



The Anchor Moment

Customer Experience Excellence Report

KPMG Advisory Ltd.

2018

kpmg.hu



Ship ahoy!

Foreword

Dear Reader,

In Hungary, brands used to be only colors, logos, products or services considered as merely elements of shopping transactions. However, the consumer landscape is changing, customer experience is overtaking other aspects as a means of differentiation, as what your consumers think of you, and why they keep choosing you are even more important to buyers. Hungarian markets and consumers are in a period of transformation, with a perfect storm ahead. It's a thrilling period, which entails many opportunities.

For one thing, it has never been so easy to get information about customers, or to get in touch with them. Digitalization, mobile technologies, and a generally positive economic atmosphere are bringing about customers who have access to a previously unprecedented amount of information, various opinions, thousands of products, services, webpages or shops. And yet, the classic brick-and-mortar retailers keep clinging to their importance. In such a diverse, complex world, where disruption might be around any corner, the role of customer experience is on the rise. When one gets it right, they can avoid troubled waters, and addressing these nuances can help them stay ahead of the competition: online, offline, or both.

This report dives deeper into the landscape of brands in Hungary, and the why's and how's of these experiences are provided to consumers.

I wish you every success in sailing through our report.

Zsolt A. Müller

Director

Retail & Consumer Markets

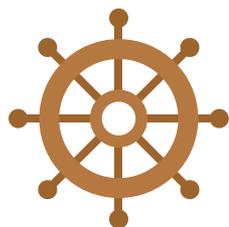
KPMG in Hungary

As part of ongoing research spanning years and across 17 countries around the world, this study uses a widely deployed methodology to ask the right questions, and isolate the best answers. This study endeavors to bring the voices of 3,000 Hungarian consumers to the table: their memories and experiences of encountering corporates, in matters as trivial as buying a sandwich, or turning to their employees in times of misfortune. We reveal how our framework, the "Six Pillars of Customer Experience", brings together the essence of what individuals experience when they get in touch with brands.

The discoveries are gripping. The role of products and prices as sole differentiation factors is fading. Consumers are increasingly becoming more conscious about what they experience. The significance of a single memory, an encounter with a brand decides more than we think – it can determine attitude towards the business for years to come. The combination of a sound customer vision and the required organization behind it is vital.

We trust that this report, by showing you where both successes and pitfalls lie, will present you with some difficult questions. These valuable insights should bring the importance of customer experience to light.

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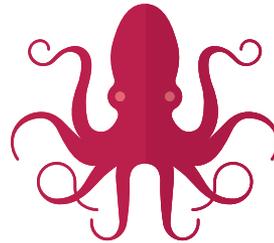
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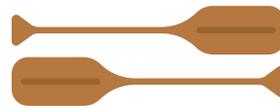
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Imprint

Captain's brief

Executive summary

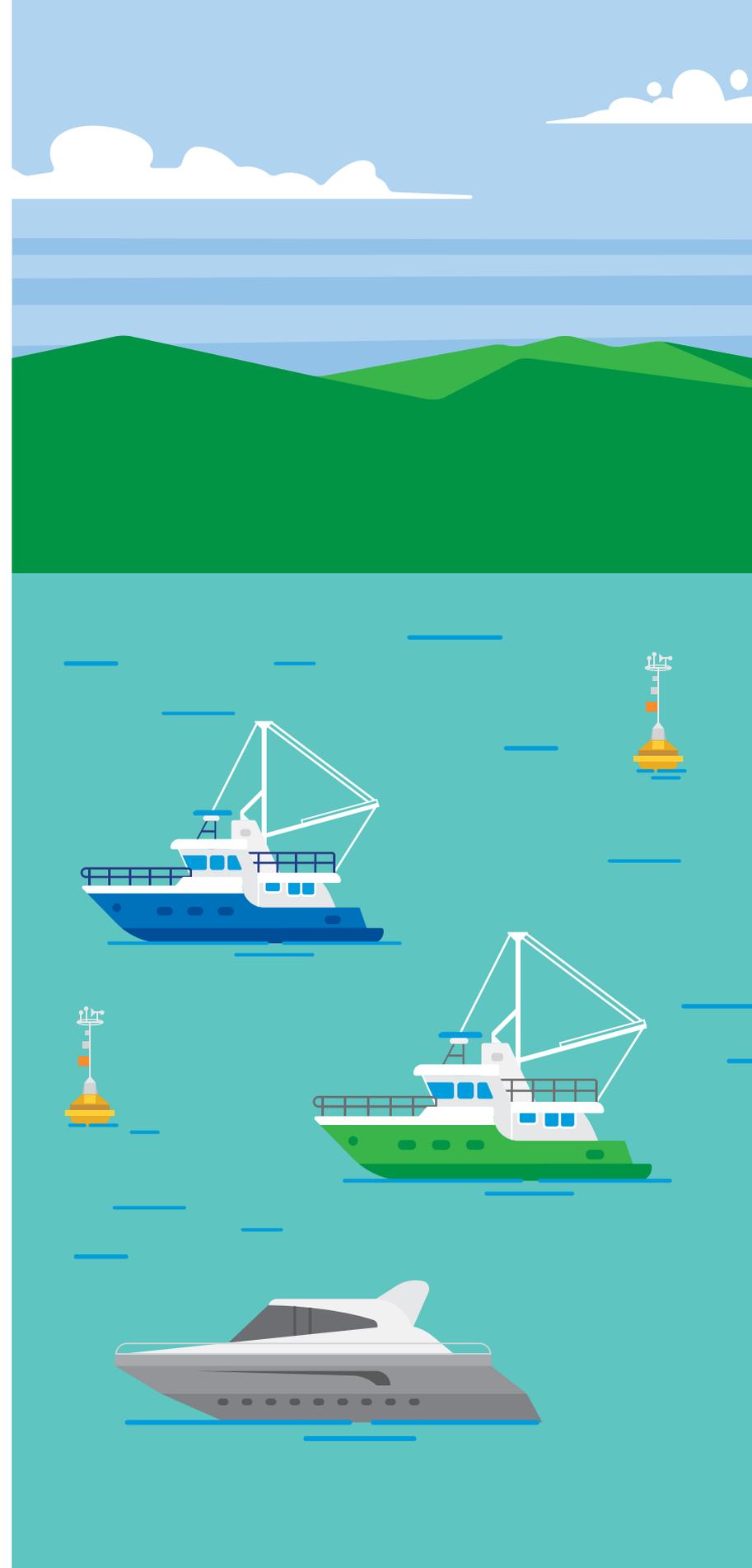
Customer experience has truly become a top of mind topic for CEOs and managers across all industries. The emergence of new generations of consumers, digitalization, e-commerce paired with a resurgence of purchasing power have all but reshaped the Hungarian consumer markets. In this rapidly changing environment companies are also finding that both products and services are becoming interchangeable or homogenous – leaving brands to compete on the relatively less understood fields of customer experience.

Customer experience is a widely discussed but rarely understood business concept that can have significant impact on profitability. KPMG has a long history of generating insight into organizations' customer bases to drive business performance; one specific initiative is the publishing of its Customer Experience Excellence Report, which covers 17 countries worldwide. For the first time, Hungary has been included as part of this global effort to map changing customer behavior and identify best practices that deliver outstanding customer experiences.

