Artificial Intelligence and the orchestrated customer experience

Global Customer Experience Excellence 2023-24

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Introduction

The Customer Experience Excellence (CEE) annual report identifies those companies that perform best in delivering strong customer experiences. This year's leaders are front and center in orchestrating experiences. These experiences are not just the haphazard outcomes of a series of departmental initiatives. They are a result of conscious attempts to design intentional interactions for customers that help them achieve their objectives while delighting them along the journey and enabling the organization to execute accordingly.

Artificial Intelligence (AI) is taking the world by storm. As it does, it is opening up new opportunities to deeply personalize orchestration along journeys, enabling companies to scale individual customer personalization like never before. This can transform customer journeys, and at the same time, help businesses improve costs to serve, reduce friction and improve customer satisfaction.

This year, however, customer satisfaction saw a global decline in customer perceptions of their experiences. Only two countries, out of the 21 countries and territories included in this year's study, saw a rise in customer satisfaction. The remainder all witnessed declines and, in some jurisdictions, a significant decline.

Customers attribute this decline to an overall failure of brands to meet their expectations. Technology also contributed to the fall, specifically in the way companies implemented technology that shepherded customers into low cost and low satisfaction channels. Often these channels still generate friction and they lack empathy and the human touch.

AI has the potential to transform such experiences and radically re-write the rules of the game. The leading companies in this year's index, which this report calls the Hall of Fame, see AI as potentially more profound than any previous technology. While AI has been with us for years, Generative AI is harnessing the power of Large Language Models and has the potential to dramatically improve customer experiences and the underlying interactions. Additionally, it will allow companies to reduce operating costs and improve employee experiences.

In the not-too-distant future, further advances promise us systems that can continuously improve their capabilities and behaviors. With future iterations re-writing their own code, the potential we are now experiencing is just the start of GenAI's impact on engagement with prospects, customers, other businesses and the marketplace.

Globally, CEOs are responding to this. In the KPMG 2023 CEO Report, 70 percent of CEOs agree that despite economic uncertainty, generative AI (GenAI) is their top investment priority, with most (52%) expecting to see a return on their investment in three to five years. But GenAI is not just a long-term focus – among leading companies 68 percent believe that AI has now become essential to achieving their short-term business goals.

> "
> We are at the beginning of a cultural and technical phenomenon. Artificial Intelligence, including generative AI, has the power to effect massive change across the end-to-end customer journey. It can redefine the customer experience and how it is delivered. But this is more than just a new technology, it requires creative thinking as to how it can be deployed to create value for customers. It will bring the need for a set of new roles and ways of working, including the trusted use of this powerful technology."

Julio Hernandez
Global Customer and Operations Lead, KPMG International

Learning from first adopters

Fourteen of the top companies listed in this year's index were also ranked as the top three companies in their country last year. Eight of them sat in the number one spot in 2022, proving that excellence, once acquired, can be habitual. The actions and mindsets of these companies can be self-reinforcing and the effects can compound year over year.

These leading organizations sit at the forefront of technology, using AI in everyday applications. Critically, they have done so in a way that increases efficiency, but also preserves customer value. By applying The Six Pillars of Customer Experience Excellence, they consistently design and deliver brilliant human connections within their organization.

As these early adopters hone their AI prowess, we are reaching a tipping point and those that have forged ahead will need stay cognizant of not losing the "human touch" while embracing evolving AI technologies and capabilities.

In this report on Customer Experience Excellence, we examine emerging best practices in AI implementation. We focus on what we can glean from these early adopters and how we might learn from their experiences.

Taking a cue from these leading brands, we provide an early view of what CEOs and other business leaders need to do to deliver real customer value, more effectively, efficiently and as safely as possible.

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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. Nearly half (48%) say they are willing to pay more to ethical companies versus 7 percent who said they were not at all willing to do so. This rapidly rising trend in favor of consumer values for sustainability has remained relatively unchanged since the KPMG Me, My Life and My Wallet (MMLMW) report was published in 2022 (49%). 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/Türkiye-releases-official-end-2023-inflation-at-65-yy/ar-AA1mqu1H

Hall of Fame
The leading brand in each country

This year's Hall of Fame brings together a wide mix of brands. Some can trace their heritage back nearly 100 years, such as Keurslager in the Netherlands and KBank in Thailand, whereas others are new businesses that are still in their infancy like Air Bank in the Czech Republic and Spusu in Austria.

The Hall of Fame is also comprised of a cross section of sectors – from retailers, banks, theme parks, opticians, fast food retailers and telecoms – all of which illustrates that excellence can be found within most sectors.

To read more about each brand go to the **Hall of Fame brands section**.

> "
>
> Many of the leading organizations have already found practical use cases for AI in everyday applications. Critically, they have done this in a way that increases efficiency, but also preserves human value."
>
> **Tim Knight**
> Head of Customer & Operations, KPMG in the UK

Australia
Brand: **Bunnings Warehouse**

Austria
Brand: **Spusu**

Czech Republic
Brand: **Air Bank**

France
Brand: **MAIF**

Germany
Brand: **Fielmann**

Hong Kong (SAR), China
Brand: **Apple Store**

Indonesia
Brand: **Adidas**

Italy
Brand: **E-commerce retailer**

Japan
Brand: **Tokyo Disney Resort**

Malaysia
Brand: **Maybank**

Mexico
Brand: **Nike**

Netherlands
Brand: **Keurslager**

Philippines
Brand: **Jollibee**

Singapore
Brand: **Apple Store**

Slovakia
Brand: **Martinus**

Thailand
Brand: **Kbank**

Türkiye
Brand: **Dyson Store**

UAE
Brand: **Emirates**

UK
Brand: **first direct**

USA
Brand: **H-E-B**

Vietnam
Brand: **Nike**

AI and the Hall of Fame brands

"

Organizations are having to target the right moments in the customer experience to infuse AI – so it is invisible and just works. It requires a scalpel not an axe approach."

Carl Marrelli
Managing Director,
Advisory,
KPMG in the US

AI use is widespread among the 2023 Hall of Fame. With the technology, these leading companies are testing new ways of improving the quality of customer experiences and the service they provide, while also introducing efficiencies and procedures to get ahead of the perceived downsides of AI.

For example, first direct in the UK has implemented AI to support autonomous banking where many of the usual worries of making and receiving payments are taken care of by AI technology.

Other technology-first banks, including Air Bank and Maybank, are joining traditional institutions, such as Kbank, in delivering AI-based experiences that humanize banking for customers. In their own ways, these banks are using the technology to personalize offerings, and equip and enable customers to take more control of their financial outcomes, while ensuring their digital assistants reflect their individual brand and values.

Nike and Adidas, globally, have harnessed AI to improve the customer experience by presenting customers with a curated list of individually relevant clothing or shoes options available in their size. Others are linking AI to other advanced technologies. Bunnings Warehouse in Australia, for example,

has enabled AI in its autonomous robots that complete a stock check after stores close to better understand customers preferences, more efficiently replenish inventory and improve customer service by staff.

Similarly, AI is helping Fielmann in Germany to redefine the role of opticians by providing very early detection of serious eye disease and bringing the latest optical technology to millions of customers across Europe.

In France, MAIF has implemented AI across a range of use cases. The insurer has also defined a structural approach to reduce bias in its decision-making and prevent AI drift – the tendency of AI to drift away from its original objectives as it learns and adapts.

Retailers, such as Martinus, Nike and Apple Store, have used technologies to create online experiences that complement and embody their quintessential in-store brand experiences. In turn, retailers have upped their game in store. Dyson Store, Apple Store and Nike have transformed their stores into experiential shopping environments, where they showcase new products and have customers try them out before offering them the option to purchase online, if they choose.

Introducing the KPMG Six Pillars of Customer Experience Excellence

Even in a world fueled by technology, the KPMG Six Pillars of Customer Experience Excellence still define the elements of great experiences. They act as design principles providing guidance on how to incorporate best practice into creating world-class customer journeys.

The Six Pillars, when applied together, have consistently helped organizations understand how well their customer experience is delivered across channels, industries and company types. While each pillar is important, excellent customer experiences are created when leading companies excel across its combination. Now, at the dawn of AI, The Six Pillars are proving once again to be relevant and essential considerations for companies keen to maximize the opportunities, and minimize the risks of these advanced technologies as they elevate their customer experiences.

Customers evaluate their interaction with brands across The Six Pillars

Integrity
Being trustworthy and engendering trust

Resolution
Turning a poor experience into a great one

Expectations
Managing, meeting and exceeding customer expectations

Time & Effort
Minimizing customer effort and creating frictionless processes

Personalization
Using individualized attention to drive an emotional connection

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

Inside out:
The company perspective

Outside in:
The customer perspective

Empathy

- Human and empathetic cues
- Solve a life problem
- AI-augmented human interactions

- I want a human touch – when I need it
- I want to feel heard and be understood – I don't think a machine can do that

Personalization

- AI-tailored experiences
- Real-time personalization and decision making
- Predictive recommendations

- I want AI to anticipate my needs and proactively help (e.g., suggest relevant products or services, and even predict potential issues before they arise)

Time & Effort

- Streamlined customer journeys, faster, more efficient operations
- Order processing, tacking and delivery
- Automated onboarding – error reduction

- When AI is incorporated into various products, such as autonomous vehicles, security systems and smart appliances, I want to be assured about safety, efficiency and usability

Expectations

- Predict needs and preferences
- AI-driven recommendation engines – surprise and delight
- AI-managed interfaces and journey orchestration

- I want companies to accurately set my expectations – when I interact digitally I want to know if I'm dealing with a machine or a human

Resolution

- AI identification of trends and patterns to support problem solving
- 24/7 query responses, answer customer queries and streamline interactions, leading to faster issue resolution and improved customer service
- Predictive resolution – before the customer has a problem

- When using AI-powered chatbots and virtual assistants I want to receive at least the equivalent of a human interaction
- I want certainty that my problem has been resolved
- I fear the loss of human touch in emotional interactions

Integrity

- Transparency, data privacy and ethical use
- Eradication of bias
- Ongoing governance and inspection

- I worry about the potential for job displacement and have concerns about job security and unemployment
- I worry about AI, especially when it comes to privacy and data security, and how my information is being used
- I want to trust the outcomes of machine-made decisions

KPMG Six Pillar trends

This year, globally, customer experience has declined. Each pillar saw a fall in average global scores. This opens companies to the risk of losing the good works of previous years unless they actively respond to changing customer needs.

> "
> Data transparency is critical. Companies need to be clear on which customer data they need and why they need it. They must be clear on the value for the customer and answer the question "what is possible if I provide you with data and what is not possible if I don't."

Tom Lurtz
Partner, Consulting,
Value Chain Transformation,
KPMG in Germany

Integrity

-2% overall score	Key theme: The ethics of AI

Trust is the essential quality of every relationship. Overall, the score for Integrity fell by 2 percent with noticeable falls in Thailand (-6%) and the US (-5%).

New technology brings with it a whole set of new considerations around how to build and maintain trust. It requires a responsible and thoughtful approach to implementing AI with a high focus on transparency, data privacy and ethical use.

Data privacy is a critical concern with AI. Customers may be hesitant to share their personal information if they fear that it could be misused or compromised. To address this concern, companies must prioritize data security and transparency to build and maintain customer trust.

Such transparency will be required as companies more deeply embed AI-powered systems into their organizations. As these systems make decisions and predictive recommendations, businesses should strive to ensure their AI models and its reasonings can be easily explained and understood by their customers to better protect their reputation and the integrity of their brand.

Integrity may also demand companies to address bias in AI systems. AI algorithms trained on limited datasets can produce inaccurate results and inadvertently perpetuate biases. This can lead to unfair or discriminatory outcomes. Companies should get ahead of potential bias in AI systems to better enable fairness and inclusivity in their applications.

The ethics of AI and how it is used has become a hot topic in the media. Customers, consequently, are paying attention to how companies ethically and responsibly use AI. As a result, businesses that prioritize ethical considerations – that is, avoid harmful uses of AI or are transparent about their AI practices – are likely to earn and maintain customer trust.

Actions:

1. Analyze customer journeys to understand where trust is built or eroded.

2. Develop an AI ethics framework that sufficiently considers the downside risks of AI alongside its opportunities.

3. Adopt a "zero trust" approach to all interactions to minimize opportunities for fraud and privacy issues.

Resolution

-3% overall score | **Key theme:** AI-powered customer service
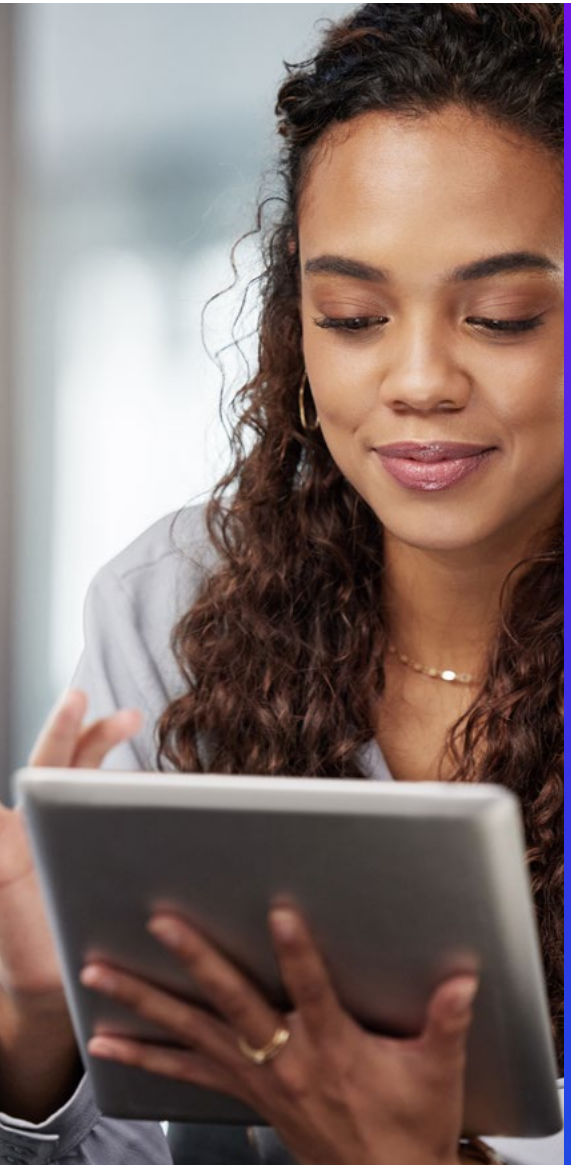
Resolution scores fell by a global average of 3 percent – led by Thailand (-7%) and The US (-5%) – as companies failed to deal proactively and effectively with customer issues.

