



# Getting future-ready and staying ahead: Hong Kong (SAR) edition

Customer Experience Excellence Report  
2022 edition





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01

# Executive Summary

# Foreword

What makes a great customer experience? There have been many iterations of this definition since COVID-19 first caused widespread disruption in Hong Kong SAR, China and around the globe. Corporations across all sectors have been reactive, meeting continuously changing customer expectations with new propositions and experiences. As Hong Kong begins to return to pre-pandemic normality, customer experience leaders need to strategically review their investments in customer experience to ensure they are **future-ready**. Once again, in the **2022 Hong Kong SAR edition** of the KPMG Customer Experience Excellence Report, we have surveyed nearly 1,200 customers to gain their views on what constitutes a great customer experience.

Although brands have continued to

focus on designing and delivering a better customer experience, **Hong Kong recorded a slight decline** in this year's overall customer experience performance. Non-grocery retail was the only sector that bucked this trend and saw an improvement compared with the previous year. In this year's survey, **85% of respondents reported digital interaction with brands**, an 8 percentage point increase compared with the previous year, indicating that user-friendly digital experiences are now the minimum standard expected, instead of being a key differentiator.

In 2022, Hong Kong customers increased their domestic consumption due to a combination of continued travel restrictions and the introduction of the Consumption Voucher Scheme. Hong Kong customers also compared local brands against global brands, and

local experiences against global ones. As a result, local brands are becoming increasingly competitive in offering leading experiences. The three themes coming out of this year's study are: leading brands have demonstrated agility in the face of rapidly evolving customer expectations; expectation gaps exist between customers and non-customers; and the need for brands to embed their company's core values into their daily operations and engagement.

The daunting challenges faced over the past few years have encouraged brands to strengthen their capabilities, providing insights into market-leading customer experience delivery. We would welcome the opportunity to share our findings with you, and together we can design a great experience for your customers.

## Key themes

- 1  **Agility is required to address evolving customer expectations**
- 2  **Expectation gaps exist between customers vs non-customers**
- 3  **Company's core values must be embedded into how it operates and engages**



*Tech-savvy Gen Z consumers still want an immersive physical retail store experience. Retailers need to leverage data and collaborate with stakeholders, as well as financial institutions, to curate a seamless omnichannel customer experience."*

— **Anson Bailey**



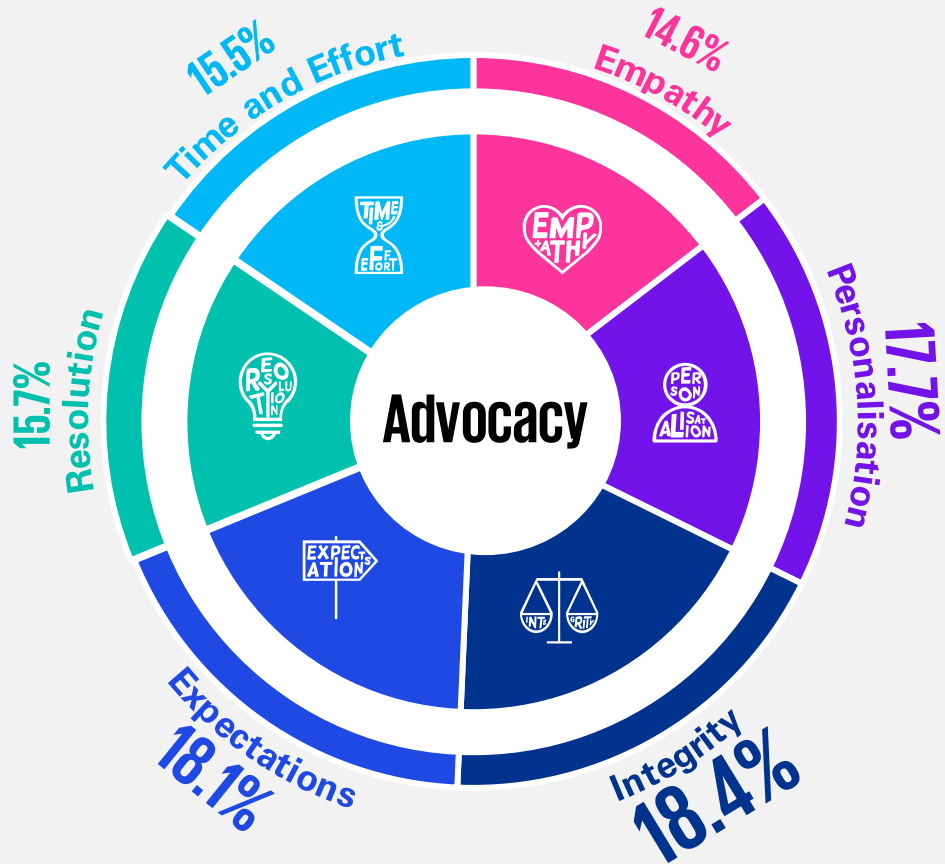
# The Six Pillars of Customer Experience Excellence define what customers look for in organisations