The backbone of this report is an extensive research effort that collected insights from over 3,000 customers, gathered over 30,000 insights and applied the proven analytical methods of KPMG Nunwood that have been widely deployed for over 8 years. As a result of these efforts, Hungarian brands across eight sectors have been ranked, of which fifty brands have been identified as providers of outstanding customer experience.

In order to generate deep insights into the drivers of customer experience, KPMG has developed the Six Pillars of Customer Experience that have been applied to all of the brands surveyed. The Six Pillars of Customer Experience generate a unique perspective to develop a unique customer experience DNA for the given organization and turn it into actionable insight. These actionable insights provide an opportunity for organizations to capitalize on becoming truly customer-centric.

The findings showcase that there are several sectors (e.g. non-grocery retail) that outperform the market average. These sectors exhibit the same patterns in terms of their score on the Six Pillars of Customer Experience, however individual scores and comments on customer experience are overwhelmingly positive. There are some sectors (e.g. utilities) that are generally perceived as providers of inconsistent or poor customer experience, but in terms of ranking their results offer no discernable trend.





Below the decks

Survey methodology

Since 2010, the KPMG Customer Experience Excellence Centre has been evaluating consumers' appreciation of experiences they receive from brands across a range of sectors. Over this time, we have interviewed more than 170,000 consumers, measured more than 2,300 brands, and expanded the research to around the globe. This year marks the inclusion of Hungary for the first time into this global research effort.

In order to gather insights into customer experiences across the Hungarian market, the tried and tested methodology developed by KPMG's Customer Experience Excellence Centre has been deployed. Through an elaborately designed online survey, respondents were asked in detail about brands, experiences and other relevant topics. A total of 3,007 consumers was interviewed throughout the spring of 2018. The respondents have been carefully selected in order to yield a sample that is nationally representative of Hungarian customers based on sex, age, income and a wide variety of other factors.

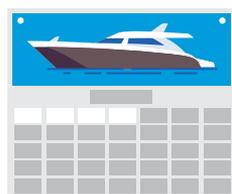
Respondents were only given questions for brands with which an interaction had occurred within the preceding six months. An interaction is

defined as making a purchase, using the companies' products and services, contacting a company with a query, or even browsing their website.

Based on the answers of these 3,007 respondents and a total of 33,878 brand evaluations, a Customer Experience Excellence score is calculated. Brands that did not gather at least 100 individual brand evaluations were not given a score.

The Customer Experience Excellence score is then derived for each brand via a weighted average of the brand's score for each of Six Pillars of Customer Experience.

The Six Pillars of Customer Experience are invaluable as a business tool. Not only does this tool help companies identify which areas to focus on in order to drive advocacy and loyalty, but those brands that understand and deliver against the Six Pillars of Customer Experience have proven to reach better economic outcomes, achieve faster growth, and create greater shareholder value.



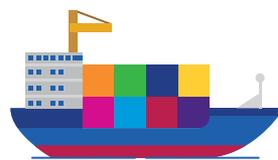
Research conducted in
March 2018



Surveyed over
3000
respondents



2,300+
detailed brand
reviews



Consumer insights gathered across
8 industries



2+ million
individual
B2C and B2B
evaluations



Coverage of
17 markets on
4 continents



8 years of
ongoing
research

The Six Pillars of Customer Experience



Personalization

Using individualized attention to drive emotional connection.



Integrity

Being trustworthy and engendering trust.



Expectations

Managing, meeting and exceeding customer expectations.



Resolution

Turning a poor experience into a great one.



Time & Effort

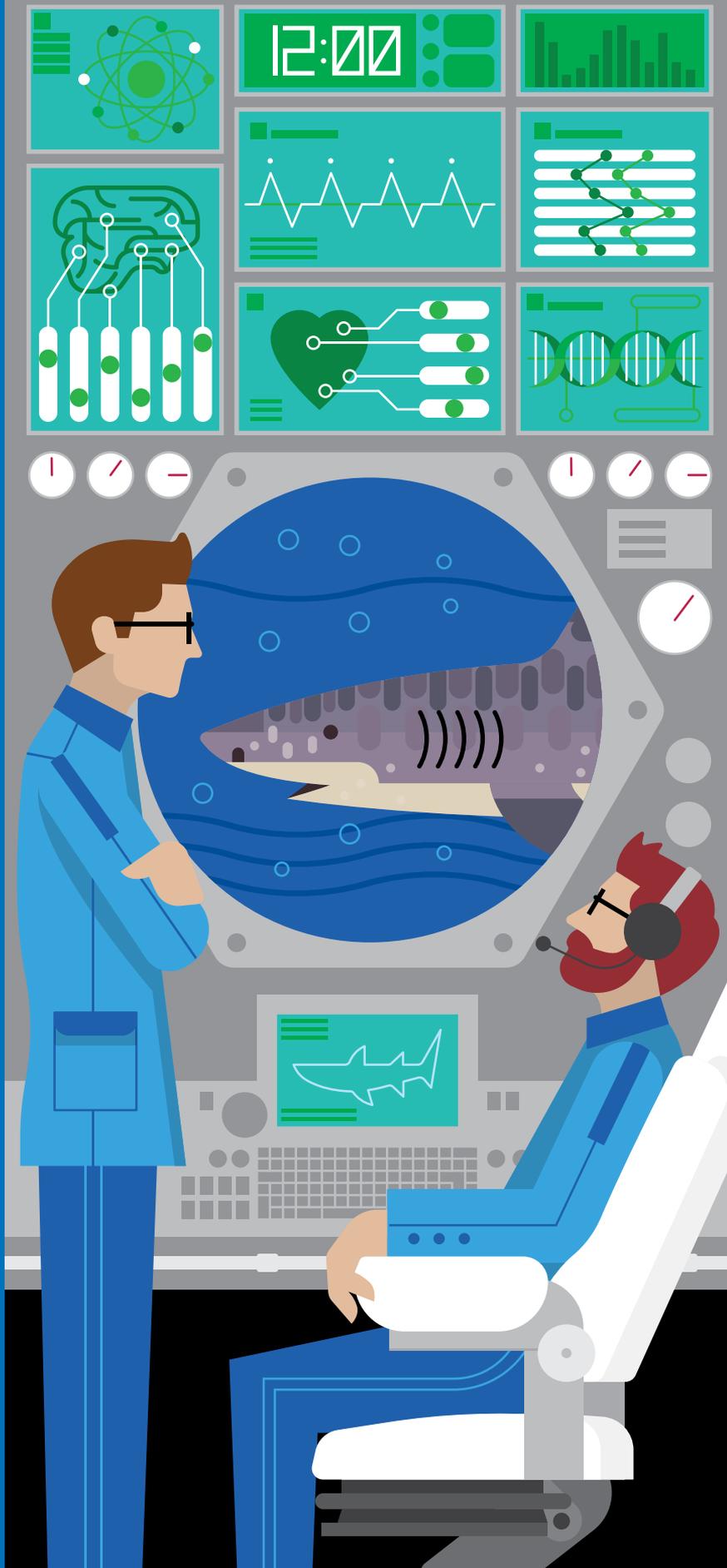
Minimizing customer effort and creating frictionless processes.