AI can be a transformative force for good as it relates to customer query resolution and problem solving, improving efficiency and enhancing the overall customer experience. With the power to process vast amounts of data and information quickly and accurately, AI systems are less likely to make mistakes or provide incorrect information, leading to more precise query resolution.

In addition, AI can help human customer service agents by suggesting solutions based on previous interactions and customer data. This speeds up the problem-solving process and reduces the back-and-forth between customers and support teams.

However, the process of implementing AI in customer service query or complaint management, and harnessing its problem-solving benefits is not without its challenges. Cost of implementation is a primary concern.

AI-powered customer service solutions can be expensive, and businesses need to weigh the cost of implementation against the potential benefits. Additionally, AI-powered customer service solutions require a significant amount of data to be effective that require businesses to invest in the infrastructure to collect and store the data.

Human oversight is another challenge. AI-powered customer service solutions are not perfect and will need human monitoring to ensure customers receive the best possible service. This, too, can be a time-consuming and costly process for businesses to bring these resources into place.

Finally, there is the challenge of customer acceptance, especially by customers who may be wary of AI-powered customer service solutions. To address such concerns, businesses should effectively and repeatedly communicate the benefits of the technology to their customers, while also properly training their AI-powered customer service solutions to handle customer inquiries and complaints in a professional and efficient manner.

Actions:

1. Consider using AI on employee and customer feedback to identify patterns and surface hidden issues.

2. Extend root cause analysis to build a picture of linked pain points and the causal relationship between them to develop predictive models that drive proactive customer support.

3. Look to the next generation of conversational chatbots to avoid channel deflection to a lower satisfaction technology that can have short-term benefits, but long-term losses.

Expectations

With the rise of advancing technologies, businesses will likely need to manage customer expectations within the realities of their business. This is especially important as customer expectations have already seen an overall decline by 4 percent in 2023, with significant falls in Thailand (-8%) and Germany (-7%) in particular.

To reverse the trend, companies will likely need to better meet their customers' communications needs and wants. Consumers expect transparent and consistent communication across the board – be it when they are dealing with a customer service robot or a human agent. They also want to be reassured their problem will be efficiently solved by a technology and not disappear into a black hole. They want to be informed in a timely manner when things change, and they want companies to accurately, continually reset their expectations as changes take place.

-4% overall score	Key theme: Managing customer expectations with AI

AI can help companies meet – and even exceed – customer expectations. AI's predictive analytics can anticipate customer needs and preferences. It can also spot customer behavior patterns that companies can proactively use to offer relevant support and advice before customers even ask for them. The trick, however, will be putting in place communication protocols that accurately and consistently keep customers informed.

Actions:

1. Leverage low code or no code AI applications to explore AI in simple and safe ways.

2. Develop a messaging framework and communications strategy about the role of AI in your business – aimed at both employees and customers.

3. Test supply chain AI applications as an easy entry to improved inventory management.

Time and Effort

| **-2%** overall score | **Key theme:** Streamlining processes with AI |

Organizations are struggling to make their customers' lives easier. Time and Effort scores fell by 2 percent globally with the largest decline in Thailand (-8%). Hong Kong (SAR), China, on the other hand, achieved a reverse effect with organizations contributing to a rise of 6 percent.

To follow Hong Kong (SAR), China's lead, AI can help. Applying AI to streamline processes, automate tasks and provide personalized assistance can help reduce the amount of time and effort customers spend with companies.

For example, AI's ability to index and analyze vast amounts of information can make it easier and quicker for customers to find specific details or solutions on the company's website or in other documents. Order processing, tracking and delivery is another area that can benefit from AI, offering automatic and frequent updates to customers without them having to contact customer support. AI can also help automate the customer onboarding process – a point in the journey where problems often occur-guiding them through account setup and providing relevant and prompt information for a quick and accurate set up.

Using conversational AI and other advanced technologies can enable companies to engage with customers across a greater number of channels, including chat, social media or messaging apps (i.e., Facebook Messenger, WhatsApp). This gives consumers greater choice to find an option that is most convenient to them at any given time.

As companies consider where to bring in AI to improve Time and Effort for customers, they will want to be sure they are integrating their systems to create a continuous and cohesive experience for customers. They may also want to look for points when and where the human touch would best serve customers.

Actions:

1. Analyze the customer lifecycle to identify where AI will have the most beneficial impact both commercially and for the customer.

2. Use customer journey and value stream mapping to identify specific value enhancing use cases.

3. Focus on the onboarding journey – not only do first impressions count, but many downstream issues are seeded in the onboarding journey.

Personalization

-2% overall score	Key theme: Tailoring experiences with AI

Despite the huge investment companies have made in personalization technologies, the Personalization score dropped by an average of 2 percent globally, with Thailand (-6%) and France (-5%) seeing the greatest fall.

Personalization is more than just tailoring content or products to customers – a point many companies need to better understand. The psychology of personalization is rooted in a customer feeling valued, important and unique. They want to feel a greater sense of self-worth, more in control, more educated and better equipped to make the right next choice.

AI can certainly augment personalization strategies by leveraging customer data and behavior patterns to create tailored experiences. For example, AI personalization can sift and curate information, delivering the right information to customers at the point in time that they need it. In the same vein, AI's ability to process data in real-time can allow companies to customize website content in the moment based on a customer's browsing behavior or location.

Further, AI-powered recommendation systems can suggest products, services or content. Not only are these recommendations based on a customer's past behavior and preferences, they are delivered on the channels of their choice: websites, mobile apps or in marketing communications, increasing the likelihood of customer engagement and conversion.

Such AI cases demonstrate the power of AI to help companies personalize the customer experience. However, th investment will be of little value if the emotional dimension of the Personalization pillar is missed.

Actions:

1. Evaluate Generative Pre-trained Transformer (GPT) models for their unique advantages when it comes to developing exciting, relevant and personalized copy for customers.

2. Make data a board level issue, defining and evaluating a Customer Data Platform (CDP) as a means of aggregating and synchronizing customer data.

3. Focus on data quality not quantity – AI is fueled by data, but it has to be the right data.

Empathy

| -4% overall score | Key theme: AI-powered empathy |

Empathy is down 4 percent, tying for the largest year-over-year decline with Expectations. The US (-8%) and Thailand (-7%) experienced the greatest falls in this pillar.

So far, technology has struggled to replicate human empathy. However, AI has the potential to promote empathy in companies and their people by assisting in ways that foster understanding, connection and emotional intelligence.

Companies can use AI to analyze vast amounts of customer data and feedback to gain deeper insights into customer needs, pain points and emotions. In addition, AI-powered sentiment analysis can gauge the emotional tone in customer interactions, reviews and feedback. Taken together, these AI use cases allow companies to understand individual preferences and histories, as well as their emotional state, so they can respond appropriately with empathy and compassion as they address concerns or celebrate positive experiences.

Inside the company, AI can personalize coaching and feedback to employees, helping them improve their communication and emotional intelligence skills, and their ability to empathize with customers and colleagues. AI can also be used to enhance virtual reality training simulations so employees can be exposed to different scenarios, including challenging and emotional situations, and boost their ability to deliver empathetic customer service.

Even with such promising examples of AI-powered empathy, companies will need to remember that technology is a complement, not a replacement, to genuine human interactions. Companies must strike the right balance between AI-driven automation and maintaining a human touch, training employees to leverage AI tools responsibly and in line with their emotional intelligence, to create empathetic and compassionate experience for customers and employees, alike.

Actions:

1. Map out the points in a customer journey where a human touch will make a real difference to the customer experience.

2. Use sentiment analysis to understand the emotional state of customers as they progress along journeys.

3. Identify where AI can augment and empower employees, and help them deliver a superior experience in partnership with technology.

2

Preparing for the AI revolution

Our leading organizations have discovered that successful implementation of AI requires an enterprise-wide approach – one rooted in the continuous creation of value. Value can come in the form of reduced friction for customers, more efficient costs for companies, improved customer engagement and increased sales. Leaders also connect AI to their company's core operations and have carefully navigated its implementation, enhancing their culture, preserving trust and minimizing risk throughout the process.

Organizing for AI

AI has wide-ranging uses and practices that requires intentional management and oversight. Our leading companies have been very careful about how they approach AI management because they know putting management in the wrong place will constrain their results.

As AI is a technology, there is a tendency for implementation to be IT or engineering led. However, this restricts growth and local flexibility. It also establishes AI as just a technology, diminishing its role in meeting functional needs, and supporting a company's growth and strategy agenda.

Similarly, decentralizing management to the functions can produce fragmented results where individual projects do not necessarily connect. So, while it may enable functional and departmental teams to prosper, it can limit cross-enterprise improvements and value.

To avoid either scenario, research shows that AI implementation must be performed using a holistic enterprise-wide approach.[3] In doing so, the initiative will need to align to and enable the organization's strategy, and aim to reduce costs and create value to the company and its customers.

CEOs confirm the strategic impact of AI. Seventy percent of CEOs included in the 2023 KPMG CEO Outlook specified generative AI as one of their top priority investment areas. This means CEOs will likely need to consider how to lead and sponsor AI implementation through their leadership team.

[3] https://hbr.org/2019/07/building-the-ai-powered-organization

70%

of CEOs included in the 2023 KPMG CEO Outlook specified generative AI as one of their top priority investment areas

Focus on creating value

Industry best practice suggests that identifying the value streams in the organization is an essential prerequisite before an AI implementation.

Value streams are the sequence of activities that cut across departments and functions needed to maximize value to a customer. From a customer's initial request through to delivery, every product or service has an operational value stream. Value streams are persistent, enduring for as long as customers purchase a company's products or services. They also help organizations center around the customer in mapping workflows where each value stream can identify waste or redundant activities, and offer insights into throughput times and relevant costs. Such information can be used to identify AI use cases that can help reduce costs.

Layering the customer journey atop the value stream can help companies better understand how a customer experiences the value for a specific product or service at a specific point in their journey. In financial services, for example, the value stream for mortgages and other related products aligns with the customer's personal journey in buying a home.

This exercise also helps companies consider each point of contact between the customer and the company, the role the product or service plays in the customer's personal life as well as the customer's subjective perceptions of the experience.

> "
> Companies have realized that they can't afford to do everything. They can't afford to not be clear about who they are and what they are trying to deliver for customers. So, they have had to orchestrate clearly around the things that are meaningful to them and to their brands and to their customers, and make sure that their front office, their middle office, and their back office is lined up to deliver that."
>
> **Jenny Roche**
> Connected Enterprise Lead,
> KPMG Australia

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Value streams, customer journeys and AI use cases

From buying a home to providing a mortgage: A customer journey

Operational value stream

| Attract customer | Decision in principle | Loan application | Eligibility/ risk | Offer loan | Provide loan | Set up payments | Collect repayments | Close |

Value created: new customer and Interest payments

Deliver mortgage: Value stream mapping and analysis: Remove cost, reduce time, bottle necks, pain points and improve risk management and quality

Customer journey

| **Decide** to buy property and location | **Learn** about mortgages, budget, affordability | **Choose** property and mortgage | **Apply** ID / financials | **Purchase** negotiate price / survey | **Complete** mortgage and move in |

Buy a home: Customer journey mapping and analysis

AI use case

| AI-driven predictive analytics and lead generation | AI-driven personalized content | AI-driven 'robo' advisors | AI automated extraction analysis of information | AI algorithms analyze credit history | AI-powered automated underwriting | AI models identify application anomalies |

AI support

AI-powered chatbots / virtual assistants can generate appropriate content, interact with customers, answer their queries and guide them through the mortgage application process

Return on AI investment

The economics of AI are transformational in a way industry has not seen for decades.

Business cases for transformation are effectively 'self funding', paying for themselves many times over in a fraction of the normal time. For enterprises that have struggled to transform due to cost pressures, there has never been a better time.

IDC conducted a global study that provides unique insights into the business value of AI:

For every **$1** companies **invest in AI,** they are realizing an average of = **$3.5** **in return** and 5% of organizations worldwide are realizing an average of $8 in return

92% of AI deployments are taking **12 months** or less

40% of organizations had implementation times of **less than 6 months**

Organizations are realizing a **return on their AI investments** within **14 months** of deployments on average

Source: IDC Business Value of AI Survey, commissioned by Microsoft, September 2023

Connecting around the customer

Implementing AI requires an enterprise-wide view of how it will be deployed, and critically, how it will connect to the way the business works.

Connections are critical to the next generation of AI-driven orchestrated customer experiences. Customers want connected channels, so they have a more seamless experience across every touchpoint. They want to feel connected to the company and expect communications to be directly relevant to them and their circumstances. This requires integration across each of the major functions. The more connected the organization, the more connected the customer.