Circle sizes represent the level of importance to customers in this year's results

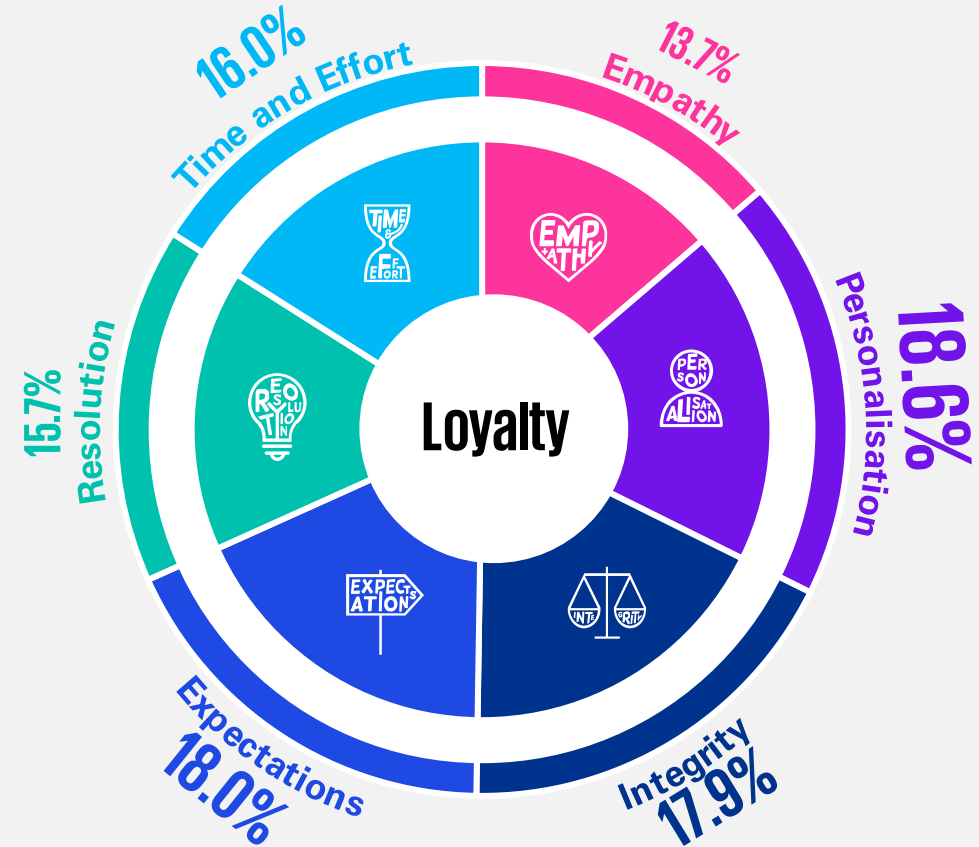


# Integrity and Personalisation are the leading pillars driving customer advocacy and loyalty in Hong Kong

**Integrity** is most important in capturing customer advocacy<sup>2</sup>



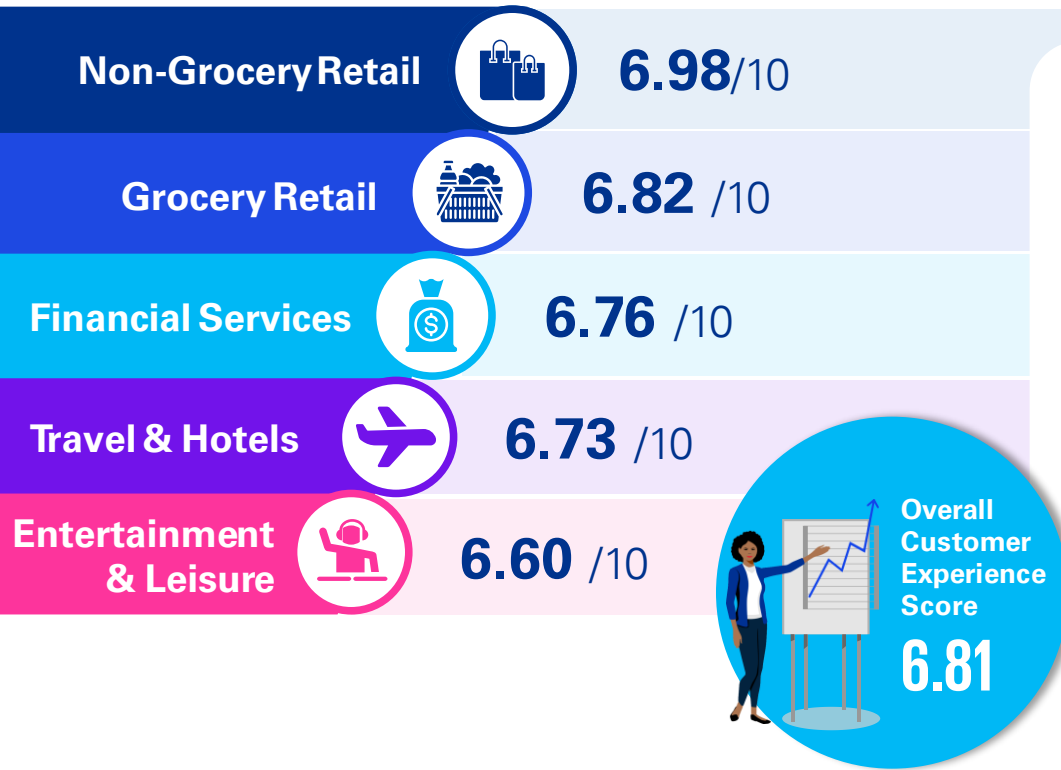
**Personalisation** drives customer loyalty<sup>3,4</sup>



Source: 1) KPMG analysis 2) Analysis based on respondents NPS and 6 pillar scores; 3) Analysis based on based on respondents Loyalty and 6 pillar scores Note: 4) Figures might not add up to 100% due to rounding issue

# Non-grocery retail and Grocery retail are the top performing sectors in 2022

## Retail sectors lead the Hong Kong CEE in 2022



## Leading customer experience companies in Hong Kong SAR, China (in alphabetical order)

Adidas	Apple	Decathlon	DHL	IKEA
Leading online retailer*	Lululemon	Marks & Spencer	Netflix	Sun Life

\*Company requested to remain anonymous





02

# Key findings: Financial Services







# Digital banking has become the new standard and is the gateway to personalised products and services

Traditional banks have overcome legacy issues and can now compete with digital-first challengers in providing seamless omnichannel experiences. As banks have become accessible anytime, anywhere, there are tremendous opportunities for them to continuously engage with their customers. With the emergence of new technologies, and by utilising artificial intelligence, the banking industry is closer than ever to providing smarter advisory and more personalised services and product offerings.

## Traditional banks are now leading the charge in innovation

- Over the past two years, traditional banks faced challenges connecting with customers due to COVID-19 and the emergence of digital-first challengers in the banking industry. However, in our latest survey, we note that traditional banks' amplified efforts in digital transformation have paid off, and they performed better across all six pillars than virtual banks and other payment services.
- Customer adoption of digital solutions has accelerated, with only 29% of surveyed customers interacting with their bank through the branch channel, compared with 39% in the previous year.
- Leaders continue to invest heavily in data analytics and artificial intelligence. This insights-led approach enables them to provide more personalised advice and product offerings, while also improving operational efficiency.
- Traditional banks are also widening their customer base and engagement through expanded ecosystems and strategic partnerships.