Empathy

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





Wind in the sails

The Six Pillars of Customer Experience

The KPMG Customer Experience Excellence Centre, through nearly a decade of ongoing research and a proven methodology, has identified the six underlying and principal components of every great customer experience – these are the Six Pillars of Customer Experience.

Previous explanations of customer experience only floated around, describing what a successful and leading customer experience looked like, without supporting organizations in grasping the concept of a good customer experience. Thus, the Six Pillars of Customer Experience model was developed to provide a quantifiable, precise, and usable definition of the kind of emotional outcome a successful experience needed to deliver. They are inextricably intertwined, and when combined, provide a compelling mechanism for viewing how well customer experience is delivered across channels, industries and company types.

These pillars provide a powerful complement to traditional ways of describing and understanding customer best practices, and offer executives the possibility to compare their organizations' to best practice customer journeys, and emerging trends of the globe. Companies that master the Six Pillars of Customer Experience and deliver a relentless customer experience see enhanced commercial success



Expectations

Customers have an idea how their needs will be met, and these anticipations are increasingly set by the best experiences of the best brands they have encountered. Knowing about these expectations, understanding, meeting, and if possible, steering and exceeding them, are crucial skills for outstanding organizations. Some of the companies set expectations through statements of clear intent (e.g. never knowingly undersold), others set expectations accurately (e.g. delivery within 60 minutes). Exceeding these promises leaves customers delighted, and with a positive experience.



Personalization

Getting to know the customer profoundly, spreading the knowledge across the business, and applying it each time the customer is present is a key component of most experiences. Personalization involves demonstrating that you understand the customer's specific circumstances and will adjust the experience accordingly. Comprehending the customers' specific needs and adapting to them, knowing customers' names, preferences, and using individualized attention and knowledge of the person, no matter whether online or offline, all help the company to build an experience that feels personal, and an emotional connection to the brand.



Time & Effort

Time is a valuable resource for customers, and for this reason, they are increasingly eager to look for instant gratification. Removing unnecessary obstacles, impediments and bureaucracy to create a seamless process and enable the customer to solve their problem quickly and easily have been shown to increase loyalty. By proving to the customer that the company values their time, how it is spent, and what is given in return, organizations can use time as a source of competitive advantage. Equally, there are clear cost advantages to saving time, as long as the other pillars are not compromised.



Integrity

Integrity comes from the organization's moral purpose and a consistent organizational behavior that reinforces the reason for being and demonstrates trustworthiness. There are trust-building events where organizations have the need to publicly react to a difficult situation, a crisis let alone, and trust building moments where individual actions by staff add up to create trust in the organization as a whole. For all customers, it is the degree to which the organization delivers on its promises and stays true to its values and customers that is consistently top of mind.



Resolution

Customer recovery is highly important. Even with the best processes and procedures, things will go wrong, mistakes can be made, and the company might fail to deliver on its promise. Great organizations have a process that not only puts the customer back in the position they should have been in as rapidly as possible, but also makes the customer feel really good about the experience. Acknowledging the fault, a sincere apology and acting with urgency are crucial elements of successful resolution, and turning a temporarily negative experience into a lasting positive impression.



Empathy

Empathy is the emotional capacity to show you understand and share someone else's feelings and experience. Empathy-creating behaviors are central to establishing a strong relationship and involve reflecting back to the customer that you know how they feel; then going that one extra step because you understand how they feel. Showing that the organization cares about the customer in a way that also transfers the values and passion is key to building rapport with the customer, and doing so creates a great and memorable experience.



On high seas

Hungarian consumer markets overview

Hungarian consumers, their consumption habits and the entire consumer market are all undergoing a swift transformation. An improved economy and a brighter outlook make for more shopping, more interactions with brands, and a competitive landscape, which puts the customer at the helm.

It has never been so good to be a customer in Hungary, and recent developments, disruptive trends and innovations have all been empowering individuals seeking products and services. Thirty years in the making, consumers are getting more self-conscious, trying to make better decisions, pursuing a good experience – a long journey from the recent past: choosing between one company, or one store where people could shop for something. Not only to win, but also to keep the customer, and shine in such an environment will be no smooth sailing process for companies.

Thirty years in the making, consumers are getting more self-conscious, trying to make better decisions, pursuing a good experience – a long journey from the recent past: choosing between one company, or one store where people could shop for something.

However, it can be observed that consumers' wallets are what fuels the ship. No matter how society and demographics change, this is visible from Baby Boomers to Generation Z, from West to East. Hand in hand with the far-reaching impact of the internet and the growth of online shopping, they give the consumer the possibility not only to gather information, review, and compare, but also to interact more with brands than ever before. Thus, a Hungarian consumer revolution is in the making. As a consequence, more and more emphasis is being put on the overall experience, which, in turn, will result in customers becoming more irrational in their choices, breaking away from a price-centric orientation.

Be that as it may, Hungary's consumer market is only at the beginning of its journey. Get in touch with a brand, and you will receive an experience,

which, in turn, will shape the way customers think about that brand. Currently it is less about consciously looking for the specific company and the entire experience, and more about the moment. When talking about customer experience, customers only appreciate a snapshot of the interaction. No matter whether great or bad, their mind gets anchored to this memory, and will influence their attitude towards the brand, possibly for months, if not years. Players on the market have been investing a lot in innovation and technology, introducing home delivery service or creating an app to get closer to the individual and tailor offerings to their needs. Nonetheless, if a customer was let down once, trust in the brand will quickly dissolve, and the customer will be keen on finding an alternative. Yet, understanding the customer, having a human touch with them, and leaving a lasting, positive impression can lead to a decisive change – the price tag will not prove to be as crucial any more.

Get in touch with a brand, and you will receive an experience, which, in turn, will shape the way customers think about that brand.

In every sector, in every interaction with a brand, Hungarian consumers will remember that one outstanding moment – the anchor moment. Brands mastering the art of a great customer experience can take the wind out of their competitors' sails, win their customers' hearts, and last but not least, perform better financially.

In every sector, in every interaction with a brand, Hungarian consumers will remember that one outstanding moment – the anchor moment.

Detailed weather charts

Customer experience analysis by sector



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Non-grocery retail



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Utilities

Non-grocery retail

“

For me, it is definitively a positive thing if a company proclaims that there is a problem with one of its products, publicly declares it, and recalls it from consumers. That is when I trust them more, since I know that they will inform me if there's an issue with any of my purchases.