However, most companies are unsure how to progress to such a connected state, especially if their businesses and systems across marketing, sales and service are still silo based.
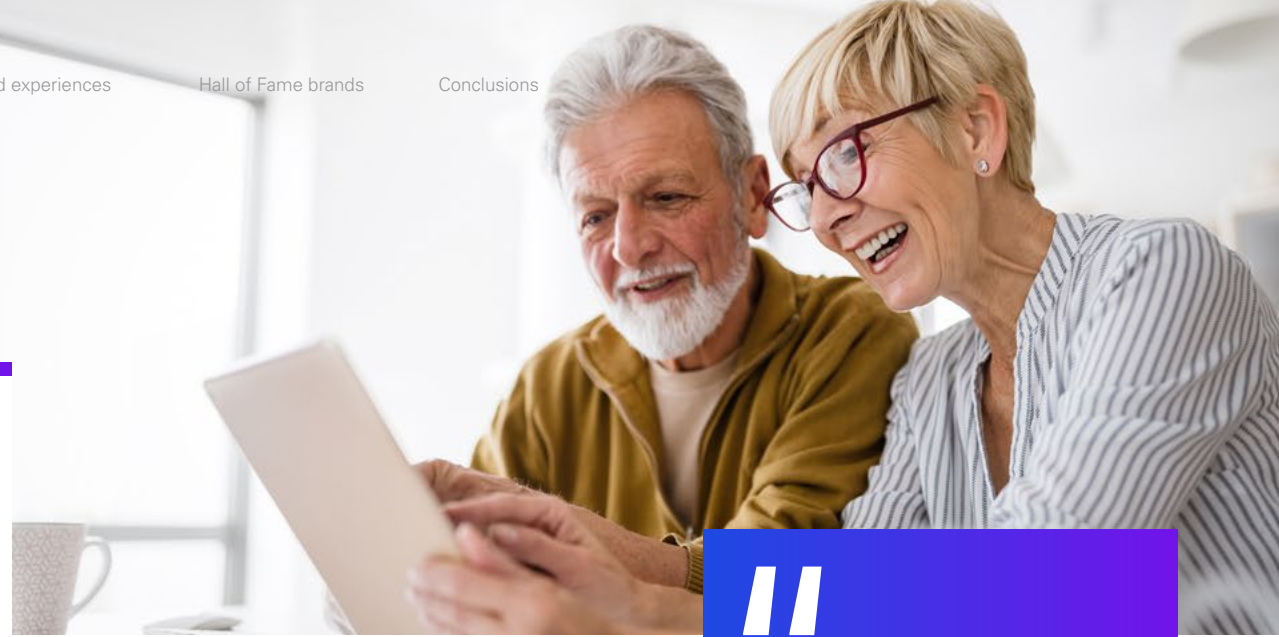
Dissect points of disconnection

The first step to harnessing new technologies and connecting the organization around them is to identify and remove any sources of disconnection. The following are common areas for disconnection:

- Disconnected performance management: Is performance measured by individual functional KPIs?
- Disconnected systems: Do functional systems sit in isolation with their individual databases that hold different customer insights?
- Disconnected priorities: Does each function follow a different, and often conflicting, path toward targets and incentives, reinforcing disconnection?
- Disconnected processes: Do the functions have different technologies, tools and processes to manage and track their activities and interactions with prospects and customers?
- Disconnected data: Is data collected and managed by multiple legacy systems?
- Disconnected people: Are employees on each team focused on the objectives of their individual departments and functions?

> " Today marketing, sales and service still operate mostly as independent functions. Despite there being much written about how they should operate in a more cohesive manner, this is frequently not happening in any meaningful way. If new technologies are to be used effectively to create value and lower costs of sales, and deliver an excellent experience, these barriers will need to be overcome."

Bret Sanford-Chung
Managing Director, US Customer Advisory, KPMG in the US

For AI to drive value, companies need to have the right skills, knowledge and resources in place to execute its strategy and deliver value to its customers. KPMG has defined the following eight capabilities to create a connected enterprise:

Connected enterprise capability	How can AI transform this capability?
Insight driven strategies and actions Harness data, advanced analytics and actionable insights with real-time understanding of the customer and the business to shape integrated business decisions.	AI can provide real-time customer sentiment analysis, enabling businesses to swiftly respond to customer concerns, and improve their products or services. For instance, a retail business could use AI to analyze online shopping patterns and adjust their product recommendations in real-time to maximize sales, which could reduce customer acquisition costs by up to 25 percent.[4]
Innovative products and services Develop compelling customer value propositions on price, products and services to engage the most attractive customers and drive profitable growth.	AI can use market data and consumer preferences to assist organizations in creating innovative, personalized product offerings. For instance, an AI-powered e-commerce platform could recommend unique product bundles based on individual customer browsing and purchase histories, boosting customer engagement and sales, and increasing new customers by 15 percent.[5]
Experience centricity by design Design seamless, intentional experiences for customers, colleagues and partners, supporting the customer value propositions and delivering business objectives.	AI can analyze user interactions and feedback to help organizations optimize their digital interfaces and create user-friendly experiences. For example, a mobile app developer could use AI to identify and improve user interface elements to design a more intuitive and engaging app, which could enhance the user experience and increase customer satisfaction scores by 20 percent.[6]
Seamless interactions and commerce Interact and transact with customers and prospects across marketing, sales and service in a way that achieves measurable results.	AI can automate routine customer interactions, such as answering frequently asked questions and processing orders, which can improve efficiency and customer satisfaction. For example, an e-commerce organization using AI chatbots to assist customers in finding products and completing purchases can streamline the buying process and thereby reduce customer service costs by 30 percent.[7]
Responsive operations and supply chains Operate the business with efficiency and agility to fulfil the customer promise in a consistent and profitable way.	AI can use predictive analytics to optimize inventory management and production schedules, ensuring timely product delivery and reducing operational costs. For example, a manufacturing organization can leverage AI to forecast demand, adjust inventory levels and schedule production runs more efficiently, which can improve supply chain responsiveness and profitability, and reduce manufacturing costs by 25 percent.[8]

[4] https://www.ust.com/en/insights/vision-ai-solution-enables-sams-groceria-retail-chain-to-reduce-operational-costs-by-25-percent
[5] https://www.persado.com/articles/vanguard-boosts-conversion-rates-by-15-by-trusting-ai-to-strengthen-client-messaging/
[6] https://livevox.com/10-key-statistics-about-ai-driven-customer-experience-in-financial-services-blog/#gref
[7] https://www.gms-worldwide.com/blog/how-mid-market-businesses-can-use-chatbots-to-cost-effectively-scale-up-call-centres/#:~:text=Overall%2C%20chatbots%20can%20reduce%20customer,to%2080%25%20of%20routine%20inquiries.
[8] https://www.plasticstoday.com/injection-molding/ai-platform%C2%A0can-cut-manufacturers-energy-costs-25

Connected enterprise capability	How can AI transform this capability?
Integrated partner and alliance ecosystem Engage, integrate and manage third parties to increase speed to market, reduce costs, mitigate risk and close capability gaps to deliver the customer promise.	AI can facilitate seamless communications and collaboration with external partners and suppliers, enabling faster product development and cost savings. For example, an electronics manufacturer could use AI to streamline communication with component suppliers and improve the coordination of production, resulting in quicker time-to-market and cost reduction by 20 percent.[8]
Aligned and empowered workforce Build a customer-centric organization and culture that inspires people to deliver on the customer promise and drive up business performance.	AI can provide personalized training and insights to colleagues, enhancing their skills and motivation, and ultimately, improve customer service and business performance. For instance, a customer support center could use AI to offer tailored training modules to agents, improving their problem-solving abilities and increasing overall customer satisfaction scores by 20 percent.
Digitally enabled technology architecture Create intelligent and agile services, technologies and platforms, enabling the customer agenda with solutions that are secure, scalable and cost effective.	AI can continuously monitor and enhance the efficiency and security of an organization's digital infrastructure. For instance, a financial institution can use AI to detect and prevent cybersecurity threats in real-time, ensuring a secure, scalable and cost-effective technology architecture that safeguards sensitive customer data.

Each of the capabilities listed above is fueled by data, making data a competitive necessity. Gartner has identified that 85 percent of AI implementations fail, in large part due to poor data quality.[9]

That is because AI depends on data to learn and make predictions. The better the quality and quantity of data, the better it will perform. Described as the oil of the digital economy – in other words, without useful data, AI cannot be powered – organizations need to consider and treat data as a strategic asset, rethinking the types of data they capture as well as adopting new ways of managing its collection, storage and dissemination.

Historically, companies were focused on collecting great quantities of data, rather than concentrating on its usefulness. This overloaded businesses, which had to spend time curating, cataloging and analyzing large amounts of data. More recently, organizations have shifted their perspective to customer outcomes, working backwards to answer the question: What data do we need to deliver the required business outcome?

In the next few years, there is a strong view that gen AI will be able to identify patterns, gaps and set tasks to collect the right data, changing this process once again. Today, however, generative AI applications will depend on receiving the right type and amount of data, along with explicit instructions and many examples to demonstrate what is needed.

> "
> Every business must ensure that the entire organization – front, middle and back – is aligned to deliver on its brand promise and customer expectations."
>
> **Adrian Clamp**
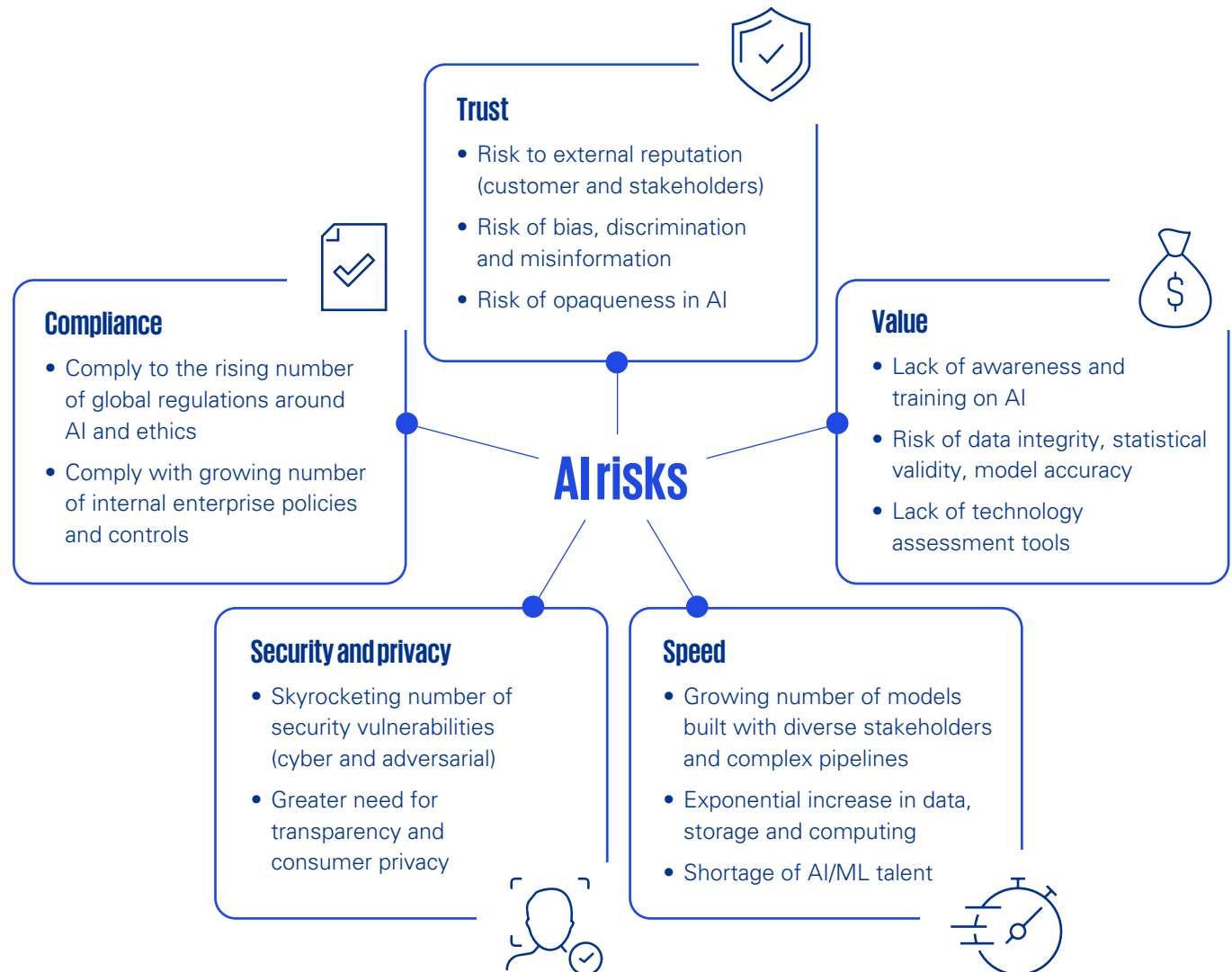> Global Head of Connected Enterprise, KPMG Internationa

[8] https://convercon.com/how-artificial-intelligence-can-speed-up-product-innovation-and-reduce-time-to-market/
[9] https://www.gartner.com/en/newsroom/press-releases/2018-02-13-gartner-says-nearly-half-of-cios-are-planning-to-deploy-artificial-intelligence

Trusted

As companies bring AI into their businesses, they will likely need to continually build and reinforce their customers' trust that they are using the technology responsibly.