## Virtual Banks have lost its competitive edge against Traditional Banks

- In 2021, virtual banks were able to gain market share due to their innovative propositions and marketing offers, while providing seamless customer-centric digital journeys without the burden of legacy systems.
- However, traditional banks have now fully caught up in digitisation, with our survey indicating that traditional banks actually performed better than virtual banks in all CEE pillars except Personalisation and Expectations.
- Our survey showed the Value provided by virtual banks was 3% higher than the market average, and 6% above traditional banks.
- Loyalty, on the other hand, remains a challenge, at 3% below the study average. This score indicates that promotion-focused marketing campaigns generate only short-term engagement with customers.
- As banks first and foremost, virtual banks need to continue to build their reputation for trust and integrity through reinforcing their emphasis on data security and privacy standards.

## Banking sub-sector: Six Pillars scores vs. study average

	Empathy	-2%
	Personalisation	-1%
	Time and Effort	Market Avg.
	Expectations	-1%
	Resolution	Market Avg.
	Integrity	+1%

Overall banking sub-sector average:

Score  
6.77/10



“Although Hong Kong continues to be affected by COVID-19, a return to pre-pandemic normalcy has begun. Companies that provide leading customer experiences have strategically focused on providing the best omnichannel approach, while emphasising their brand’s ethics, values and social responsibilities.”

— Sean Ren



# Insurers are going beyond their traditional role of protection

The COVID-19 pandemic has amplified the importance of having adequate health and financial protection for Hong Kong customers. As customers slowly return to pre-pandemic levels of engagement, and with the eventual return of mainland Chinese visitors, insurers have begun to shift their focus beyond digitalisation to delivering experiences outside of the traditional area of protection, becoming a partner in health and wellness, and engaging with customers in their everyday lives. Insurers have a pivotal role in supporting a customer's wellbeing given Hong Kong's rapidly ageing population<sup>1</sup>.

## Digitalisation is the first step towards transcending traditional insurance

- While the insurance industry has invested significantly in digital capabilities, with interaction through mobile apps rising to 61% of insurance respondents in 2022, up from 30% in 2021, the insurance sector scored lower across all six pillars compared to the previous year's results. In particular, Integrity and Expectations, which are the two most important pillars for capturing customer advocacy, saw the largest drop.
- In addition to the solid digital foundation insurers built in the past two years, insurers are also looking to harness more data, especially around their digital footprint, both internally and externally. More importantly, they are looking at how to use their existing data to drive more purposeful engagement with customers, and support real-time decisions. Nevertheless, collecting and leveraging customer data needs to be performed with the customer's best interests in mind. Insurers are being held to the highest levels of conduct both by the public and regulators. Therefore, insurers must highlight their efforts in the areas of data security, privacy and the ethical use of data.
- Insurers are continuing to expand their ecosystems, and striving to be more than just traditional insurance providers. Health and wellness propositions enable insurers to actively engage their customers throughout their day-to-day lives, not only creating more touch points along the customer's journey, but also strengthening their brands' Integrity, and demonstrating Empathy. With Hong Kong's health and wellness market continuing to grow, insurers are strengthening their digital integration capabilities to enable them to scale their offerings with the right partners. In 2022, AIA announced a new Insurtech business, Amplify Health, demonstrating its strong commitment to accelerating its health and wellness strategy<sup>2</sup>.
- Operational excellence is key to delivering a better customer experience, and not only involves getting to customers faster, but also building the connection across different journeys. As Personalisation is the most important pillar driving customer loyalty, insurers should leverage customer data, advanced analytics and predictive models to provide anticipatory services and real-time personalised offers through customers' preferred channels.

## Insurance sub-sector: Six Pillars scores vs. study average



Overall Insurance sub-sector average:

Score  
6.82/10

Source: 1) Hong Kong Life Tables 2014-2069 (censtatd.gov.hk) 2) AIA announces 'Amplify Health' on 15 Feb 2022, aia.com



*The results from this year's customer experience excellence survey show us that we are well and truly in the era of the customer, with all sectors competing for the attention of customers. Insurers need to curate personalised experiences that go beyond traditional touchpoints – expanding their reach through distribution and ecosystem channels that deliver exceptional experiences throughout the customer journey and lifecycle."*

— Jessica Hong



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03

**Key findings:  
Grocery Retail &  
Non-Grocery Retail**



# Convenience has been and still is king

Hong Kong consumers are notorious for their fast-paced lifestyles, often prioritising saving time and effort during their grocery trips. Reflecting this preference, a wave of online grocery and home delivery strategies have emerged during the past year. However, this approach leaves consumers missing out on special offers, fun purchases, and exciting discoveries made when browsing store shelves. To make grocery shopping seem less like a chore, it pays to invest in the in-store experience.