”

(Female, 32, Central Hungary)

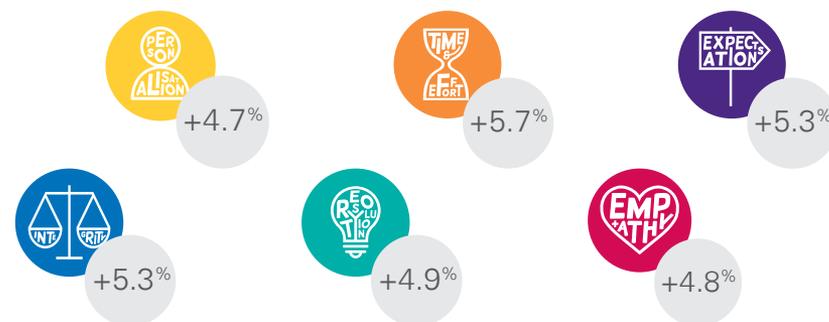


Non-grocery retail encompasses a wide variety of different products and services, perhaps the most extensive variety of all industries. As such, customer experiences are distinctly different for various products and services purchased that yield no clear frontrunner.

Based on the results, brick-and-mortar retail still retains an important role within the preferences of Hungarian consumers, however it is also clear that consumer decisions are becoming more informed and are spread across multiple channels such as online. With the number of channels used by customers growing, providing a consistently positive customer experience is becoming a challenge for many retailers on the market. The challenges faced are reflected in our results, with retailers who do not measure up to expectations being strongly downgraded in the survey.

The non-grocery retail sector is the most heavily represented industry within the 50 best customer experience brands. Companies strong in online and offline presence are setting the pace for best-in-class retail customer experience. As a general observation, it is still true for consumers that quality and value have to be on par with each other – success in the sector cannot be achieved without offering a consistent and flawless experience across the whole value chain. Integrity has to be a focal point for brands in the forthcoming period, since a high level of trust must be achieved with customers as more and more transactions move online. It is a necessity, and makes for a solid foundation for a great customer experience. Non-grocery retail delivers the strongest performance in Hungary across all Six Pillars of Customer Experience. Mastering all of the Six Pillars of Customer Experience, especially Resolution and Time & Effort, is key to standing out in such an intense and colorful competitive landscape.

Non grocery retail vs. market average



Compared to the Hungarian market average, non-grocery retailers generally performed best in regards to Time & Effort, and managing Expectations and building trust with Integrity were similarly essential. However, firms might figure out how to tailor their offerings and be more understanding of customers' feelings to reach even better results.



“

It is a great brand. It has a wide range, and employees are always helpful. I only shop at companies which I trust.

”

(Male, 31, Rural Hungary)

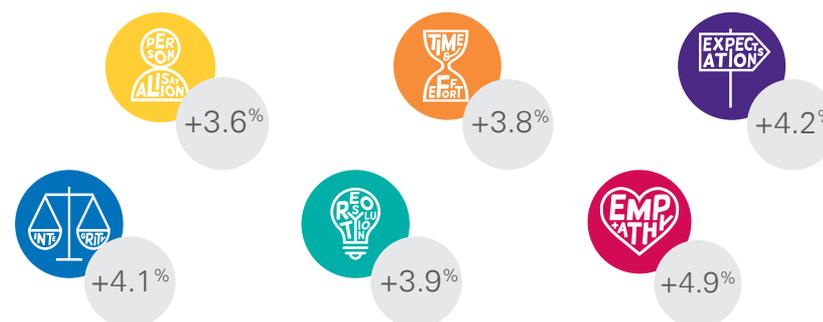


Grocery retail

As brands are a part of our everyday life, there is no margin for error if they are aiming to perform well. The grocery retail environment is rapidly changing, and companies are trying to stay ahead via continuous innovation of their business models as well as the experience they provide consumers. A recent major transformative shake-up for market players was the introduction of online shopping and home delivery, both of which resulted in challenges for grocery retailers and a novelty for customers. A better macroeconomic landscape, as well as low exit and entry barriers for consumers are driving such investments and developments. Discounters and traditional grocers feature most prominently here.

Grocery retailers make a strong showing in the list of 50 best customer experience brands. Even though this sector scored second highest in all of the Six Pillars of Customer Experience, players are facing similar challenges and trends as in many other industries. Perceived value and price are still a major influencer upon buyer sentiment and form the very nature of customers' experiences, to the greatest extent among all industries. According to survey results, trust in the offerings of the company and a high Integrity score comprise a substantial part of customer experience. A smooth shopping encounter entails customers feeling their time is respected, and not wasted in queuing for every matter. However, there are two areas brands should aim for if they want to turn a 'must-do' into a 'like-to': a personal, good relationship with the customer, and a sincere answer to mistakes made by the firm or the customer.

Grocery retail vs. market average



Grocers, as compared to the whole sample, reached their best results where the Hungarian market lags behind the most – being empathic. They also over perform in satisfying customers' expectations, but fail to do so when it comes to the most important pillar for Hungarian consumers, Personalization.



“

I can only recommend this bank to everyone. The convenience, the customer-friendly setting awaiting the person are exemplary. The user-friendly online platform, where all services are available, makes banking a lot easier. Choosing the right current account, they prudently asked about my habits, and so we managed to pick the best fitting account.

”

(Male, 23, Southern Hungary)

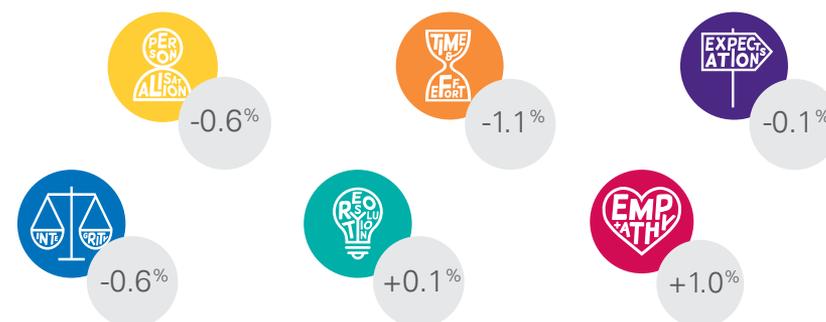


Financial services

Financial services is traditionally one of the hardest sectors to initiate change, modify perceptions, and mitigate bad practices. A highly regulated and saturated market with an extensive choice of brands, this industry occupies a special place among consumers, because they have to offer reliable, transparent and trustworthy finance services. Currently, we are seeing stiff competition vying for the management of the growing pocketbooks of consumers. Hence most of the industry's players view innovation as a tool for achieving a competitive edge – with online services in the spotlight. These businesses' main goal is to improve customer relationship and experience, quickly reacting to and adopting global technology.

It seems that despite their efforts to customize and personalize products and experiences, financial institutions have failed to capitalize on new trends and disruptive opportunities – or failed to reach a critical mass. Ten years after the start of the financial crisis, its impact and a resulting skepticism of banks remains. If the foundations of a good customer relationship and experience are not based on solid foundations – as relatively low individual Integrity and Expectations scores indicate – any other efforts cannot make a huge impact on consumers' attitudes. Slow operations, a general lack of trust, or even some hostility against processes and employees, and a top performer within the financial services industry ranked as 30th, all show that further attention should be paid to building a more customer-oriented brand.

Financial services vs. market average



The results of the financial services sector reveal a mixed picture. Compared with the overall average, firms excelled at building a better connection to their customers, but in order to leap forward, they must prioritize looking into creating time-efficient processes and putting more emphasis on increasing trust.

“

I had good encounters with the brand, which always delivered on its promises, was easy to deal with, and offered acceptable prices: so far, it has never let me down.