AI comes with its own set of risks and challenges, and has many wondering if AI systems (i.e., their data, algorithms and applications) can be trusted. These concerns have been fueled by high-profile examples where AI applications demonstrated bias, infringed copyright, or produced discriminatory or unlawful results. As gen AI scales, organizations can compromise the following areas:

Trust

- Risk to external reputation (customer and stakeholders)
- Risk of bias, discrimination and misinformation
- Risk of opaqueness in AI

Compliance

- Comply to the rising number of global regulations around AI and ethics
- Comply with growing number of internal enterprise policies and controls

Value

- Lack of awareness and training on AI
- Risk of data integrity, statistical validity, model accuracy
- Lack of technology assessment tools

AI risks

Security and privacy

- Skyrocketing number of security vulnerabilities (cyber and adversarial)
- Greater need for transparency and consumer privacy

Speed

- Growing number of models built with diverse stakeholders and complex pipelines
- Exponential increase in data, storage and computing
- Shortage of AI/ML talent

Building customer trust

AI comes with its own set of risks and challenges. As companies bring AI into their organizations, they should remain aware of the potential risks that could open them up to additional challenges that can further compromise customer trust:

1 **Job displacement:** AI has to the potential to displace jobs that can have significant implications for employees. Organizations need to address this emerging ethical concern by implementing plans to upskill existing employees and identify where augmentation, rather than replacement is the best decision for the employee and the customer.

2 **Privacy concerns:** Using AI to monitor employee activity is raising concerns among AI ethicists. Data protection needs to be considered across any AI system. In terms of GDPR, organizations must have the express consent of all parties involved, ensuring they clearly understand how data will be handled.

3 **Biased data:** Flawed data can create and reinforce biases and become immensely problematic. Organizations need to actively design processes to test and validate data to ensure AI systems remain fair and unbiased as it learns new information, and categorizes and applies existing information.

4 **Transparency, traceability and accountability:** As regulation standards evolve and AI systems become more advance, organizations will need to build integrity and accountability into their systems – from design and programming to updating and learning. This may require organizations to clearly and simply explain systems so employees understand how they operate and can easily trace and correct issues.

Responsible AI frameworks

Organizations should develop a "Responsible AI Framework" to mitigate potential risks and challenges. The framework can also help companies uphold high standards when deploying AI systems as well as effectively manage any potential risks. The following are the eight core principles KPMG uses to guide responsible AI across the AI and machine learning (ML) lifecycle.

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 unauthorized 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

Developing such a framework begins with organizations defining a clear approach to data and AI governance. This can only be done when business leaders identify the benefits and opportunities AI offers their organizations as well as the potential risks and ethical setbacks that may need to be addressed along the way.

Tackling any potential risks will require organizations to think in fundamentally new ways. Unlike previous technologies, ML and AI are designed to learn and evolve. As such, organizations will need to define their guidelines and standards for governance, including provision for internal and external AI assurance and validation, to ensure these systems are developed and deployed in a way that promotes fairness, transparency and accountability.

Further, ethical AI may call on organizations to consider multiple perspectives to sufficiently address potential concerns. This includes regular check-ins with a diverse set of stakeholders from across the organization and beyond, to maintain responsible AI practices at all times. AI should also be incorporated into well-established risk management taxonomies, supported by auditing, to allow for ongoing oversight of systems. Customer concerns will also need to be given due consideration by all stakeholders involved in each application of the technology.

Microsoft, Lush and UNESCO are among many organizations that have published ethical frameworks that guide how they use AI.

Embedding governance into the technology

For self-learning, autonomous AI systems, governance is needed from two perspectives. Externally hard and fast guidelines are needed for those who program and work with AI systems to ensure the systems are built with fairness and ethics in mind. Governance, in terms of parameters and moral boundaries, also needs to be built within the system to stop it from overextending itself or straying into questionable territory.
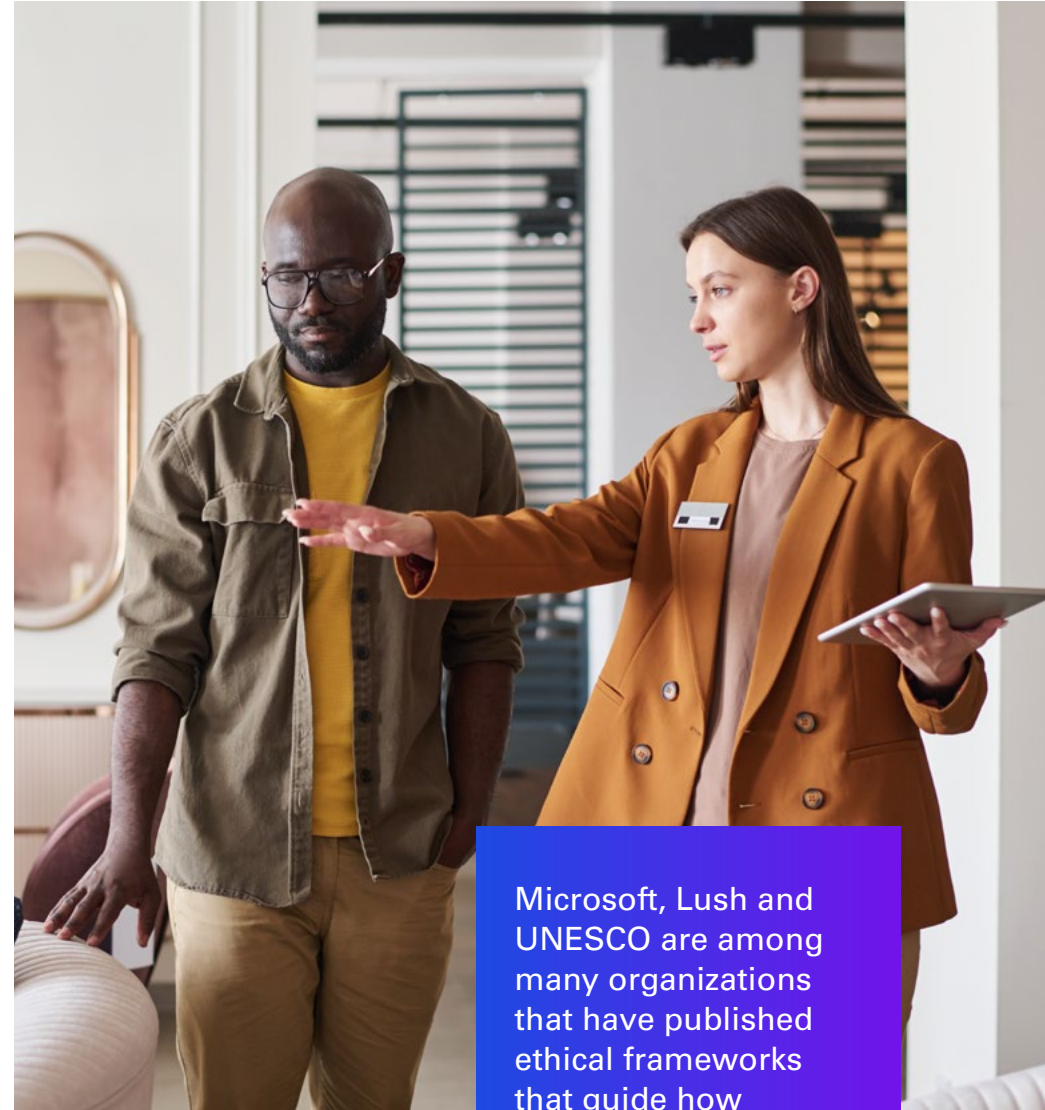
Microsoft, Lush and UNESCO are among many organizations that have published ethical frameworks that guide how they use AI.

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Orchestrated experiences with AI

The trend for companies to create intentional customer experiences by well-meaning teams across several different departments, did not always translate to great experiences for customers.

To enhance the experience for customers, leading companies are now focused on deliberately orchestrating customer experiences – that is, managing and developing capabilities and processes across the front, middle and back office to deliver customer and cost outcomes – and they are doing so with the help of AI. The efforts are starting to pay off. According to the KPMG Global Tech Report 2023, 72 percent of leading companies have experienced substantial increases in employee productivity, improved customer engagement, lower costs and greater efficiencies.

Companies topping this year's brand list, including Emirates, Maybank, Kbank and Fielmann, have been carefully orchestrating the end-to-end customer journey using AI and machine learning to help their customers achieve their objectives quickly, easily and in a more orchestrated manner. For example, Fielmann's approach to orchestrate online optical assessments and prescriptions means customers can easily upgrade their glasses as their eyesight changes without adding extra time to be seen by an optician.

Orchestration, especially when augmented with AI, machine learning and attribution models, is a powerful approach that can create the types of experiences that delight customers, improve brand reputation, increase customer loyalty and drive revenue.

This research reaffirms what KPMG has believed for some time: the future of customer experience is orchestrating the enterprise. This is only made better with the advances in generative AI, making enterprise orchestration easier to achieve and more prevalent. Case in point: the leading companies in this research are using AI-enabled orchestrating to capture competitive advantage.

Orchestration drives seamless experiences

Customer journey orchestration bridges the gaps between front, middle and back office teams and systems. The aim is to manage the customer journey, not to just let it happen. Through orchestration, previously ad-hoc interactions are linked into a series of compelling, intentional interactions. Orchestration is about influencing the journey as it occurs. No matter when and where customers interact with your brand, journey orchestration helps build customer engagement and loyalty

To be successful, orchestration requires real-time decisioning – a technique that blends data, rules and predictive analytics to make smart decisions about what to talk to customers about and on what channel. Essentially, allowing organizations to maximize every customer interaction. Data is key to decisioning, but it needs to be used in very specific ways that pinpoint the most relevant, next-best experience for customers by connecting the dots between historical and live customer data, operational data and business data.

"

Organizations should think deeply about the orchestration layer, how they harness new technology, and be clear on how humans and machines can work in partnership to deliver an emotional connection with the customer."

Carmen Bekker
ASPAC Customer Partner
KPMG Australia

Global CEE 2023-24   **31**

Accelerate fully orchestrated experiences

AI-powered real-time decisioning has the potential to enhance customer experiences with such accuracy that they feel intuitive. It begins with training AI and machine learning algorithms with data, such as words, log data, time series data or images, to create a model and subsequent variants that can be used to test for the very right compilation of data to achieve business goals across different scenarios.

Adding logic, such as the customer's age or real-time behavioral data, can further refine decisioning and create a more connected and relevant experience that better meets today's consumer demands and expectations. Other technology advances, such as the cloud, new and more sophisticated analytical techniques, and the ability to access data held in legacy systems through API interfaces, will further increase the impact of real-time decisioning.

For example, as customers discover a brand, these technologies can help point them toward the products they are most interested in and intrigue them with additional products based on their browsing history and previous purchases. At the purchase phase, AI can help manage inventory and delivery effectively. Then, post purchase, AI can help drive better customer service through personalized advice and relevant content.

AI is the pathway to "hyper personalization"

Before AI, customer journeys were mapped in straight lines using simple rules to push customers from one stage to the next. Now, with AI capabilities to manage a larger number of customer options, orchestration can be personalized to an individual customer, allowing for each experience to be fresh, relevant and tailored to meet a unique set of needs and wants.

To get here, organizations need to orchestrate processes and technologies across marketing, sales, service and commerce, and define new operating models. Most of all, however, companies need to apply creativity and imagination as they consider how these new technologies can be harnessed in service of the customer.

"

In the future, any company who intends to compete in the digital economy will have to enable its customers to shop, buy and be supported when, where and how they want. This means paths to purchase and support will be inspired by and for the individual customers they serve, offering frictionless experiences across the customer-to-cash value chain."

David Martin
Principal, Advisory, Management Consulting,
KPMG in the US
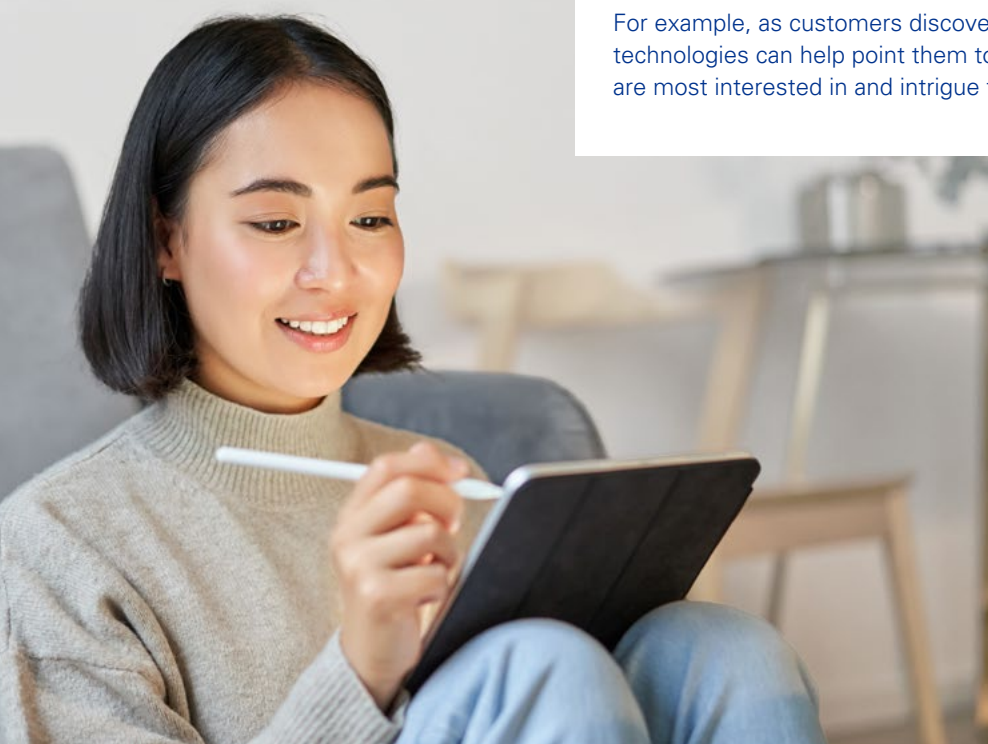
AI from the outside in: The customer perspective

Companies are used to thinking about technologies from the inside out: What can it do for us? How can we use it to increase revenue, reduce costs to serve and streamline processes? With AI, these questions remain valid areas to consider, but they need to be balanced against an outside-in view — that is, taking into account the customers' preferences in using these new technologies and to what extent.