## Traditional and specialty grocers are revitalising online and offline shopping experiences

- Time and convenience continue to be key buying factors for the vast majority of Hong Kong consumers. At the same time, grocery retailers in Hong Kong also continue to streamline their customer experience with technology.
- In particular, the Consumption Voucher Scheme, along with a variety of other efforts, have driven wider digital payment adoption. AlipayHK estimates that more than 90% of local merchants accept AlipayHK mobile payments, ranging from fish ball stalls to supermarkets and electronic stores.
- There is also a rising trend for online specialty grocery retailers in Hong Kong, which target niche customers with their special offering, such as organic or imported fresh products. These players also attract young customers through immersive websites embedded into social media.
- To keep up with their online specialty counterparts, incumbent grocery brands have redesigned their retail store concepts to promote fresh, premium and sustainably sourced products, curating seasonal items sourced from around the globe.

## Grocery brands are the backbone of the rising super-loyalty programmes and ecosystem behemoths

- Consumer brands from a wide range of sectors have developed joint loyalty programmes. These programmes often including grocery brands, as these stores are visited on a daily basis. These tie-ups have created a new ecosystem, offering new value propositions and ultimately changing customer behaviour.
- These super-loyalty programmes are in response to consumers expecting faster loyalty rewards collection, more flexible points redemption and experiential benefits in exchange for their allegiance and continuous spending. It also enables brands to operate membership programmes without enormous investments that have a limited return as a result of the restricted size of the Hong Kong market.
- The prospect of a ‘cookieless’ future is inevitable as consumer awareness of ethical data collection and privacy concerns have become heightened. Ecosystem-centric loyalty programmes enable brands to ethically and safely collect meaningful and accurate customer insights at scale to create better connected and personalised customer journeys.

## Grocery Retail sub-sector: Six Pillars scores vs. study average

	Empathy	Market Avg.
	Personalisation	Market Avg.
	Time and Effort	Market Avg.
	Expectations	-1%
	Resolution	Market Avg.
	Integrity	+1%

Overall Grocery Retail sub-sector average:

Score  
6.82/10



*As customer expectations continue to evolve, the key to success is to leverage data and advanced analytics to stay ahead of your customers, tailor customer journeys and personalise offerings according to their needs.”*

— Daniel Hui



# Experience is the new product

The Resolution pillar grew fastest in the non-grocery retail sub-sector compared with last year, while the Integrity and Expectations pillars remained most important. Hong Kong consumers expect their shopping experiences to be exceptional, immersive, and content-rich, flowing seamlessly across all touchpoints, combining the convenience of online shopping with the service of offline retail.

## Brands need to redesign and optimise their pre- and post-purchase experiences

- Retail brands' adoption of technology to streamline and improve communications has resulted in more transparency and engagement with customers. Compared with last year's CEE, our study shows that communication frequency between brands and customers has increased by at least 5% across multiple channels (e.g. chatbot, in-store staff, phone calls, etc.).
- The three non-grocery retail brands with the highest scores in both the Expectations and Resolution pillars, were also the overall top three retail brands in this year's CEE study. These non-grocery brands all received positive feedback on their recently launched initiatives to enhance the pre and post-purchase experience.
- For example, Today at Apple is Apple's creative initiative which offers customers photography, videography, and other hobby classes, both online and in Apple's retail stores, to educate and inspire customers to go further with their passions and products.

## Evolving roles and responsibilities of retail staff – key to bridging online to offline experiences

- Knowledgeable and qualified retail staff, coupled with a strong interior concept for retail stores, are the keys to a seamless integration between the online and offline shopping experience. It is important to keep retail staff engaged and educated on the online-offline tools available to enable them to meet customers' needs better, even when they are not purchasing anything.
- Consumers tend to conduct research online before their purchase. Previewing and comparing products from different service providers has raised the bar of what constitutes a good product or experience. Retail staff also need to become product experts, not just within the brand portfolio, but also across the industry.