”

(Female, 51, Central Hungary)

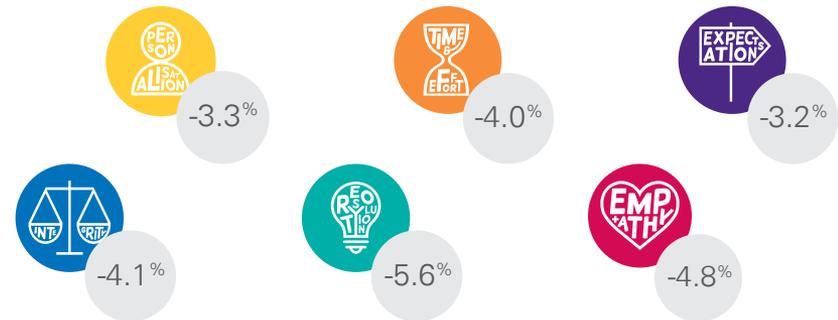


Travel & hotels

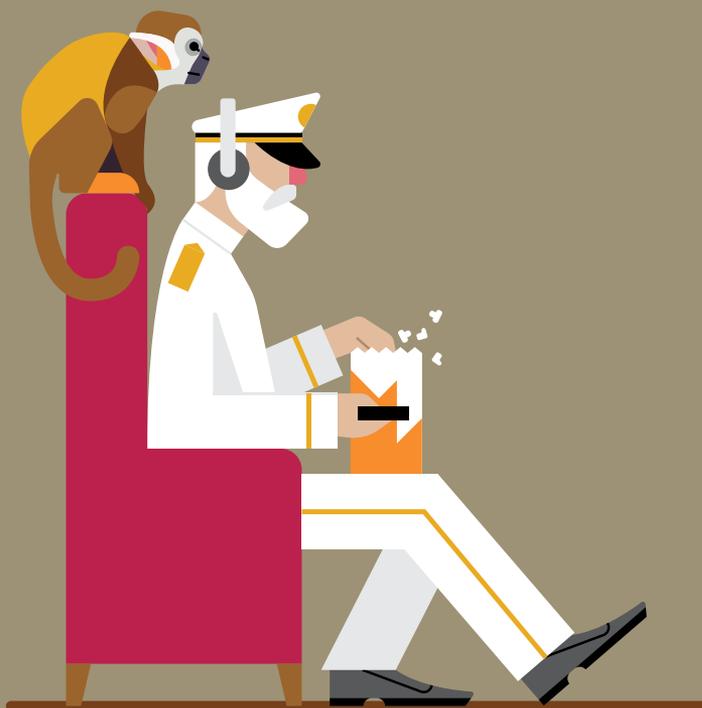
Consumers want simplicity, flexibility, and their expectations met in their interactions with brands. To answer the call, industry players are striving to take advantage of the opportunities new technologies present, in order to decrease the effort customers have to make, and to be able to create more personalized offers.

In terms of sector performance, results are mixed. A clear distinction between, and separation of, accommodation-related brands must be made – thought of as a delightful customer journey, and travel corporations, judged by the “must” nature of travelling, since there is a significant contrast in customer experience scores. On the brighter side, both sub-sectors excel in adjusting the experience relative to the individual, and creating seamless processes for consumers, thanks to investments into equipment, and improving online presence. Expectations is an area where a huge lag can be seen. If the customer stays, their expectations are usually set higher and more than fulfilled, however, the anticipated experience while on the move is doubtful. To begin with, both sub-sectors require a boost to Integrity and quality of core operations. Hotels can improve their customer experiences if they find the means to ensure that any promise made will be delivered upon. Transport companies are expected to benefit from modernizing their fleets and infrastructure, resulting in an improved customer experience.

Travel & hotels vs. market average



Travel & hotels brands, which are fewer in Hungary, bear some weaknesses nationally, but bear the potential for improvement in the future. Even so, market players made a good showing in terms of Personalization, and were good at managing expectations (as reflected in that score).



“

They are fair and provided the exact service they advertised.

”

(Male, 28, Western Hungary)



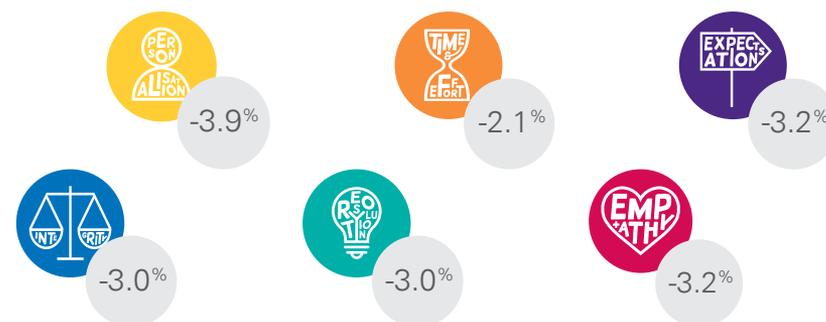
Entertainment & leisure

The Entertainment & Leisure sector, focused on the spending of one's free time, offers a wide range of choice, and there is stiff competition among its players. Although, as the quality of service offerings bears the greatest weight, it is hard to satisfy the individual needs on the market, and tough to build a close and personal relationship with customers. In recent times, the sector's focus has been trained on finding ways to enhance customer service and the user experience, either by innovating mainly through online channels, personalizing the consumption of media content or the purchasing process, or by upgrading the quality of those channels through which consumers get into contact with the brand, online or offline. These approaches have been crucial, given that a fierce struggle is underway for attracting consumers, since there are relatively low barriers to entry in the broadly viewed market, with disruptive new market entrants adding further competitive pressures.

It has come as no surprise that despite entertainment brands having made tremendous efforts to increase their appeal, it is still hard for them to reach out to and address individual consumers. Yet, consumers do value the ease of dealing with these companies, and perceive purchasing from and contacting them an effective use of their time. Meanwhile, survey participants tell us that Integrity plays a critical role in forming the customer's (or viewer's) experience. Fulfilling customer expectations from a media content point of view, or delivering the promised service at the promised price, are all points of view consumers subconsciously consider at the moment of first contact. Moreover, finding the best way to personalize the message and offering by improving insights into customers'

preferences, and raising and meeting expectations will emerge as subsequent steps in improving the performance of the sector, and especially for broadcasting channels/services. Finally, while the sector achieved its lowest scores for Empathy, this suggests that the brands could find ways to differentiate themselves better by demonstrating that they care about their individual customers.

Entertainment & leisure vs. market average



The Entertainment & leisure scene in Hungary achieved well-balanced scores, as they are valued by customers for being easy to deal with, but the industry is still overshadowed by the fact that companies are missing out on a critical area: the customization and tailoring of services to individuals' needs and wishes.



“

The newly introduced self-service touch screen ordering is superb. There is no nudging, (i.e. 'Quickly, what do you want?'), because someone is already growling behind you. It really is awesome.

