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Global Customer Experience Excellence

Cost-of-living concerns and customer deflection to low cost, low satisfaction technology channels are diminishing customer perceptions of the experiences that they receive.



Report findings

As companies respond to the shifting economic landscape, technology has become a lower cost substitute - and often a poor one - for human interaction. However, deflecting customers into these low-cost channels, whether emotionally they require human contact or not, has put a barrier between the customer and the help they are seeking. Consequently, the initial implementations of such cost-efficient options, like bots equipped with machine learning, have left customers feeling underwhelmed and frustrated. There has been a general downward trend across many markets when looking at the overall market Customer Experience Excellence (CEE) metric (-3%). Companies' ability to meet Expectations (-4%) and respond to customer interactions with Empathy (-4%) represent the largest declines.

This is a function, perhaps, of poor technology use. Ever escalating customer expectations should be considered, especially after customers enjoyed the extra care provided to them by companies during the pandemic that has now returned to pre-pandemic "business as usual" practices.

Thailand (-7%), France (-5%) and the US (-5%) experienced the biggest year-over-year declines. For each of these countries, setting and managing expectations showed a significant

decline. Two others resisted the general downward trend: Japan (+1%) reported small improvements across the majority of The Six Pillars and Hong Kong (SAR), China (+3%) saw the greatest improvement in Time and Effort.

KPMG's Six Pillars of Customer Experience Excellence offer the essential dimensions that come together to build strong experiences. While it is important to be good at all six characteristics, not all pillars will likely have an equal impact in a given year. In 2023, Personalization has risen to become the most important driver of advocacy and loyalty.

Economic impact on value and values

Macroeconomics continues to play a part in shaping customer opinions of their experience with companies. For most countries, the cost-of-living crisis weighs heavily on customers' decision making and impacts how they perceive value.

Customer views on value are formed by several factors: how they perceive they are served and supported, and how companies demonstrate their purpose and relevance, as well as their ability to positively impact the environment and society for the long term.

Global Customer Experience Excellence Study 2023-24



21

countries



81,725

customers interviewed



821,824

brand evaluations



2,726

brands



Nationally
representative
samples



Consumers are becoming hyper aware of price and want to stretch their dollars, making them more conscious of the value for spend. Consumers are also seeking a high-quality experience – including in-person – that goes beyond product quality, range, and price. In essence, they want the best companies can deliver.”

Jeff Mango

Managing Director,
US Customer Experience
Practice, KPMG in the US

Rising inflation has also had a big impact on customers globally. Survey results show 97 percent of consumers have been impacted by inflation and cost-of-living increases at some level, with one in four extremely impacted. Türkiye for example, has seen inflation at 80 percent in 2022 and 60 percent in 2023.^{1,2}

Inflation and the cost-of-living crisis has also impacted spending power, however, to varying degrees between customers. A significant number of people remain willing to pay more to brands whose values align with their own. Sixty-one percent say they are willing to pay more to ethical companies versus 4 percent who said they were not at all willing to do so. This rapidly rising trend in favor of consumer values for sustainability has fallen slightly since the [KPMG Me, My Life and My Wallet \(MMLMW\) report](#) was published in 2022 (69%). Values also continue to be a significant determinant of customer purchasing decisions.

Technology is only one part of the answer

It is a time of unprecedented competition. Share of wallet is harder to maintain. While there is a lot of focus on integrating emerging technologies to enhance customer experience and take costs out, the reasons why customers come to a brand remain true.

The [MMLMW](#) research shows that customers want an emotional connection – they want to feel that the brands they choose reflect their personality, their lifestyle and their values. The technology needs to reflect this. When technology is applied with the aim to reduce costs, it may

achieve its goals in the short term, but longer term these low-cost channels will diminish customer lifetime value. As a result, customers may drift away to suppliers they feel will better meet their needs as individuals.

For technology to help enhance the emotional connection, it is critical for companies to see customer experience as a two-way street: a shared moment or co-created encounter which happens at a given touchpoint. Whether physical or digital, each touchpoint should reflect the company's DNA and their values in every way, so they connect at a human level even when technology is involved. This single encounter happens again and again, creating a series of interactions over the lifetime of the customer relationship.

97%

of consumers say they have been impacted by inflation and cost-of-living increases at some level, with over a quarter extremely impacted.

¹ <https://www.reuters.com/world/middle-east/turkish-inflation-dips-slightly-614-october-2023-11-03/>

² <https://www.msn.com/en-us/money/markets/Turkiye-releases-official-end-2023-inflation-at-65-yy/arAA1mqu1H>