## Non-Grocery Retail sub-sector:

Six Pillars scores vs. study average

	Empathy	+3%
	Personalisation	+2%
	Time and Effort	+3%
	Expectations	+3%
	Resolution	+2%
	Integrity	+2%

Overall Non-Grocery Retail sub-sector average:

Score  
6.98/10



“Retail in Hong Kong has transformed dramatically in recent years. Providing convenience, creating experiences and building a community have become the new norm among brands that are setting the standard for customer experience excellence.”

— Tina Chen





# Community building and innovative technology are the cornerstones to success

Entertainment, leisure and logistics are the foundation for connecting individuals to neighbourhoods, communities, and the city of Hong Kong. Residents take pride in their local culture and value brands willing to adopt technology for continuous improvement.

## Brand's responsibility to provide platforms for community building and curating culture

- As a metropolis that inherited an East meets West culture, Hong Kong not only sees entertainment as a form of pleasure, but also views it as a way of preserving culture through technology.
- Brands that wish to thrive are expected to preserve Hong Kong's diverse culture and redefine the entertainment landscape. It is crucial for brands to build a community and provide a platform that connects creativity, culture, innovation and diversity to meet the growing cultural and leisure needs of Hong Kong consumers.
- K11, as the leader in transforming retail in Hong Kong, has focused on art, culture and community building, leveraging its multi-purpose space to create both business opportunities and audience engagement
- Players in this field are using technology to enhance the audience experience and inspire new arts opportunities. West Kowloon Cultural District has worked with different sectors to launch theatre performances produced with new technology, inspiring local talents and the community to pursue creativity with innovation.

## Seamless mobility is the key to achieving Hong Kong's ambition as a smart city

- As technology evolves, consumers expect transportation to become increasingly connected, digitalised and autonomous. Our study shows that consumers are appreciative of logistics brands that provide real-time commuting information, parcel tracking systems and communication, and suggested routes to help them plan efficiently.
- As safety, comfort and a high frequency of mobility services are key priorities for Hong Kong consumers, brands will need to continuously revolutionise the transportation system to help improve consumers' mobility experiences.
- With growing emphasis on sustainability, transportation players are looking into replacing existing vehicles with electronic ones that meet the EU VI emission standard. KMB is among the transportation companies that are proactively introducing ESG initiatives.

## Entertainment, Leisure & Logistics sub-sector:

Six Pillars scores vs. study average

	Market Avg.
Empathy	
Personalisation	-1%
Time and Effort	-3%
Expectations	-1%
Resolution	-2%
Integrity	-2%

Overall Entertainment, Leisure & Logistics sub-sector average:

Score  
6.68/10

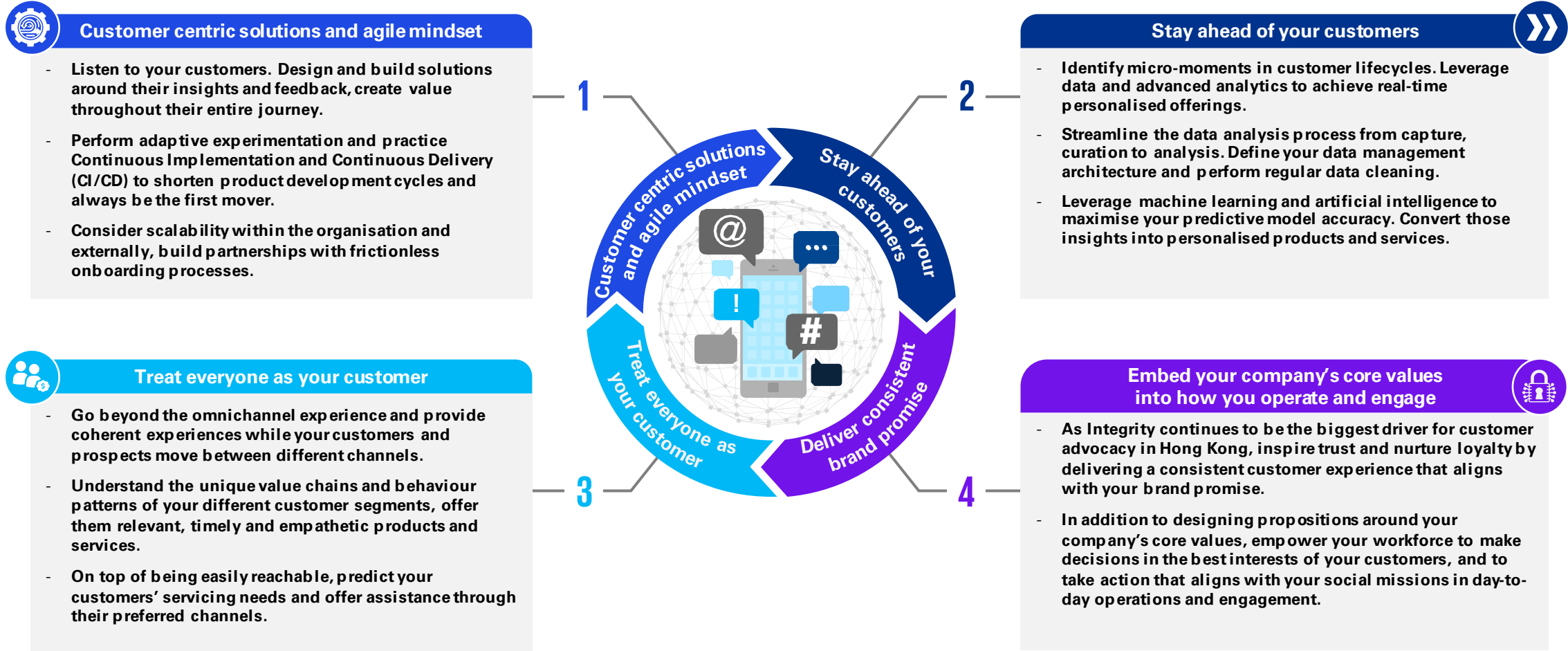


04

# Looking ahead



# Responding to customer expectations and embracing unpredictability





**05**

# Methodology





# About this Research - Customer Experience Excellence research

As part of KPMG’s Global Customer Experience Excellence (CEE) programme we have researched best practices in customer experience across the globe since 2010.

## Global research (2022)



**25**

countries, regions and jurisdictions



**876,864**

individual brand evaluations



**89,903**

Customers



**2,426**

unique cross-sector brands

## Hong Kong (S.A.R) research (2022)

**5**  
sectors



from Financial Services, Non-Grocery Retail, Grocery Retail, Travel & Hotels, Entertainment & Leisure

**>70**  
Brands



**June**  
**2022**



via an online survey of ~1,200 customers based in Hong Kong

**~1,200**  
Respondents



from Hong Kong, representative in terms of age and gender

# How KPMG can help

KPMG's Strategy & Operations team assists you in making strategic decisions based on a more complete understanding of your opportunities and risks. This includes helping you to rethink the efficiency and effectiveness of existing business strategy and operations, and to develop relevant and appropriate operating models and programmes.

We offer rigorous and objective insight into customer experience, organisational performance, economic and industry trends, policy imperatives and competitive forces. We work collaboratively with our clients to develop strategies to ensure that improvements are sustainable and stakeholder-driven.

## Growth Strategy

China Onshore and Strategy, Corporate Strategy and Growth, Market Entry Strategy, Deals/ M&A Strategy and Due Diligence.

## Customer & Digital Transformation

Customer Strategy, Insights and Value Proposition Design, Customer Experience and Analytics, Digital Strategy and Roadmap Design, Front Office Transformation and Enablement including CRM (Connected Enterprise).

## Operational Excellence

E2E Process Improvement, Target Operating Model Design and Implementation, Operational Efficiency and Cost Optimisation, Operational Resilience, Structural Separation and Integration.

## Environmental, Social, and Governance (ESG)

ESG Assurance, ESG Measurement and Reporting, ESG in Deals, Social and Economic Development, Climate & Sustainability, Sustainable Finance.

## Government and Infrastructure Advisory

Policy Review and Assessment, Project Strategy and Transactions, Major Project Advisory, Business Case/Tender Development/ Financial Feasibility, Government Transformation

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