As discussed above, maintaining trust is a primary challenge for organizations using AI. Customers, employees and other stakeholders want to be confident AI is being developed and used in a responsible and trustworthy manner.

A recent KPMG global report, Trust in Artificial Intelligence, which surveyed over 17,000 people from 17 countries leading in AI activity and readiness offers insights that companies can use to better capture this outside-in perspective, and develop strategies to build consumer trust. The following are key insights from the report:

Consumers are wary about trusting AI systems and have low to moderate acceptance of AI, depending on its application. When it comes to producing accurate and reliable output and providing helpful services, people have more faith in AI. Alternatively, consumers are more skeptical about AI in terms of the safety, security, privacy and fairness of its systems.

Consumer are both excited and worried about AI, partly due to their mixed views of the benefits and risks of AI. Most people (85%) see the process benefits AI provides, such as improved efficiency, innovation, effectiveness, resource use and reduced costs. Fewer (50%) see the people benefits of AI in terms of enhancing decision-making and improving outcomes for people.

Consumers want transparency from companies, especially in terms of how they are mitigating AI risks. This includes revealing the principles and related practices guiding organizations as they deploy AI systems as well as the standards they uphold in terms of data privacy, security and governance; technical performance, accuracy and robustness; fairness, non-discrimination and diversity; human agency and oversight; transparency and explainability of systems; accountability and contestability; risk and impact mitigation.

Consumers want to learn about AI. Currently, 82 percent of people are aware of AI, but one in two report feeling they do not understand AI, or when and how it is used.

Building understanding and addressing the other findings from the report can help companies build a firmer foundation for trust in AI among their customers.

> "
> Automation is happening quickly and end-to-end customer journeys are being fully automated – but companies may want to maintain white space to allow customers to choose if they want to interact with a human or a machine."
>
> **Jason D. Galloway**
> Principal, Customer Advisory Lead, KPMG in the US

AI from the inside out: The enterprise perspective

AI has the power to fundamentally transform the way businesses engage with and serve their customers. Equally, it will likely impact employees and teams who will leverage AI technologies and its required processes.

To bring people along for the journey, companies will need to assess their internal environments and cultures. Education and training around AI will also be necessary. As it will be for organizations to transparently and frequently communicate the value, benefits and uses of AI while underscoring their aims to maintain responsible and trustworthy AI practices.

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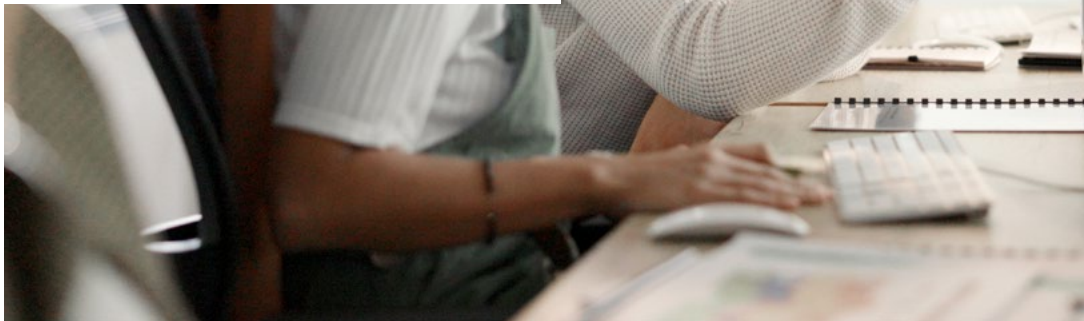
It may be perfectly possible for an AI-managed sales channel to deliver an end-to-end high-quality experience without recourse to a human, but this requires people to be clear on the role of the underlying technologies of Customer Data Platforms (where device data lives) and Customer Relationship Management (where relationship metrics are managed) and Enterprise Resource Planning (where workflows are managed) to work effectively together with a single source of the right data."

Aditya Rath
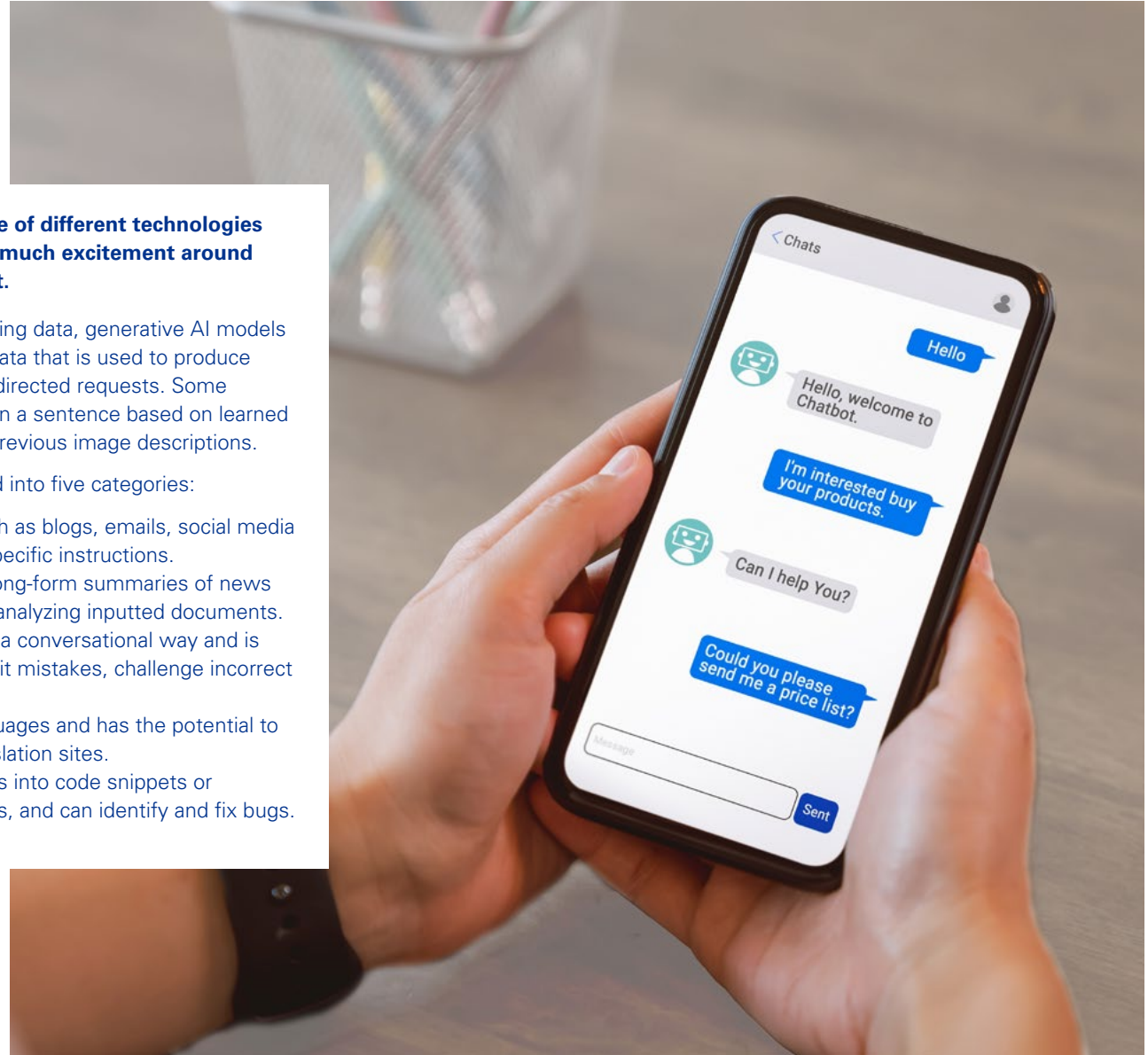Principal, TMT Lead, Customer Advisory, KPMG in the US

AI use cases

AI is a catch all phrase that covers a multitude of different technologies with different capabilities. Currently, there is much excitement around generative AI, and its ability to create content.

Going beyond simply analyzing or acting on existing data, generative AI models have been built and trained on a collated set of data that is used to produce content that directly responds to certain human-directed requests. Some models, for example, can predict the next word in a sentence based on learned phrases or the next image in a series based on previous image descriptions.

Generative AI applications can be roughly divided into five categories:

- **Content generators:** Generates content, such as blogs, emails, social media posts, images, web copy and ads based on specific instructions.
- **Information extractors:** Creates short- and long-form summaries of news articles, blogs, legal documents and more by analyzing inputted documents.
- **Smart chatbots:** Interacts with customers in a conversational way and is equipped to answer follow-up questions, admit mistakes, challenge incorrect ideas and reject inappropriate requests.
- **Language translators:** Translates many languages and has the potential to build entire website interfaces, including translation sites.
- **Code generators:** Converts natural text inputs into code snippets or applications in various programming languages, and can identify and fix bugs.

Across these five categories, AI can be applied in a variety of ways across the customer lifecycle:

Reach	Engage	Activate	Nurture	Retain
Marketing: AI-powered data analytics improve lead generation and conversion rates.	**Pricing and revenue:** AI algorithms optimize pricing strategies.	**Onboarding:** AI automates verification and personalizes onboarding.	**Fraud and cybercrime analyst:** AI algorithms identify potentially fraudulent activities.	**Churn prediction:** AI allows businesses to take proactive measures to retain customers.
Customer service: AI-driven chatbots and virtual assistants.	**Content generation:** Create and deliver personalized content that address customer needs in the moment.	**Inventory control and supply chain:** AI technologies optimize inventory management.	**Service support:** AI chatbots and virtual assistants provide instant customer support and automate query routing to the most appropriate agent.	**Personalized offers:** AI delivers personalized loyalty rewards and offers.
			Predictive support: AI tools anticipate potential issues and offer solutions.	**User-generated content analysis:** AI analyzes and identifies brand advocates.
				Customer feedback: AI identifies previously unseen patterns in data.

CEE leaders

Hilton Hotels use Connie, an AI bot, that answers customer queries	**A leading ecommerce provider** uses advanced recommendation engines	**Nike** uses AI to predict customer preferences for sneaker and clothing designs, to manufacture appropriate quantities.	**first direct** uses AI to enable autonomous banking whereas Dot the Bot responds to customer queries	**Hilton Hotels** uses AI to support Hhonors loyalty and promotional activity
Maybank uses AI for gamification to attract users to its digital banking	**Emirates** has Sara, the AI bot, to automate customer check ins	**Adidas** uses AI for cross selling via its Findmine app.	**KBank** uses AI for risk management, evaluating customers' ability and willingness to repay	**Tokyo Disney** uses technology to bring customers back to specific attractions

[10] https://www.salesforce.com/uk/news/stories/clara-shih-ai-salesforce/

The 12 principles of successful AI implementation

As early adopters of AI, the leading companies topping this year's rankings have discovered that applying old rules to a new reality is not a recipe for success.

1. **Start small.** Seek to understand the implications of operating AI within the real context of the business by carefully selecting the right use case to test within existing systems and data structures. This can allow time to perfect the system before it can be operationalized and scaled. Learn how Fielmann focused on its optical technology.

2. **Focus on trust.** Examine every aspect of the AI implementation to determine where employee trust is being built or where it may be eroding. If employees do not trust how AI is being used in the company, neither will customers. Learn about Bunnings' extensive trialing of new technology, and how MAIF focused on ethical and responsible usage of AI.

3. **Hire AI as a virtual employee.** Name AI systems and give them human characteristics to help drive internal adoption. Further, clarify AI's job in comparison to employees. Learn about Sara, the AI bot at Emirates Airlines.

4. **Maintain human connection.** Add people into AI-powered journeys – what is called a human in the loop (HITL) – to humanize AI systems and strengthen customer experiences. Learn how KBank and Maybank are adding a human element to the latest technology.

5. **Clarify the economics.** Clearly communicate the business case for AI, demonstrating both significant cost savings and value enhancement to employees, customers and other stakeholders. Learn how Adidas used Findmine to drive higher sales values.

6. **Measure customer acceptance.** Monitor customer satisfaction with AI, alongside its human equivalent to make sure customers do not have a low satisfaction experience with the channel. Learn how first direct manages to keep customer service satisfaction with technology-enabled journeys as high as human customer service experiences.

7. **Position data as a strategic asset.** Add data to the board agenda, focusing on quality not quantity. Understanding the specific data required to drive specific AI models and algorithms is the first stage of analysis. Read how Nike continually collected and analyzed data to improve products, predict demand and improve the customer experience.

8. **Manage job displacement.** Address the realities of job impacts due to AI from the start. Transparently talk about the jobs that will likely be lost and the new ones that may be created. Further, announce new roles as they arise and offer existing employees the training and development they need to prepare for future jobs. This tactic can help employees see AI as an exciting opportunity rather than a threat. Learn about MayBank's employee technology upskilling program to get them future ready.

9. **Set the vision for AI.** Define a clear end state vision for AI and other advanced technologies, communicating its future benefits to the organization and its people. This can help establish a cohesive enterprise-wide approach and keep everyone working toward the same end goal. Learn how Fielmann uses its end point vision for a truly omnichannel experience to drive the development of digital optical assessments.

10. **Plan a way forward.** Establish a clear plan that evolves along with the company's maturity in AI. Such a phased and outcomes-based approach can help drive the company's AI vision and improve customer outcomes in stages. Learn about first direct's five-step plan toward autonomous banking.

11. **Stay on top of emerging risks.** Remain deeply aware of the potential, and at times unintentional, risks arising from AI implementations. Keeping an eye out for risks and having an approach to mitigate them can help companies stay ahead of issues before they progress too far. Learn about MAIF's approach to manage AI drift.

