer centricity that will deliver ROI. They are moving beyond delivering 'services to the meter' and focusing on delivering 'experiences to the customer'. They are delivering a range of improvements including smart and innovative digital apps, support via self-service, improved transparency in utility consumption, predicting and resolving outages and supporting vulnerable customer cohorts.

Water suppliers have seen strong performance this year in utilities. They continue to prepare for major population growth amongst a landscape of ageing water assets and the increasing likelihood of climate change related weather events such as droughts and floods. Leaders are using innovative technology including AI to monitor leaks and blockages and advise of outages and resolution times.

They are supporting vulnerable customers in moments of financial hardship and are reviewing how to improve data privacy for these customers.

Drivers at play

Customer experience focus areas

– Accelerating customer centricity

– Channel orchestration and customer journey management

Technology and AI use cases

– AI-driven cost reduction

– AI-to-agent improvements – elevating agent competency and reducing resolution time

– Triaging customer queries for AI chatbots to handle simple issues

– Live coaching for agents via AI copilot, and analysing customer behaviour through speech-to-text analytics

– Predictive resolution management – predicting failure points and outages for proactive resolution

Humanity amid digitisation

– Improved customer insights platforms for organisational customer focus

– Service availability across multiple channels 24/7

– Leading digitisation including chatbots with human characteristics and empathy, online chat that combines digital and human support at the back end

– Call centre empathy training to boost skills in supporting vulnerable customers

– Support for financially vulnerable customers

Privacy

– Easily understandable and transparent showcasing of personal information practices for customers

– Privacy by design throughout the customer journey

– Ethical data practices supported by privacy governance

– Implementation of security measures such as encryption throughout the customer journey

Frictionless experiences

– Continuous improvement of digital platforms and apps as a differentiator

– Improved transparency to utilities usage

– Simplified billing

– Simple to use self-service platforms across multiple channels (online, app, live chat, 24/7)

Value for money

– Gain operational efficiencies to offer greater value

– Minimising outages and downtimes in service

– Transparency in consumption to track use and spend

– Suggestions for when to consume energy to reduce spending

– Offers for adjacent utilities services as means for new customer acquisition or reward for longstanding customers

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'Acting with empathy has continued to be a focus for organisations across energy and water organisations. So, we're pleased to see this reflected in this year's study results. The cost of living has hit many people hard this year, and organisations getting it right are responding with empathy and action plans.'

Louise Pogmore, Partner, Energy Mining and Property Sector Lead, Customer & Operations Advisory, KPMG Australia

Looking to leaders for technology and AI use across the sector

Globally: Utility companies such as American Duke Energy and Emirati DEWA continue to use AI to improve operational efficiency and augment their customer-facing employees.

Duke Energy has integrated cutting-edge technology such as satellite surveillance, Azure analytics, and AI to identify and observe fundamental methane leaks from natural gas delivery infrastructure. Duke Energy is also building new smart grid software and services on AWS and expanding its Intelligent Grid Services – a suite of custom-built applications that help anticipate future energy demand and identify where and how to update the power grid.[31]

DEWA has integrated AI into its services via its virtual employee Rammas, a ChatGPT based AI, trained to interpret and resolve customer queries through DEWA's website and smart app platforms. In the second half of 2023, Rammas answered more than 138,000 queries and received a happiness rating of 95%, reflecting the on-demand and personalised support DEWA provides to its customers.[32]

Locally: Sydney Water has leveraged digital innovation in delivering its customer experience, fusing the use of technology with the human element. Sydney Water has implemented its AI CCTV Expert, which covers 17,000 kilometres of its wastewater network, proactively monitoring sewer overflows and leaks to 90% accuracy.

In addition to reducing costs associated with clean-up activities, AI allows Sydney Water to minimise unforeseen disruptions and major wastewater incidents.

Beyond digital initiatives, Sydney Water has maximised the efficiency of its field crews with specially trained leak detection dogs. Using their sense of smell, these dogs can detect leaks up to 2 metres underground and have successfully located 354 leaks across the Sydney network. Their ability to pinpoint even the smallest leaks before they become major issues saved Sydney Water approximately $14 million. [33]

Additionally, Sydney Water demonstrates commitment to the customer experience through its financial assistance program for vulnerable customers and has partnered with agencies and its Customer and Community Reference Group to explore new ways of engaging with culturally and linguistically diverse customers.