”

(Female, 20, Central Hungary)



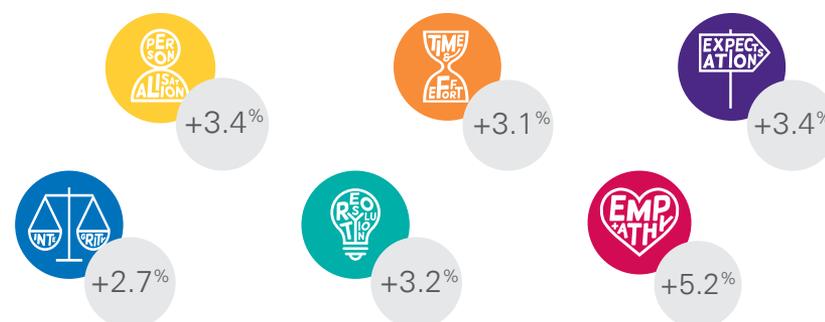
Restaurants & fast food

Recent market and consumption developments have been mixed, especially concerning fast food brands. On the one hand, consumers are turning towards quicker and more convenient ways to eat out, resulting in the increasing popularity of traditional fast food chains. On the other hand, specialties are becoming more in demand, such as street food, but as brands, they are mostly unknown. In contrast, premier fine dining restaurants, which only target a smaller audience instead of the masses, offer a well-established customer experience, competing on a differentiation basis. While fast food brands are trying to stay ahead with technological advancements, such as introducing apps or home delivery, restaurants are mainly improving the overall excellence and exclusivity of their services.

Based on customer experience performance, the results should be considered from two aspects. In general, they perform best when it comes to Personalization and Time and Effort, although they should put more emphasis on always exceeding expectations, and showing more understanding and empathy towards the customer.

Establishing a good reputation and expressing compassion towards customers were the major virtues of Restaurants & fast food in Hungary, scoring higher in general than the Hungarian market average, although people did not completely perceive the Integrity of these brands to be up to par with other aspects or pillars, thus that could be key to further revamping customer experience in this industry.

Restaurant & fast food vs. market average





Telecoms

“

I love them, as an age-old customer. You can discuss everything with them – they are willing, helpful and fair. I would never change service providers, because it is simply perfect!

”

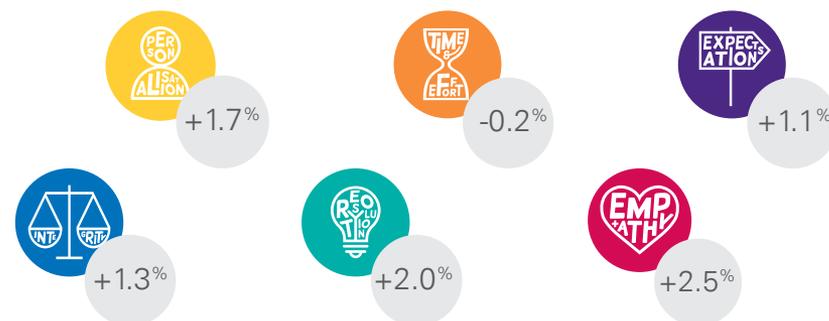
(Female, 58, Western Hungary)



Operating in one of today's hottest industries, telecommunications firms are facing constant change and a challenge to their revenue models, as customers are moving from traditional calls and messaging to data-driven communication and content consumption. Owing to the fact that the Hungarian market is highly saturated, rivalry is intense, making constant innovation essential. Apart from constantly improving and extending the core service, or introducing unlimited mobile packages and service bundles, more and more emphasis is being put on the customer and his/her experience, with an unconventional store layout or smooth problem-solving service. With buzzwords such as the "Internet of Things" considered as a building block of the future, it is always at the center of attention. Even though it is a homogeneous sector, with a similar playing field and products and services, there are more wireless-focused brands, and brands that also offer cable products.

In terms of customer experience excellence, scores are solid, but not outstanding compared with that of other sectors. Telecommunication services are slowly transforming into becoming basic needs, so, consequently, brands have to handle the most pressing areas with care, especially and crucially responding to any problem, and dealing with loyalty terms. Personalization and Empathy results among Hungarian consumers are fairly strong, which shows the importance of being flexible to react to customers' wishes, and coming up with various options to meet any and every demand and budget. However, players should act on developing expectations, since a previous bad customer experience may endure, no matter which brand it can be linked to, whether it happened only once, or happens regularly. Furthermore, Time & Effort is another area where more attention will be beneficial, as customers value if it is easy to deal with the business and the ability to solve any issue. Thus, a great competitive advantage is achievable, if consumers receive well-aligned and consistent processes through any channel.

Telecoms vs. market average



Results from telecom brands were a mixed bag, being above the national averages with respect to all but one of the Six Pillars of Customer Experience. Even though consumers sense that their interactions with the brands are inefficient, they think highly of the ways mistakes are handled, and how their worries are addressed.

“

Once I visited them, because I didn't understand their letter. I had to wait a bit, but a kind employee showed me in at last, explaining everything to me in detail – without being condescending. I really liked how they addressed my problem, despite the waiting.

”

(Female, 61, Central Hungary)



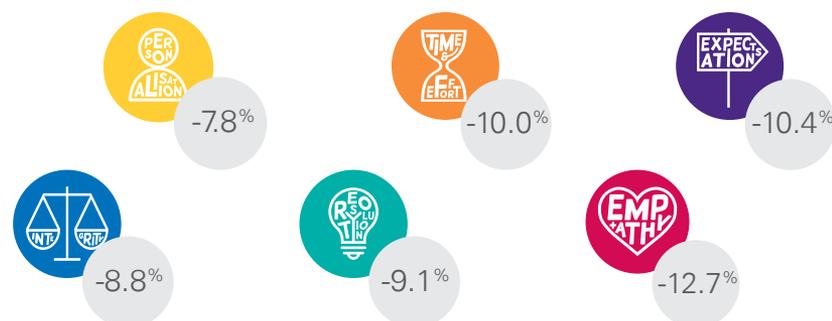
Utilities

Utilities is a sector which is traditionally monopolistic, and where consumers are usually more concerned about security of supply and cost than brand or customer experience. They are public companies, and have very limited competition among the different service lines, such as electricity or water. Recent shifts on the market (e.g. mergers, reorganizations) resulted in new entities creating waves on the still water. Since then, players have been putting more emphasis on including a bit of a human touch in customer-related processes, but by and large their current focus is more on modernizing and trying not to lag behind new technologies, and building trust among consumers. Amongst the brands are regional commodity providers or national specialized service providers (e.g. natural gas).

According to our results, none of the utilities brands were able to enter the top 50 ranking, meaning it performed the worst among the sectors included in our survey. One of the overall characteristics of the sector, namely the limited availability of competitors in most regions, leaves its mark on the scores. Consumers expressed how the lack of choice affects their experience, and their attitude towards every brand, despite the progress players have made in two areas. The sector reached its highest score for Personalization, which shows how the customer is gaining ground, and receiving more attention. Even so, relatively low Empathy scores imply that as the relevance of this trend will increase, with more individual attention will come more understanding of the customer. The industry's second strength proves that dealing with problems is becoming easier as

companies are relentlessly making an effort to find a way around problems. One factor making waves for the sector is the feeling among consumers that utilities are wasting their time, due to their rigidity in almost every possible situation and process. If brands can direct themselves to address these issues, they will be able to deliver better customer experience.