12. **Create an AI friendly culture.** Help employees think in new ways by bringing to life a culture that integrates the AI world of data algorithms and iterating models. Such a culture will enable teams to design experiences and develop supporting processes that can be executed by machines. Learn how both Nike and Adidas manage their supply chains.

> **"**
> Understanding how customers behave across omnichannel customer journeys and what is really key among real moments of truth is a critical input to the technology investment case for customer experience improvement initiatives."
>
> **Massimo Curcio**
> Partner, Head of Customer Advisory Practice,
> KPMG in Italy

AI leadership

AI success depends on effective leadership within organizations, but where should AI be led?

For some businesses, AI is a C-suite responsibility or it is placed within the organization's growth and strategy functions. Others keen to achieve success from the outset, however, have created AI centers of excellence with the following responsibilities:

- Define and develop the organization's AI strategy, aligning it with the business' goals and objectives. This involves understanding how AI can drive value and competitive advantage.
- Establish governance frameworks to ensure ethical and responsible AI development, deployment and use. This includes compliance with data protection and privacy regulations.
- Oversee AI projects from start to finish, keeping them on time and within budget. This involves project planning, resource allocation, risk management and quality control.
- Manage the organization's data, monitoring that it is collected, stored and managed effectively. High-quality data is essential for AI model training and performance.
- Identify skill gaps in the organization and work to fill them by developing training programs for employees or hiring talent to build AI capabilities.
- Innovate and improve AI applications by staying up to date with the latest advancements in AI.
- Share best practices, insights and lessons learned across the organization to foster a culture of AI adoption and innovation.

"

ChatGPT has been pivotal in accelerating the adoption and understanding of generative AI, giving people quick and easy use cases – transforming the perception of AI from being a clever technology to being one that can be understood and used."

Carmen Bekker
ASPAC Customer Partner,
KPMG Australia

The talent imperative

Jobs will undoubtedly be impacted by AI. Some will be fully replaced and a whole set of new opportunities will likely open up across marketing, sales and service and beyond. The World Economic Forum predicts AI will create 97 million new jobs by 2025.[11]

Initially, these new jobs may focus on developing and maintaining AI and automation systems across multiple industries. For example, data detectives or scientists, prompt engineers, robotics engineers, machine managers and programmers, particularly those who can code in Python, which is key for AI development. AI trainers and those with capabilities related to modelling, computational intelligence, machine learning, mathematics, psychology, linguistics and neuroscience will also be in demand.

There may also be a need for design engineers that understand the end-to-end processes of marketing, commerce, sales and service and can integrate technology into these processes across the customer journey.

Leading companies are already taking steps to prepare their people with skills and competence training ahead of these new roles being created so that employees can move into new jobs as they become available.

> The World Economic Forum predicts AI will create 97 million new jobs by 2025.

[11] https://www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf

Leaders checklist for optimizing cost and value through AI

Enterprise-led
Establishing the right enterprise model

Valuable
Identify where value lies. Put down roots for growth

1 **Establish responsible AI framework & CoE**

2 **Identify & agree on key benefit drivers**

3 **Create the business & economic case**
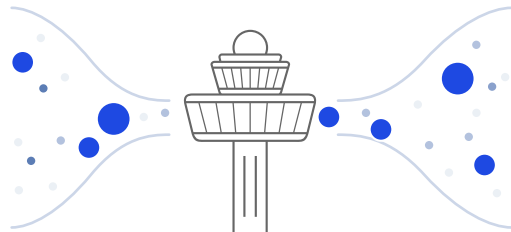
- Create momentum with colleagues across the organization with educational campaigns
- Form cross-functional governance and representation
- Define and establish framework for responsible AI, risk and governance

- Develop AI training and accreditation as prerequisite before any AI activity commences
- Establish 'air traffic control' and a clear governance model to aid with prioritization and co-ordination of use cases and resources
- Create a knowledge library for key and re-usable assets to accelerate progress

To develop AI strategy and approach

- Revenue growth
- Cost reduction
- Customer experience
- Colleague engagement
- Innovation
- Technology
- Brand strength
- Risk management
- Capital allocation

- Conduct top-to-bottom analysis to determine where value drivers create the greatest impact
- Define the capabilities, skills, competences and technologies required
- Align value streams to journeys and capabilities
- Prioritize areas to transform enterprise
- Identify AI colleague roles and use cases, delivering greatest value and enterprise-wide applicability
- Confirm alignment with the organization's purpose and values

Connected
Create a strong core. Connect value streams, journeys and capabilities
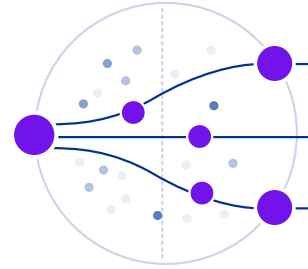
Trusted
Branch out safely
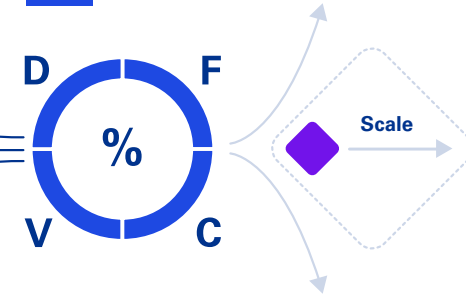
4 Develop AI strategy & approach
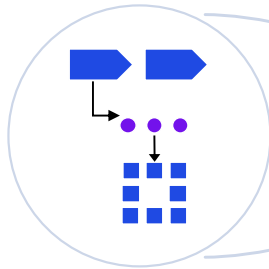
5 Mobilize & experiment

6 Scale safely

Test for feasible, desirable, viable and compliant

- Develop AI strategy (create, consume, customize), ensuring alignment with the organization's overall strategy and mission
- Develop an approach and operating model for connecting existing capabilities to deliver AI across the organization
- Prepare technology infrastructure, such as data and data platforms, landing zones, and test environments for teams to safely experiment
- Define leadership roles and teams required to successfully get started
- Define partnerships and enterprise-wide delivery model

- Create momentum and an experimentation culture with the early use cases that can be delivered well within existing value streams
- Conduct change and business readiness assessments, covering people, technology, data, risk and regulations
- Define the points within value streams and journeys where 'Human-in-the-Loop' (HITL) interactions are required
- Ensure governance and testing of GenAI models is functioning and within risk appetite (testing/ grounding/vector models)
- Incorporate security architecture into AI design

- Develop the proof points needed through discovery and exploration to scale AI upwards and onwards
- Lead by action – showing and coaching the organization through change
- Develop a robust communications and adoption strategy with clear 'what's in it for me?' messaging for AI use
- Scale up and rollout GenAI Academies to all colleagues across the organization
- Test and learn internally through pilots and experimentation before rolling out any customer-facing initiatives

4

Hall of Fame brands

The Hall of Fame represent the brands ranked as the best in their country for providing excellent customer experiences. Based on this year's survey of 81,725 customers of 2,726 brands, these 21 brands stand tall in their markets, achieving the strongest cumulative scores across The Six Pillars.

Hall of Fame brands

Australia:
Bunnings

Bunnings Warehouses tops the list in Australia this year. Their success is due, in large part, from creating experiential stores that offer regularly changing stock profiles and an ongoing schedule of events that keep customers coming back.

For example, special events for seasonal holidays like Halloween; fun days with jumping castles and petting zoos to entertain children; DIY workshops to learn new skills from knowledgeable trades staff. There is also the ever-present and popular 'Sausage Sizzle' on weekends that raises money for local clubs and organizations.

These events have made a trip to Bunnings an entertaining day out for Australian families. From a business perspective, it draws in both loyal customers and potential newcomers to an elevated buying experiences.

Behind the scenes, Bunnings is an early adopter of new technologies. They are testing out a robot to do a product stock check overnight, scanning store aisles and shelves for out-of-stock items to optimize space and stock inventory. The saves team members from spending hours to manually doing these tasks, which they can use to attend to more value-adding activities.

The company has also adopted an AI-managed recruitment tool, PredictiveHire. As Australia's largest hardware retailer with over 300 stores, Bunnings receives thousands of applications for customer service roles every year. Many applicants are from consumers who love the Bunnings brand and want to be part of their story. PredictiveHire has reduced time in the hiring process by 90 percent, giving back valuable time to store managers. The tool also helps Bunnings recruit employees who share their values and can deliver exactly the right Bunnings service.

In both instances, the AI trials aim to enable staff to spend more of their time delighting customers. So far, Bunnings has redeployed over 2.4 million hours of task time since 2020.[12]

Austria:
Spusu

Spusu is a young business and a new entrant to the CEE Index. Launched in Austria in 2015, and later in Italy in 2020 and the UK in 2023, the Mobile Virtual Network Operator (MVNO) started as a monthly mobile plan provider and has evolved to include broadband, mobile phones, and most recently, e-bikes.

The company is very focused on its employees, fostering its talent with in-house development opportunities. Externally, Spusu is recognized as a customer experience leader by prioritizing simplicity and transparency.

They offer customers clear pricing, no hidden fees and straight-forward contract terms, which resonates with consumers seeking an honest and hassle-free experience. The family-owned company recognizes the impact of the current cost-of-living crisis to consumers and has committed to a price freeze until 2024. Further, consumers can bank and carry forward unused data.

Spusu has grown rapidly and offers its customers 5G networks, free EU roaming and free international calls across the EU. However, what sets Spusu apart is its focus on customer service, giving customers greater choice and more flexibility, and putting the customer back in control.

As a result of its efforts, Spusu was recognized as the best mobile provider in 2022 in Austria. It was also named best customer support in 2021.[13]

[12] https://www.itnews.com.au/news/bunnings-trials-zippedi-robots-in-stores-596396
[13] https://technologyreseller.uk/spusu-partners-with-bt-wholesale-to-launch-its-competitive-mobile-services-in-the-uk/

Hall of Fame brands

Czech Republic:
Air Bank

Air Bank retains its number one position in the Czech Republic. Routinely introducing services and solutions to the Czech market, Air Bank leads the way in customer centricity. As a result, it continues to attract new clients, increase its volume of lending and record growing income from regular retail banking services.

Air Bank's ascent as a customer experience leader can be attributed to its strategic investments in people, products and technology. They prioritized employee training to foster customer-centric culture and empower their workforce. The bank also revamped its mobile app, introduced chatbots, and invested in AI-powered customer support systems – all of which streamlined processes and improved response times.

Their loyalty program caters to customer demands while seeking to foster financial well-being. By actively seeking and acting upon customer feedback, Air Bank seeks to earn its customers' trust and loyalty and set a high standard for customer experience in the financial industry.

Sustainability is a priority for Air Bank. It committed to be an environmentally and socially responsible business by subscribing to the Czech Banking Association's Memorandum on Sustainable Finance. Both Air Bank and its subsidiary, Zonky, are regularly named among the most responsible consumer lenders in the People in Need Responsible Lending Index.[14]

Acquired in 2021, Zonky is a peer-to-peer fintech platform that allows customers to digitally manage the whole borrowing process from submitting an application to signing a contract within minutes and at a lower interest rate than traditional lenders.

France:
MAIF

MAIF is, as they say in France, a "société à mission" (a company with a mission). Since 2020, MAIF has placed its search for positive impacts on society and the environment at the heart of its strategy. Pledging to donate 10 percent of its profits to tackling climate change, the mutual insurance company had begun reducing greenhouse gas emissions linked to its activities, notably by selling its last fossil fuel-based financial investments under direct management in 2022. It also switched to geothermal energy to power its head office and uses recycled parts to repair its members' cars.

MAIF's DNA revolves around its client obsession. It carries this forward by training employees on emotional customer management to create experiences that are effective, easy and emotional. As a result, when asked about their insurance provider, members and employees say, "I am MAIF," not "I am with MAIF" to describe that they feel part of a family, rather than a customer to a business.

MAIF stays focused on doing the right thing for its customers and society as it implements AI into its operations. Very aware of the potential downsides of advanced technologies and conscious of AI's tendency to drift away from its original objectives as it learns and develops, MAIF has actively become involved in AI governance and works with open source AI providers.

The insurer has also adopted a controlled approach that manages the lifecycle of an AI model through specific phases: learning, deployment and monitoring. By closely monitoring their models in production, MAIF is able to detect as early as possible when models are likely to provide less suitable recommendations and pinpoint the right time to retrain the model.

[14] https://www.ppf.eu/en/our-companies/airbank

Hall of Fame brands

Germany:
Fielmann

Fielmann, a technology-enabled optician, retains its number one position in Germany. The Fielmann Group is a German family business that serves more than 27 million customers through its omnichannel platform that consists of digital sales channels and about 1,000 retail stores. The family business employs more than 23,000 people worldwide.

Founded in 1972, Fielmann makes fashionable eyewear and has fitted more than 170 million pairs of individual prescription glasses. It does this while remaining focused on customer-centric values, which it believes has enabled the company to consistently achieve customer satisfaction and retention rates of more than 90 percent.

Its most significant investment in recent years has been developing an AI-based online eye test and connecting it to its digital eyeglasses ordering process. Now, customers can go from eye test to ordering their personalized prescription glasses entirely online.

Fielmann continues to seek out ways to remove impediments to great customer experiences. For example, its 3D virtual application to try on glasses required customers to remove their glasses before it could digitally overlay the new ones. Unable to see without their prescription lenses, customers were unable to use the feature. Now, customers can virtually try on any glasses available online without removing their existing ones.

Hong Kong (SAR), China:
Apple Store

Apple Store retains its number one position in Hong Kong (SAR), China. Apple Stores are experience centers, rather than retail shops, where communities can gather. At the new flagship branch, for example, entrepreneurs may use the space to meet up and discuss ideas. The new stores also hold coding classes – called Hour of Code workshops – for kids, teaching Apple's programming language, Swift. Hour of Code embodies the vision for Apple stores as a place for the community to gather, learn and be entertained.