31.   Inside the Duke and AWS vision of grid planning in the cloud | Latitude Media, Latitude Media, 25 January 2024

32.   Rammas, DEWA's virtual employee supported by ChatGPT, enhances its leadership in exceeding customer expectations, Zawya, 6 August 2024

33.   Detection dogs helping save water by sniffing out leaks across the Coast, Central Coast Council, 29 January 2024

'Synergy is our regional electricity provider … it has an excellent system to indicate power outages and reasons why. They provide excellent ideas to reduce usage and comparisons to previous bills.'

'We had a tree fall in our street and we all lost power for 48 hours, but we were OK as we had a generator. Synergy did keep us informed and we were reimbursed $80 for loss of food – really understanding in the moment.'

Quote from Australian CEE respondents

Leading brands in Australia

Synergy: building trust through green energy and supporting vulnerable customers

CEE score

7.15

Change: +10.32% vs last year

Western Australia's largest energy retailer and generator, Synergy, is the top mover overall across the 2024 CEE, jumping **10.32%** from its 2023 score.

This is largely due to a **13%** rise in Synergy's **Integrity** score, partially driven by its 2023 commitment to social value as a pillar of its corporate strategy – with Synergy promising to cut carbon emissions by 80% by 2030 and enable customers to become more sustainable, building community trust and strong impressions of the brand.

Synergy's efforts in supporting vulnerable customers have further bolstered its performance across **Integrity** and **Empathy**. Its case management program offers specially trained staff who work one-on-one with customers experiencing financial hardship, helping over 7,000 struggling West Australians in FY23 alone.

Synergy's highest scoring pillar was **Time & Effort**, as the organisation emphasises simplicity in handling customer interactions to reduce follow-up calls and delays.

Synergy has a longstanding Voice of Customer program and continues to gain insights from its customers on what they need and want in a rapidly changing environment, translating these into actionable insights.

NEW ENTRANT

SA Water: supporting customers through difficult times

CEE score

7.30

Change: NA

SA Water had an excellent CEE year, achieving a higher score than all other utilities organisations across all six pillars. SA Water showed strong performance in **Time & Effort** and **Personalisation**, which can largely be attributed to its investment in AI and predictive technology.

A key driver for customer outcomes in utilities is the consistency of service provision. SA Water is investing heavily in innovative technology to ensure faults and outages are minimised. The use of smart sensors and meters across the network to detect potential leaks and blockages is helping them be proactive in maintaining infrastructure and limiting the impact and frequency of faults and service interruptions.

The water company uses AI to forecast energy generation and weather patterns to mitigate risks caused by natural disasters, such as floods, on the network. Used to optimise operating schedules of plants and field crew travel routes, AI assists in providing proactive and efficient service at minimum cost. Collectively, investment in these technologies produces a seamless experience for the customer, minimising the

occurrence of faults and offering proactive services, all while reducing the costs and impact of faults and outages for the company.

Customer research, collaboration and co-design are integral to SA Water's approach, ensuring products and services are designed and technology implemented in ways that meet customer expectations. This customer-centric approach sees SA Water continuing to prioritise capability uplift through existing offerings such as the Community Support Team who assist during fault events, and the introduction of a Priority Services Register enabling customers with specific needs to access specialised services. These contribute to the water supplier's **Empathy, Integrity,** and **Resolution** metrics, which stand above industry averages.

'The phone line was quick to access, and the representative was empathetic to my needs and helped explain my water bill for my future understanding.'

'I phoned up regarding a recent rise in the water rates on my bill. They went through it with me and explained why there has been an increase, and what my next upcoming bill would cost the staff were very friendly and helpful.'

Quote from Australian CEE respondents

Alinta: empowering customers with innovative solutions

CEE score

6.97

Change: +2.73% vs last year

Alinta Energy, one of the leaders in the energy subsector, maintained a strong CEE score by demonstrating performance in **Time & Effort** and **Empathy**, which can be attributed to its investment in customer-centric innovation.

Alinta Energy has made enhancements to its customer experience through integration of advanced digital technology. Over the past year, the company achieved a 50% reduction in basic call centre queries.[34]

This is largely due to the deliberate execution of a digital deflection program, the deployment of a new digital platform and digital channels capability, and the introduction of a web messaging chatbot.