Utilities vs. market average



Utilities have a great potential for improving customer experience, since their results lag behind the Hungarian average. They have the ability to personalize encounters with customers and products, but will have to find ways to build more humane relations, and exceed expectations.

At close quarters

Case studies

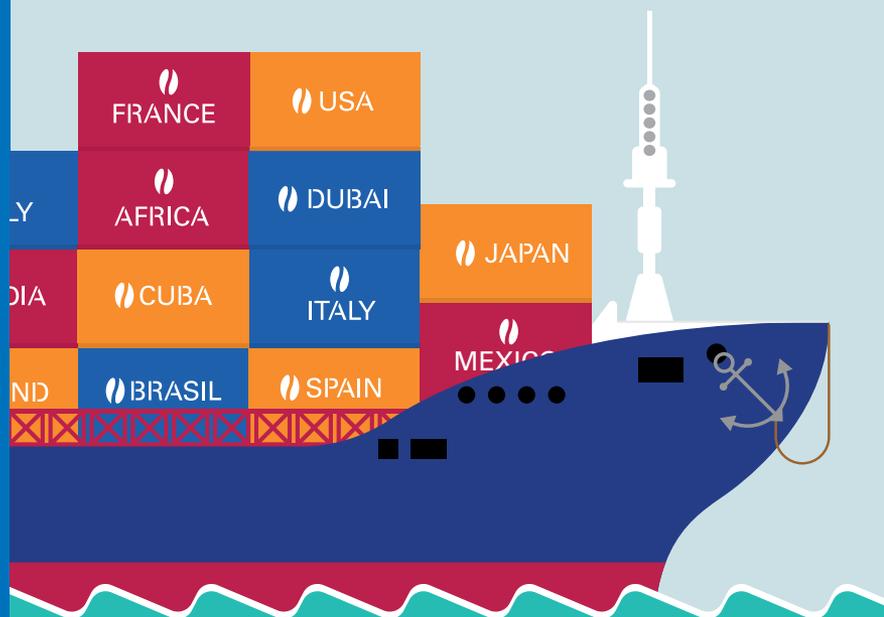
Customer experience is unique for each customer, brand and interaction. However, by employing the Six Pillars of Customer Experience the key ingredients for an outstanding customer experience may be mapped out and applied to other industries. To this end, the five brands that provide the most outstanding customer experience based on the results of the survey are presented in detail. Both quantitative and qualitative results have been included in reviewing interactions; the most important elements have been highlighted to provide insights into delivering outstanding and memorable moments for customers.





1 CAFE FREI

 Restaurants & fast food



This coffee shop chain was founded by two friends, a former TV personality and author Tamás Frei and food industry entrepreneur Tamás Langár, who shared a vision for serving specialty brews from across the world. The coffee store chain has been operating since 2007, and has since grown into a franchise of 41 coffee stores in six countries.

True to its vision, the chain offers a taste of coffees sourced from around the world, a notion that has been capitalized on over the years. Customers are presented with a vast selection of coffee beans, brews and hot drinks alongside additional seasonal specialties.

Besides a wide selection of coffees, CAFE FREI places special emphasis on distributing information to its customers about the available blends, coffees and regions in a wide variety of offline and online platforms. These elements further add to delivering an experience that is unlike that of other coffee houses – which is most likely the key driver for this business in its delivery of outstanding customer experiences.

The layout/adds of the coffee shops also add to delivering a consistently outstanding customer experience: cozy settings with thematically designed elements that further add to the international flavour of the coffee cultures represented.

The Six Pillars: scores vs. industry average



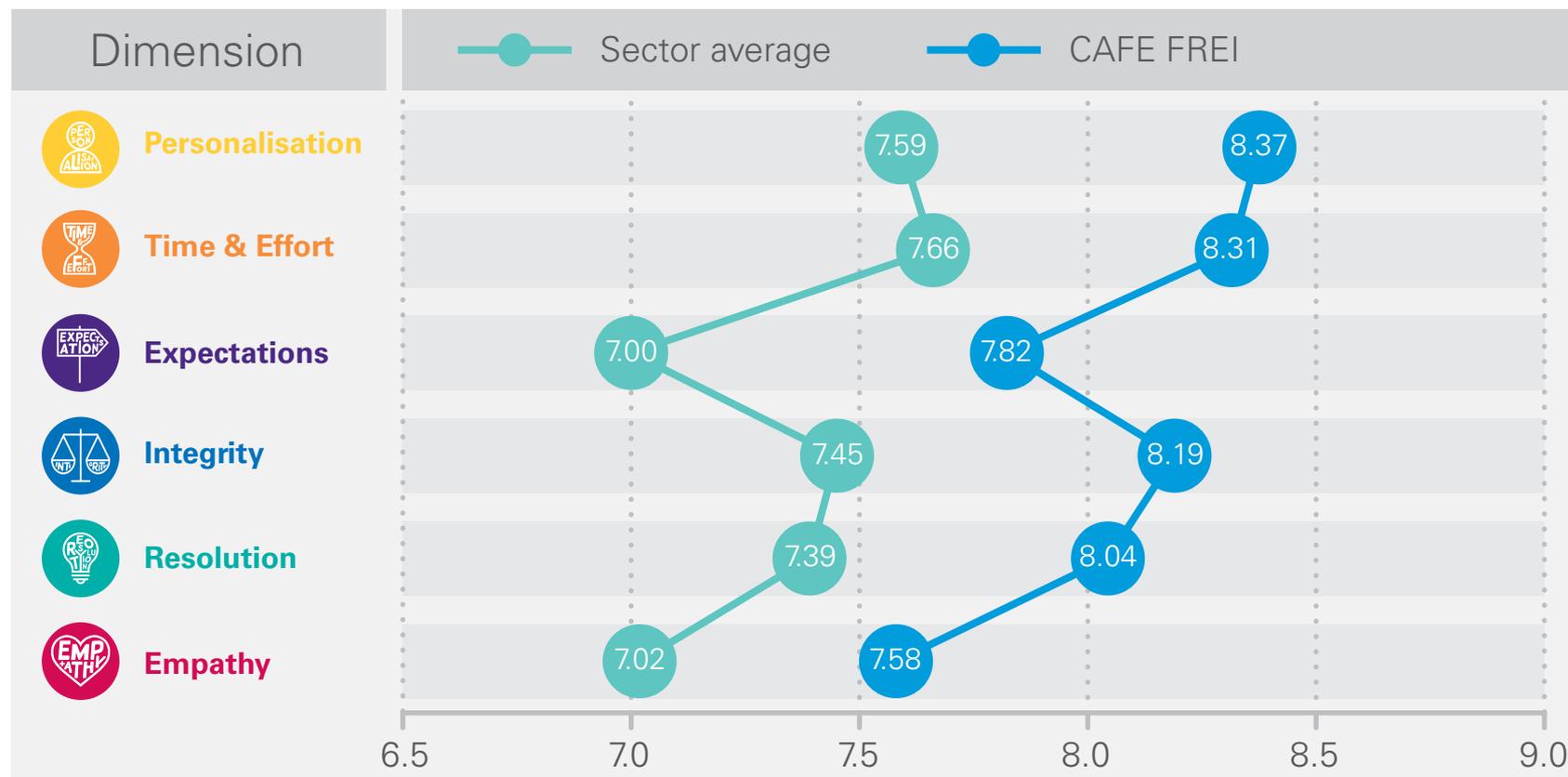
“
A pleasant, cozy place whose atmosphere is worth the price. With the wide array of choices, you can always try some new coffee creation. That’s why I love it and go there often with friends.
 ”