The stores also host Teacher Tuesdays, which are designed to help educate working teachers on how they can better incorporate technology into their classrooms.

The Hong Kong (SAR), China stores are equipped with a new team – the Creative Pros – who are employed for the sole purpose of teaching customers key creative skills, such as how to take better pictures with their iPhone camera or how to use photography apps. They are also on-hand to help Apple users download Apple Music and other apps, and aid users with any other technical questions or challenges. In addition, there's the Genius Grove – a customer service stand where customers can fix and triage computer issues.

Hall of Fame brands

Indonesia:
Adidas

Rapid economic growth in Indonesia has created a growing awareness of lifestyle brands, such as Adidas. Ranked as the top brand in the country, Adidas is viewed not just a supplier of sporting goods, but also an employer. Adding to its attraction is the company's eco-friendly commitment, that seeks to end plastic waste and improve the lives of its customers and the planet.

Adidas is an advanced user of AI and is partnering with platform provider, Findmine, to automatically recommend outfits to customers as they browse products online. The AI tool has led to a significant increase in order size as personalized curated recommendations are well-received by customers and merchandisers, who are unable to distinguish AI-generated outfits over those curated by humans.

Since fully rolling out Findmine, Adidas reports a 95 percent decrease in the time retailers spend on selecting items for "Complete the look," while at the same time, increasing the number of items included in the online feature by 960 percent.[15]

Adidas, like many sportswear suppliers, is evaluating the metaverse for potential opportunities. It is starting with a personality-based avatar creation platform. Based on a range of personality-based questions, the tool will create an AI-generated avatar people can use as they explore other virtual worlds in the metaverse or download to use as stickers or GIFs on social media. Customers can use their avatar to try on and purchase sneakers from Adidas.

Italy:
E-commerce retailer

For the second year running this global e-retailer tops the index in Italy. Customers appreciate the retailer's diverse selection of products and quick delivery options. They also trust the authenticity of products and appreciate its competitive pricing. Further, its customer service, which is both responsive and helpful, makes shopping easy for customers.

In 2023, as in the previous year, the retailer continues its significant investments in GenAI research and development across all its businesses. The company aims to elevate customer experiences, optimize operational efficiency and provide a wide range of advanced services and solutions with the help of AI.

For example, it is focused on revolutionizing its search system so that it is more proactive and conversational. As part of this effort, the company is developing an auxiliary and optional tool, potentially in the form of a chatbot, to provide users with a more intuitive and interactive search experience.

It has also developed a GenAI application that can generate text, images, audio and synthetic data in response to specific user requests.

From a logistics perspective, the retailer has been on the forefront of several innovations that can make getting products from their warehouse to the doorstep with minimal effort on the user's part.

For each innovation, the primary aim has been to remove sources of friction in buying or returning a product, and create an effortless experience - something Italian customers are more than willing to give their loyalty for in exchange.

As an early adopter of AI and automation, the retailer has built a competitive edge over others – both in terms of boosting efficiency in its business operations, and more importantly, improving the customer experience.

[15] https://accelerationeconomy.com/ai/how-startup-findmine-uses-ai-to-scale-shoppable-content-creation/

Hall of Fame brands

Japan:
Tokyo Disney Resort

Tokyo Disney Resort (TDR) has been the top brand in Japan for four consecutive years since 2020, with top-ranked scores across The Six Pillars, except for Empathy. TDR is one of the few brands in Japan with a positive NPS score.

TDR consists of both Tokyo Disneyland, Tokyo Disneysea, and the surrounding Disney hotels and facilities. Combining a focus on providing high levels of customer satisfaction with signature customer service and hospitality, TDR continues to be the brand most favored by consumers.

Although the prices of one-day tickets for Tokyo Disneyland and Tokyo Disneysea continue to rise, they have had little impact on the satisfaction level of the customer experience in this survey. Many customers indicated that their time at these theme parks are worth more than cost.

TDR is working to improve customer experience, and before and after the park experience by implementing the following initiatives:

1. Regularly reviewing attractions and shows to provide fresh customer experiences. For example, at Tokyo Disneysea the new show "Believe! ~Sea of Dreams~" was introduced.

2. Acquiring more fans by converting negative events of the park experience into positive ones. They have rainy day only shows, so that customers feel very special, even if they come on a rainy day.

3. Improve service quality by reducing the difference between busy and slow periods by introducing a dynamic pricing system for tickets.

4. Responding to various needs through the reservation system, expanding attractions covered by "Disney Premier Access," introduced in 2022 that provides guests with the convenience of reserving particular park attractions.

5. Improving the customer experience across multiple touch points, before and after the visit, such as being able to buy most of the souvenirs online until midnight of park visit day, which is then delivered to the customers' home. Also, access to exclusive Disney hotels programs where guests can enter the park 15 minutes earlier than general guests.

Hall of Fame brands

Malaysia:
Maybank

Maybank is a traditional bank that has become customer obsessed, and as a result, has moved up four places to become Malaysia's number one brand. The bank has placed great emphasis on digitally innovating its services and products and has actively engaged its customers from design, and development through to testing new services before launching them into the market. By doing so, Maybank aims to achieve its tagline: "Humanizing financial services".

Over the last four years, the bank's digital channels have experienced a 96 percent growth in monetary transactions and 78 percent increase in active users. Further, it has seen a 233 percent rise in mobile transactions and reports the highest engagement levels among mobile banking apps in Malaysia (31.7 sessions/month per user).[16]

This has been the result of several market-leading innovations:

- **MyM2U Challenge:** Maybank's annual gamification event to entice and migrate more customers to its internet and mobile banking platforms.
- **Reimagined Maybank2u:** Maybank's internet banking service, which has over 10.69 million registered users and over 50 percent market share of internet banking transactions in Malaysia, has been updated with an all-new simplified, personalized and optimized user interface and user experience (UI/UX) to provide a seamless experience across all mobile devices.

- **Maybank QRPay 2.0:** Malaysia's first QR payments mobile wallet application with direct Casa and cards integration. This enables customers to pay by simply scanning the supplier's QR code.
- **M2U Digital Financial Planner:** The first of its kind in Malaysia, the application offers a goal savings plan, spending tracker and insurance dashboard to help customers plan, monitor and keep up-to-date on their financial goals.
- **MAE:** The first-of-its-kind e-wallet allows new or existing users to open an account using their smartphones within five minutes and ready to transact instantly.

In addition to its innovations, Maybank has been acknowledged for its outstanding efforts in sustainable financing and transparency in promoting a more sustainable future. For example, the bank positively impacted 871,200 households throughout ASEAN by offering affordable and accessible insurance options to lower-income individuals, providing financial inclusion solutions to vulnerable communities, small and micro businesses, conducting financial literacy programs, and implementing initiatives through the Maybank Foundation.[17]

[16] https://www.retailbankerinternational.com/features/maybank-puts-customer-experience-at-forefront/?cf-view
[17] https://www.maybank.com/iwov-resources/documents/pdf/annual-report/2022/Maybank-Sustainability-Report-2022.pdf

Hall of Fame brands

Mexico:
Nike

Nike moves up one place into the number one spot in Mexico. Despite being a global brand, Nike holds high the ideals of a "sense of place" by promoting the culture and the heritage of the environment it sits within.

For example, its shoe designs reflect celebrated Mexican artist Frida Kahlo. Nike has also collaborated with ARTO and Mexican artists Lourdes Villagómez and Paola Delfín to launch its project Casa Nike Women Mexico, a space created to encourage sports among women. It is visited by thousands of people every year who come to enjoy the experience as well as the artworks inside the building.

Nike has always been at the forefront of digital transformation. AI, e-commerce and in-store experiential technology have been integral to the brand's strategy for many years. More recently, it has moved to capitalize on the excitement around new concepts, such as the metaverse, NFTs and Web 3.0.

Nikeland is Nike's purpose-built metaverse space that allows its fans to meet, socialize, participate in promotions and engage with a whole range of virtual brand experiences, such as celebrity appearances from the likes of LeBron James, as an example. Virtual visitors can also buy exclusive digital products for their avatars, which can be brought into other virtual environments, turning fans into digital brand ambassadors.

Nike uses AI and big data in other ways, too. Its virtual assistants use customer preferences and past behaviors to help improve customer interactions, and supports better sales forecasting and segmentation. Nike Fit, which uses a cluster of computer vision, scientific data, AI and recommendation algorithms, can scan user's feet and find the right shoe for them by using their smartphone.

Netherlands:
Keurslager

Keurslager tops the brand index in the Netherlands for the third consecutive year. The 115-year-old deli and meat chain continues to provide exceptional customer service and has become an essential supplier to its long-standing customers, many of whom have been loyal for upwards of 30 years.

Keurslager's success may seem contrary to the findings that Dutch consumers are getting more conscious about the amount of meat they consume and the impact of cost inflation. However, consumers continue to show a strong appreciation for Keurslager's overall proposition.

Keurslager also defies the trend for a digital experience that is common in almost all sectors. Instead, the meat provider offers customers a physical and human-centered experience within local communities (shops are often located centrally, especially in villages). Kind staff also bring a human and personal touch to the brand, which seems to continue to win the hearts and minds of Dutch consumers.

Each of the 167 stores in the Keurslager chain are meticulously designed and committed to the highest standards of preparation and customer care. Products are showcased, rather than simply displayed, and everything is fresh, including its 50 different kinds of cold cuts, various hamburgers and meatballs, and 60 different meal offerings. Each store also sells locally sourced produce.

Hall of Fame brands

Philippines:
Jollibee Foods Corporate (JFC)

Jollibee, a Filipino fast food restaurant chain, moves up two spots to become the number one brand in the Philippines. A franchising company with 686 shops in the Philippines and 57 stores in the international market, JFC has established itself as a family-oriented restaurant that serves to the Filipino palate – two things that resonates and connects with many Filipinos.

The restaurant also embodies Filipino identity and culture. Filipino culture is very family-oriented. Traditionally, large families would gather at the dinner table, sharing spicy and crispy fried chicken - Jollibee has been designed to reflect that culture.

Jollibee also serves rice with each meal. A staple in Filipino local markets, rice has strong cultural and historical ties to Filipino society and sits at the heart of the Philippines market and culinary culture – without rice, a meal is never complete.

Jollibee's food is exactly how Filipinos expect it to smell and taste - too sweet for non-Filipinos, but a great reminder of children's birthdays, family gatherings and home.

JFC values every Filipino family and concentrates their efforts around their customers. It creates a fun atmosphere for every group and family enjoying a meal in their restaurants and is seen as a place of comfort and happy memories for many Filipinos.

Singapore:
Apple Store

The Apple Store exemplifies its dedication to the in-store customer experience with its megashop within Marina Bay Sands that has been open since September 2020.

Architecturally stunning, the 2,575m² store is an all-glass spherical dome structure that is entirely surrounded by water, and offers uninterrupted, 360-degree panoramic views of the city and its skyline. Among its many highlights, the store has an oculus – inspired by the Pantheon in Rome – at the apex of the dome that provides a flooding ray of light throughout the space.

In addition to its beauty, the store is outfitted with a 148-person team ready to assist customers as they explore Apple's products and accessories, receive personal technical support from Apple Geniuses (employees), or simply take in the stunning views of Marina Bay.

This Apple Store is not selling products, it is inviting its customers to step into a lifestyle and become part of an intimate family. Employees, which are trained to promote an inclusive and welcoming environment for everyone, encourages visitors to play and collaborate in its stores.

Apple's commitment to constantly improve the customer experience has resulted in high Personalization and Time & Effort scores (above 8 for both).

Hall of Fame brands

Slovakia:
Martinus

Martinus is the leading and biggest bookseller in Slovakia, founded in 1990. The book chain has been listed number one on the index in Slovakia for six years in a row. The reason for their success lies in its ability to create great user experiences across all channels, while offering a wide range of products and superior customer care. Customers describe the inspirational ambiance, and knowledgeable and enthusiastic staff as being differentiators.

One of their recent major projects, called "Knihovrátok," buys and sells used books. The program addresses sustainability as well as the impact from cost inflation, while at the same time, bringing long sold-out books back into the market and supporting the company's mission to connect readers with books.

More recently, Martinus has embraced digital platforms as it works to create an integrated omnichannel environment for customers. Conscious that many companies struggle to match the in-store and online experience, Martinus took a structure and unique approach to redesigning its online capabilities.

It was also sure to design its online store to reflect the very values and enthusiastic staff that customers holds dear in-store – like a good librarian that leads customers to the right books, products and information, and does so with empathy and expertise. To add a personal touch, Martinus has curated book collections by real librarians, who personally sign their name under each collection.

Thailand:
Kbank

Kasikorn Bank (Kbank), originally known as Thai Farmers Bank, is one of the leading banks in the country and the top brand on the country's index. Founded in 1945, it has since expanded beyond its roots to offers a range of services to its customers, including personal and corporate banking, foreign exchange and trade banking.

Kbank has over 800 branches across Thailand and an extensive network of ATMs in rural and urban areas, alike. The bank also provides digital services, such as online and mobile banking for its customers.

The KASIKORN Business-Technology Group (KBTG), the IT arm for KBank, delivers a range of technology services to help drive service efficiency and enhance competitiveness. Its mission is to help KBank create the digital bank of the future, providing customers with fast, easy and safe access to financial services from anywhere and at any time.

KBTG implemented a modern platform for machine learning and analytics that helps improve customer service and fraud detection, and enables innovative services such as automated lending. With automated lending, the bank can send a targeted loan offer to a customer's mobile app. Once the customer accepts the offer, new funds can be transferred into their account within minutes.