Alinta Energy's dedication has also invested in team leaders' and agents' ability to control calls through signature micro-behaviours. By maintaining a human touch in an increasingly technology-driven service environment, the company has integrated digital convenience with personalised service. This has been essential to its high customer satisfaction scores and service quality. As a result, Alinta Energy is establishing a new benchmark for utilities and customer service.

'Alinta Energy have been totally understanding with my recent financial troubles and have really aimed to assist me get through these hard times.'

'Their accounts are always on time. Their service is excellent. They resolve issues very quickly and their customer support is great.'

Quote from Australian CEE respondents

34. N. Cameron, Product differentiation is minimal, customer experience is critical: Alinta Energy enacts tech and strategy overhaul, reshapes functions, voice of customer listening, explores AI, and looks for better measurement all in the quest to win customers on engagement, Mi3, 5 August 2024

WSAA: working with the sector to improve customer centricity

The Water Services Association of Australia (WSAA) is the peak body representing Australian and Aotearoa New Zealand water utilities. WSAA members provide water and wastewater services to over 24 million customers in Australia and New Zealand, including many of Australia's largest industrial and commercial enterprises. WSAA's purpose – to connect and lead the water sector to enable thriving communities – ensures it is working with member organisations to make improvements across key sector challenges.

WSAA has seen customer voice, cost-of-living increases and financial stress as regular topics for discussion with members. WSAA is dedicated to supporting its members capture meaningful customer insight, so the sector can continue to improve its customer focus. A core component to this work is increasing the water literacy of younger generations, especially as it relates to water security and scarcity.

'It's imperative for organisations to keep empathy and humanity in mind in the face of digitisation. We continue to help organisations transform and improve their customer experience, and starting with understanding the customer is critical.'

Tammy Falconer, Partner, Water Sector Lead, Consulting, KPMG Australia

'Building trust and customer value is a key foundation for water utilities as it gives us the social licence to carry out our business. Understanding the priorities of our customers and communities is an essential part of being able to service them well. We are also expanding our support for customers experiencing difficulty beyond areas like financial hardship, to also consider data privacy, to ensure we protect customers and maintain their trust.'

Eve Rodrigues, Manager of Customer and Community, WSAA

Five opportunities for Australian organisations

Leading practices for Customer Experience Excellence industry

1

Leverage **technology and innovation, including AI,** to deliver exceptional customer experience across all six pillars.

– Start with creating an understanding of the customer and the issues to solve across the customer experience. Avoid starting with the technology first.

– Create use cases: look first to automating high-volume routine tasks.

– Test and deploy with optimisation and look to rapidly scale to deliver on investment.

– Ensure technology innovation programs are genuinely cross-functional, not IT-led, to ensure organisation-wide support, which becomes even more critical as use cases and tests move from pilot and MVP to larger scaled rollouts.

– Adopt a 'Trusted AI' Framework to build customer trust, and learn from leaders like KPMG who are the first organisation in the world to receive the first ISO certification to AI management for building innovative AI-based solutions with a human-centred approach.

2

As the customer experience becomes increasingly digitised, do not forget to **act with humanity and empathy.**

– Embed technology and AI in the right moments across the customer experience. Identify which moments might deliver most customer benefit and organisational ROI with human intervention.

– Seek ways to improve and humanise technology and design AI models that mimic humans, ensuring empathetic interactions with customers.

– Understand vulnerable customer cohorts and customers at risk of churn and deploy plans to support with empathy.

– Embed holistic customer programs across the organisation, such as a Voice of Customer program, to collect data across multiple channels, democratise insights cross-organisation and turn to insight and action.

– Deliver empathy training across all customer-facing groups.

3

Give people the ability to easily control their **data privacy.**

– Improve privacy governance and prioritise privacy and data ethics.

– Allow customers to easily control and update their personal information and communicate their preferences.

– With valid consent from the individual, make use of the personal information and insight so customers see value in the information shared. Provide relevant offers, products and content.

– Communicate data privacy strategies and approaches more broadly as a differentiator.

> **Identify what value levers are most attractive to your customers and create strategies on how to embed them.**

4 🔄

Deliver seamless experiences across every stage and every channel of the customer experience, and rapidly resolve issues.

– Ensure the customer experience is grounded in rich personas, so changes deliver genuine improvements.