KBTG currently stores and analyzes more than 12 years of transaction data in its new platform with plans to expand their database to nearly 35 years of transactions. In addition, about 7 million transactions are added to the platform daily, including external data from social media as well as other sources. This rich dataset will allow the bank to see beyond their own transaction information and gain a more complete view of each customer's financial needs.

Hall of Fame brands

Türkiye:
Dyson

The British premium brand Dyson offers its growing suite of high-quality products in 84 countries, covering appliances such as hair stylers, vacuum cleaners, air purifiers, lights and more.

Dyson boutique stores are well-designed high-tech retail stores, complemented by subdued lighting, spotlights and an elegant showroom atmosphere. Customers marvel at the technology. Each item is presented similar to the crown jewels in a museum.

Dyson's first demo stores opened in Istanbul's Istinye Park and Akasya Mall in June 2021, and has since expanded to other key Turkish cities. These new spaces offer customers a true hands-on experiences with Dyson's latest machines.

These new Dyson demo stores also feature interactive demonstrations that bring to life the science and engineering at the core of Dyson technology. Plus, in-store experts help customers explore how Dyson technologies can help them create a healthier home and support their well-being.

UAE:
Emirates Airlines

As the aviation sector rebounds post pandemic, Emirates Airlines continues to dominate in customer experience, topping the UAE's index for the third consecutive year. The airline excels in all Six Pillars of customer experience, earning high praise for its exceptional service, professional staff and customer-centric approach.

The airline has partnered with EHL Hospitality Business School, a world-leading hotel school, to craft the Emirates hospitality strategy and inspire a culture of elevated customer experiences.

Cabin crew have already begun engaging in intensive training programs focused on delivering the four service pillars: excellence, attentiveness, innovation and passion. Both in-flight and customer service staff have been lauded by customers for their friendliness and willingness to go the extra mile by focusing on micro moments that makes the difference – like comforting a crying child with toys and chocolates, or offering family pictures during the flight.

Emirates also focuses on streamlining the customer journey with initiatives, such as multilingual mobile check-in ports at Dubai International Airport and biometric partnerships for smooth transitions. It also allows customers to pre-order their in-flight meals between 14 days to 24 hours in advance.

Emirates is an early adopter of new technologies, always seeking to understand and apply technology to improve the customer experience. It has launched a new innovation platform at its headquarters, featuring products powered by AI as well as virtual reality and 3D exhibits. Called the Innovation Majlis, the platform also brings partners, top tech companies and entities together in one space to address key challenges affecting the airline industry today.

Hall of Fame brands

UK:
first direct

By embracing the rapid advances in technology, first direct continues to evolve faster than its competitors. Topping this year's UK index, the online bank uses data to anticipate and respond to customer needs, and provide customers with a personalized, intelligent experience.

AI-enabled banking, through Autopilot, brings a number of intelligent features to the banking app. For example, first direct's chatbot, Dot the Bot, has rapidly caught up with its human co-workers in terms of positive customer feedback. Further features will enable and support customers at a level they prefer, for example, by making personalized recommendations and automating activities, such as topping up savings accounts.

With AI, first direct is better able to anticipate and respond to customer needs in real-time, progressing the bank closer to achieving its long-term aspiration to deliver truly autonomous banking to its customers – that is, where technology leads the customer toward their financial objectives.

The bank has outlined five steps to achieve this vision:[18]

1. Offer customers basic reminders and prompts to make a payment or take another action.

2. Check available balances to proactively suggest payments to cover upcoming debits.

3. Monitor bills and expenditures and make automatic payments through the customer's current account, escalating issues to the customer as appropriate.

4. Offer full "self-driving" banking under certain conditions – for example, AI makes budgeting decisions and moves money between accounts to automatically make payments.

5. Deliver fully autonomous banking in all conditions, managing the customer's finances to an optimized position based on behavioral and attitudinal profiling.

USA:
H-E-B

Texan supermarket chain, H-E-B, has performed well in the index for many years, and this year takes the number one spot for the first time.

H-E-B has been recognized as a leader in curating an effective and efficient online grocery experience, outpacing many other ecommerce competitors in the US. Much of this has been a function of its deliberate approach to designing digital experiences that reflect The Six Pillars of customer experience.

The experience has been augmented with the help of machine learning models that analyze shopper and cart data to inform decisions around inventory and pricing, including less obvious product substitutes. The data also helps customers enjoy frictionless interactions while in-store shopping and when scheduling pickups.

Internally, H-E-B is focused on improving workplace efficiency by building high-performing teams around lean and agile methodologies. In the first instance, lean best practices and principles offer a framework to help decision-making. Agile, on the other hand, helps the grocer achieve scalable and sustainable growth. Taken together, H-E-B can make faster decisions and build products for customers while avoiding wasted effort along the way.

H-E-B has also mastered its Texas branding. Many of its house-brand products emphasize a Texas connection, from coffee blends dubbed "San Antonio" and "Austin" to Texas-shaped cheese chunks and tortilla chips. Walk into any H-E-B store and the Texas theme is instantly and continuously apparent. This strategy reflects and celebrates its customers' identities – Texas isn't just a place where they live, it is who they are.

[18] https://www.zuehlke.com/en/our-projects/first-direct-launches-ai-autonomous-banking-to-serve-real-time-customer-needs#:~:text=Building%20Autopilot%3A%20a%20first%20in%20autonomous%20banking&text=This%20AI%2Dpowered%20function%20worked,as%20topping%20up%20savings%20accounts.

Hall of Fame brands

Vietnam:
Nike

Over the last two decades, Nike and Vietnam have become inextricably linked. Vietnam is now a key manufacturing hub for Nike goods, supplying over 50 percent of Nike sneakers and 30 percent of apparel. More than 530,000 Vietnamese are employed by factories supplying the sportswear giant, many of which have undergone Nike-led training and experiences.

Unsurprisingly, then, Nike tops this year's index in Vietnam. Its flagship store in Ho Chi Min City, which at the time of opening was the biggest store in Vietnam, is a big draw for customers. The number of factory outlets across Vietnam also makes Nike accessible to those on lower incomes.

Nike has implemented a wide range of technologies to improve efficiencies and uplevel the customer experience. For example, radio frequency identification (RFID) tags have been placed into hundreds of millions of products to precisely track inventory. Robots have been added to distribution centers to speed up delivery, and machine learning and AI are being used to predict consumer trends.

Nike is also introducing a new enterprise resource planning (ERP) tool to tie together all of these new capabilities.

Conclusions

Companies are implementing a range of new technologies to improve the quality of the customer experience. Much of which has missed the mark as customers around the world report they are less satisfied with experience delivery than they were a year ago.

The current economic cycle had many companies turning to technology to reduce costs, not drive customer experience. As a result, customers have been deflected into lower cost, less emotionally engaging and less empathetic channels.

However, leading companies are raising the bar, combining new technologies with a humanized experience. These companies start with the customer experience first and design backwards, working from the outside in. They understand customer needs and circumstances, and use this information to drive compelling experiences. For them, it is less about immediate margin improvements and more about customer lifetime value.

Be it Fielmann's full omnichannel sight evaluation or first direct's vision for autonomous banking, these leaders incorporate technology to help resolve real-world customer problems. In return, customers reward them for their emotionally engaging experiences with greater loyalty and advocacy.

Further, customers expect the same level of experience from other brands. This places new demands on businesses to carefully consider how to leverage AI in running their businesses, prioritizing their projects and developing their cultures to fit for the future.

Value and values

Technology is only part of the answer. The values of the organization – what it stands for, its purpose, and environmental and societal commitments – all need to be communicated across the full spectrum of a company's channels. To deepen the emotional connection between a brand and its customers, companies will need to express its brand personality through each digital interaction. Humanizing the technology will also be important to sustain the emotional connection for customers as their brands implement AI across its customer journeys.

Leading companies show the way

This year's Hall of Fame showcases the companies at the leading edge of the AI transformation. They are carefully and studiously selecting areas of their business to use AI to test and understand its opportunities as well as its challenges. When satisfied with their use cases, they then determine how to scale and operationalize this revolutionary technology, blending in the human touch to emotionally satisfy customers.

Attuned to the impacts on employees, these companies are already equipping their people with skills training and development, and opening up new job roles so they are prepared to be effective and successful in the new AI world.

The advances made by these leading companies creates a very real danger for others not progressing along the AI learning curve, becoming less relevant to their customers, and sacrificing loyalty and lifetime value.

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Staying ahead

For many organizations, continuous disruption is the new normal. It is not enough to get ahead of the digitally connected customer. The more profound challenge is to stay ahead with new technologies, processes and organizational changes.

Taking this long view, KPMG believes leaders will need journey partners that are capable of meeting them at any level of customer experience maturity. These partners can help companies leverage existing advantages within the enterprise, and are ready to deploy at scale and speed, as needed.

For companies to succeed in this new reality, they should understand the economic and social impacts shaping the new customer. They should also be open to reinvent, innovate and transform their organization, their offerings and their experiences.

Our team of customer specialists can help you understand the changing customer shifts that are emerging and how your business will need to evolve to deliver a customer-centric experience that is more connected, digital and efficient than ever before.

"

Harnessing these technology trends and applying them to what matters most will likely be key to winning customers. It requires a complex ecosystem of suppliers and implementation partners, each ensuring the right level of competence at every stage of the company's operations."

Julio Hernandez
Global Customer and Operations Lead,
KPMG International

About the research

For 14 years, KPMG professionals have been asking consumers about their individual experiences with brands. Over that time, more than 600,000 consumers have been interviewed, providing more than 6 million individual evaluations across 40 countries, regions and jurisdictions to support our expertise in customer experience best practice.

This year, alone, we have taken in the views of more than 81,000 consumers across 21 markets. Our analysis spans nearly 3,000 brands. Customers evaluate their interaction with those brands across The Six Pillars of Customer Experience. The scores for each of these forms a compound metric called Customer Experience Excellence (CEE) Score for each company which is used to create individual country league tables. The leading brand in each country joins our customer experience Hall of Fame.

The research for this report was conducted via an online survey. A nationally representative consumer sample was targeted for each market, to be comparable in terms of age and gender, while also targeting regional representation. To participate in the research and to be able to respond to questions on a specific company, respondents must have interacted with that company in the last 6 months. An interaction is defined as making a purchase, using the company's products or services, contacting a company with a query, or even browsing their website or store – so not all respondents will have been existing customers of the brand they evaluated. In order to be included in the final rankings for each country, each brand must have achieved a minimum number of consumer responses. This report analyzes the results of a consumer survey undertaken in May through July 2023.

As such, all companies, including audit clients, are representative of consumer opinion and ranking. Mentions of individual companies should not be interpreted as an endorsement by KPMG International or its member firms.

The rankings for each country are determined by the CEE Scores of the brands surveyed. The CEE Score is derived for each brand via a weighted average of the brand's score for each of The Six Pillars. The weighting is calculated through regression analysis to understand the relative importance of each pillar in driving the two commercial outcomes measured in the analysis: advocacy and loyalty. The CEE Score for each company is then rank ordered to create individual country league tables. The leading brand in each country joins our customer experience Hall of Fame.

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Transformation never stops. Neither do we.

At KPMG, we believe that business transformation is too good an opportunity to miss. In our view, combining the right tech and leading processes with people whose insight is as broad as it is deep are essential ingredients to a successful transformation.

KPMG professionals have worked at the heart of global businesses for many decades, helping clients realize 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 can happen.

Making a world of difference:

KPMG people can make all the difference on your transaction or transformation journey. Whether it's growth through mergers and acquisitions or transformational change, together we can help you to orient your business around the customer, enhance functions for a new era, support enterprise risks and regulations for a safer future, rise to a new level of value creation, and create an environment for managing ongoing change.

Through the richness of their digital transformation capabilities, KPMG firms are helping clients build modern, intelligent, and resilient businesses that can deliver leading results for people and the planet.

KPMG professionals work shoulder to shoulder with clients, using a portfolio of regularly evolving tech-driven services to help deliver lasting change and consistent opportunity. KPMG's digital transformation suite can help engineer a different future – of new opportunities that and designed to create and protect value.

KPMG digital transformation suite

Transformation Journey

Connected
Rebuild your business, end to end, around your customers.

Powered
Drive outcome-driven functional transformation.

Trusted
Build and sustain the trust of your stakeholders.

Elevate — Unlock financial value quickly and confidently.

Scalable Managed Services
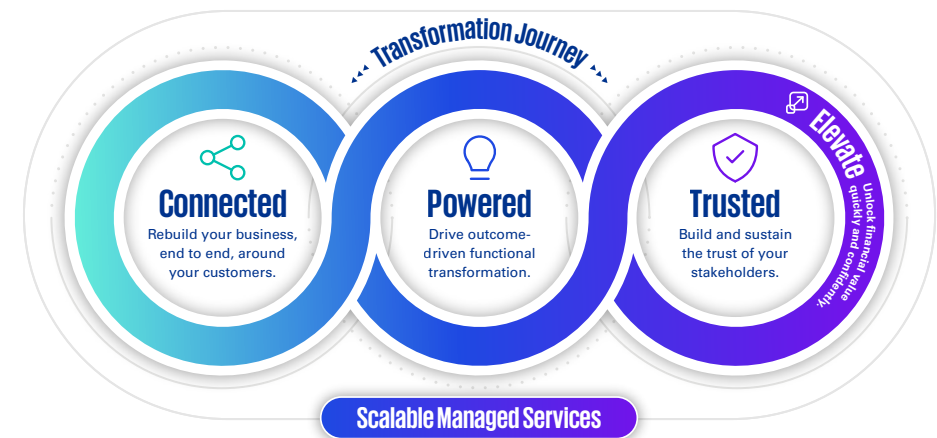
To learn more go to kpmg.com/cee

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