– Identify critical journeys and moments where the brand can add value and delight the customer. Systematically embed, learn and optimise to ensure ROI and impact.

– Look for opportunities to drive greater operational efficiencies such as improving order processing, tracking and delivery.

– Predict and prevent issues. Proactively notify customers of issues to provide transparency through to resolution.

5 🎧

Use transformation to gain efficiencies to **unlock customer value.**

– Look for opportunities to reduce costs and drive greater operational efficiencies such as improving order processing, tracking and delivery, and re-invest in CX to offer greater customer value.

– Deploy self-service models and, where possible, migrate customers from high-resource/low-value human interactions to self-service, freeing up human resources for more complex challenges requiring higher levels of resources to solve, in critical 'make or break' moments.

– Identify what value levers are most attractive to your customers and create strategies on how to embed them. Consider value on a broad scale, including improved experiences, digital tools, prices and products.

Conclusion

Leader's checklist

To respond effectively to the findings of the 2024 Customer Experience Excellence (CEE) study, we recommend companies focus on improving the alignment of technology with customer expectations to improve overall Customer Experience Excellence (CEE) scores.

Some checklist items that we highly recommend organisations consider:

1. Strategy alignment

✓ Obtain clarity on what AI means for the business, now and in the future. Be brutally honest about the business's current state and its true readiness to adopt AI at scale.

✓ Consider how the rapid developments in AI technology and the dramatic improvements in processing power will shape the future of the industry and sector and build a maturity route map to guide development.

2. Customer focus

✓ There are some significant demographic attitude changes this year. Ensure AI implementations are rooted in a deep understanding of the customer. Design AI experiences in the context of the needs and wants of the different age groups.

✓ KPMG's Six Pillars provide a comprehensive framework for assessing the impact of new technology on customer experiences, including AI. Technologies such as machine learning, natural language processing (NLP), predictive analytics, computer vision, speech recognition, robotic process automation, and sentiment analysis are revolutionising the orchestration of omnichannel customer journeys. Evaluate new technologies through these pillars to assess whether they are meaningfully enhancing their overall customer experience.

3. Use case prioritisation

✓ Communicate transparently which use cases should be led by the business and which by IT. AI should not be the exclusive preserve of IT and not all developments require an AI solution.

✓ When selecting initial use cases, ensure scalability, be clear on ROI and how AI will change experience economics.

4. Ethics framework

✓ Create an ethical and responsible use framework coupled with strong governance to ensure compliance. Identify the risks at each stage of AI development and implementation and design effective mitigations.

5. Implementation

✓ Be clear on the new role types the organisation will need and the transition plan for existing employees. Consider the current culture and whether it creates the right environment for AI to prosper.

How KPMG can help

KPMG is a global leader in customer experience advisory services and works with organisations to accelerate their customer-centric digital transformations.[35] Our team of sector specialists, combined with customer, operations and technology professionals are dedicated to helping our clients to transform their operations to become more efficient, effective and customer-obsessed.

Our services enable our clients to create more positive customer experiences and engagement, coupled with increased economic value. These cover:

CUSTOMER EXPERIENCE
Customer strategy , customer intelligence, Voice of Customer program, customer personas and journey mapping, service design, customer technology transformation

DIGITAL EXPERIENCE
Digital strategy, product and experience design and delivery (websites, apps, portals, customer channels), MarTech, CRM

BRAND AND REPUTATION
Brand and marketing strategy, creative and communications development, loyalty optimisation, reputation advisory, stakeholder and community engagement

OPERATING MODEL TRANSFORMATION
Customer, sales, marketing and service transformation, cost out, productivity and value creation, business process transformation and digitisation, technology enablement

Contact us if you would like to

– **Learn more on how leading organisations are modernising their Voice of Customer capabilities and uplifting their digital channels and capabilities.**

– **Learn more on how we can assist you on your digital transformation and help you to prioritise AI investment in the areas that will deliver the greatest value for your business.**

– **Help with AI privacy and data protection, responsible AI, AI controls, AI model assurance, AI security and AI in internal audit.**

35. KPMG Named a Leader in Customer Experience Strategy Consulting Practices report by Forrester, KPMG International, 2022

Connected Enterprise

KPMG's approach to customer-centric digital transformation

Prioritising around value enables executive teams to focus their 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.

But it's important this isn't done in a vacuum. AI solutions cannot simply be 'layered on' over the current ways of working. Existing processes, capabilities, and blueprints may need significant transformation, sometimes even complete re-engineering. Successful leaders must implement AI in a manner that aligns with their current enterprise model, ensuring that the underlying capabilities of the business are optimised to support and leverage AI advancements effectively.

Linking value streams to capabilities

When clear on where to deploy AI, the focus becomes connecting the transformative potential it presents to existing processes, architecture and colleague roles. The way to creating this connection is by linking AI to existing business capabilities. Previous KPMG research alongside Forrester has identified eight 'Connected Enterprise Capabilities' that define how modern organisations work. They encompass the skills, knowledge, processes, architecture and resources an organisation needs to execute its strategy and deliver value to customers.

Organisations that focus on all eight tend to deliver twice the value of those that do not.[36] By connecting AI colleagues to these best-in-class capabilities, executive teams can focus their efforts on building a more valuable organisation that has the internal coherence needed to thrive over the long term.

Connected Enterprise Capabilities

Insight-driven strategies and actions	Innovative products and services	Experience centricity by design
Seamless interactions and commerce	**2x** Impact	Responsive operations and supply chain
Aligned and empowered workforce	Digitally enabled technology architecture	Integrated partner and alliance ecosystem

Bringing it all together

The eight capabilities are the cornerstone of KPMG's Connected Enterprise Method, being a comprehensive, enterprise-wide approach to customer-centric digital transformation. For real and sustainable change, it is essential to consider all aspects of the organisation in an integrated manner, ultimately creating a 'connected' enterprise.

This method is equipped with preconfigured enablers designed to accelerate transformation and align various programs, ensuring value realisation. It includes our Global AI Use Case Repository which can be used to explore innovative AI concepts and solutions to address real-world challenges across diverse industries and domains.

To learn more about the Connected Enterprise Capabilities click here.

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36. Make the connection, KPMG International, 2023

Trusted AI

KPMG's Trusted AI Framework

Navigating the intricacies of ethical AI is a complex task, encompassing issues of bias, transparency, accountability, governance, security and regulatory compliance. KPMG's Trusted AI solutions portfolio offers a complete range of solutions for your AI journey. KPMG Trusted AI is our strategic approach and framework to designing, building, deploying and using AI solutions in a responsible and ethical manner.[37]

What sets Trusted AI apart is its focus on putting customers at the heart of your AI initiatives. This framework addresses their concerns while also ensuring that your AI solutions are designed to deliver sustained customer and organisational value. By prioritising ethical considerations and long-term benefits over quick and easy operational efficiencies, Trusted AI helps you avoid potential pitfalls and build a robust, trustworthy AI system that supports both your customers and your organisational goals.

We have identified eight principles to ensure a trusted approach to AI implementation:

1. Fairness

Help enable models to be free from bias and remain equitable

2. Explainability

Help enable the transparent understanding and documentation of AI algorithms

3. Accountability

Help establish mechanisms to drive ownership and responsibility across the AI/ML lifecycle

4. Security

Safeguard against unauthorised access, corruption, and attacks

5. Privacy

Help drive compliance with data privacy regulations and consumer data

6. Safety

Safeguard against a negative impact to humans, property, and environment

7. Data integrity

Help embed trust with data quality, governance, and enrichment steps

8. Reliability

Help ensure the performance of AI systems at the desired level of precision and consistency

Learn from KPMG's world-first AI journey experience

From the experiences gained on our AI journey, we acknowledge that no one has all the answers. To reflect this, KPMG has invested, alongside our partners such as Microsoft, in an approach we call 'KPMG as Client Zero'. This strategy enables us to leverage our own experiences to develop and refine an approach to ethical AI practices. Our efforts have also earned us world-first ISO certification to AI management which underscores our commitment to excellence and building innovative AI-based solutions with a human-centred approach.[38] This approach equips us to transfer knowledgeable insights to our clients, helping them accelerate their journey toward realising AI-driven value.

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37. KPMG's Trusted AI Framework, KPMG Australia
38. KPMG Australia becomes first company in the world to achieve certification to AI management system standard by BSI, KPMG Australia, 17 October 2024

For further information, please contact us below or find out more on our website at KPMG.com.au

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