(Female, 21, Central Hungary)

“
My favorite cafe. I love that it always has some specialties to taste. I recently tried some peachy-flavored coffee. It was delicious!
 ”

(Male, 49, Western Hungary)

The Six Pillars: Scores vs. sector average



2 Bookline

 Non-grocery retail

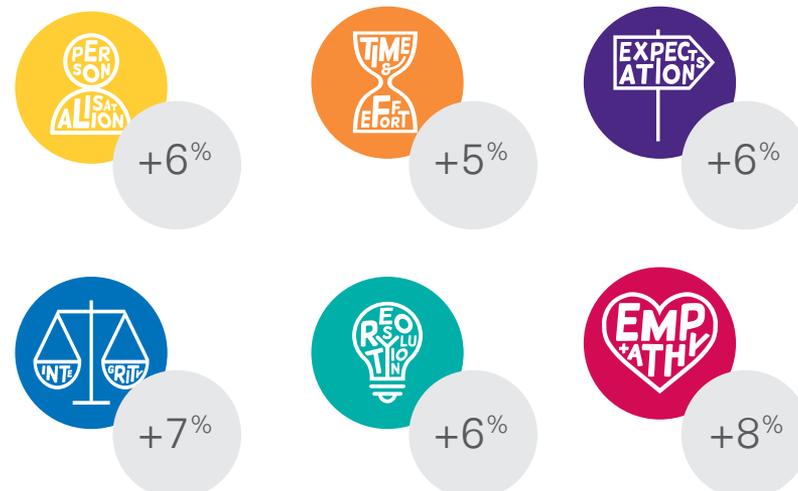


Bookline is a Hungarian webshop, which offers books, movies and music to its customers. Bookline currently has six business lines: books, antique books, e-books, foreign language books, music and movies. Bookline is also present on the Slovak and Romanian markets besides Hungary, with over 1.2 million registered users, making it one of the largest online merchants in the region.

With an innovative, youthful and book-loving image, the main goal of Bookline is to reach the widest domestic audience. The trend-making concept of the brand is strengthened by regular read-only and community-building campaigns as well as offline solutions such as Bookline Books, Bookline Bus, and Bookline Stores at multiple points of sale in Budapest.

Bookline places special emphasis on the development of its logistics and delivery services. By offering flexible delivery options and narrow delivery windows, customers feel their time is valued by the brand. This further adds to the ease of ordering from Bookline, as customers do not have to worry about inflexible delivery dates and times that do not fit their schedules.

The Six Pillars: scores vs. industry average



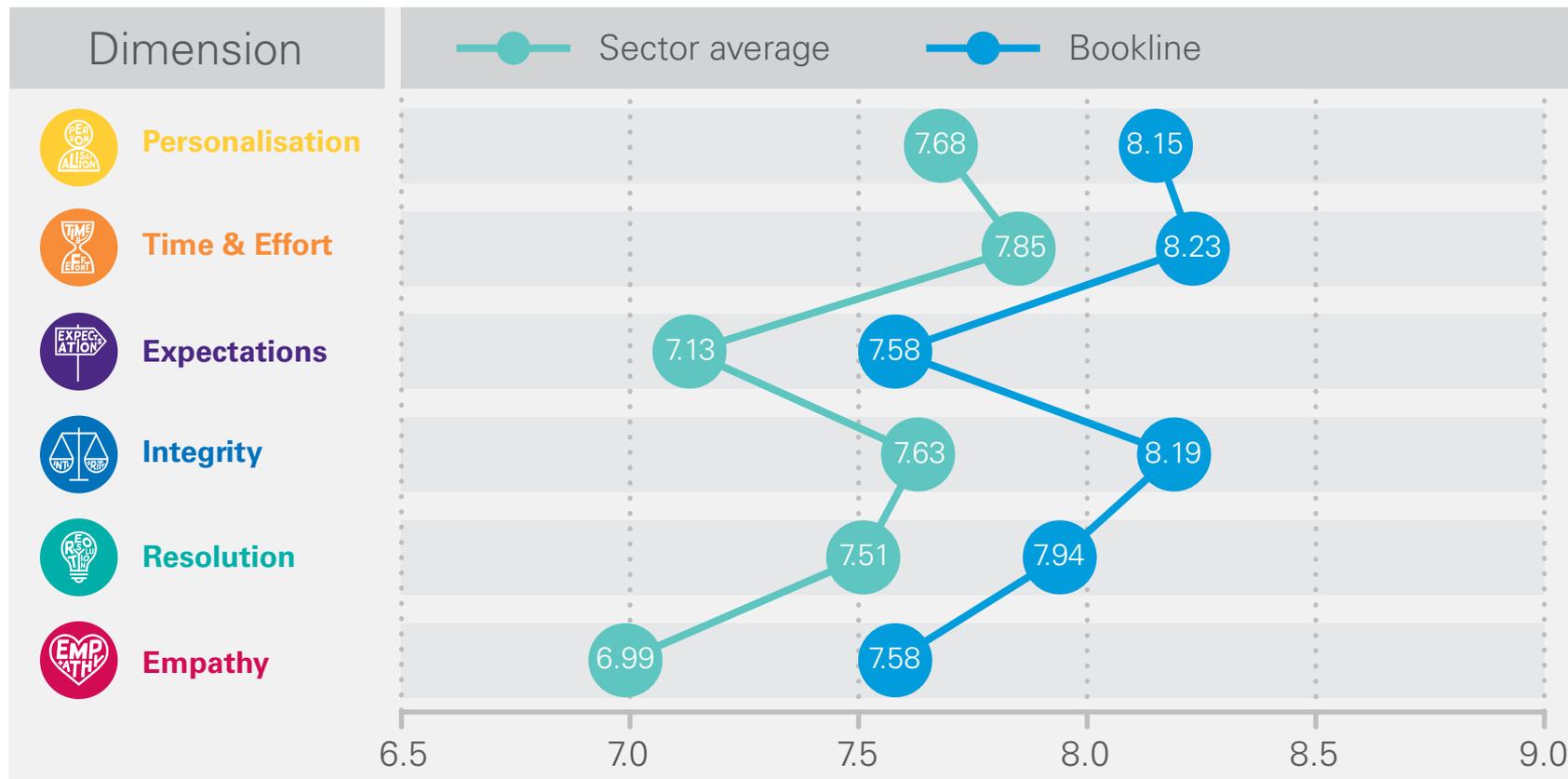
“
A great selection of books, fast, flexible and cheap administration, delivery. Sometimes I have found an item I'd been looking for for ages and managed to order it online. The well-established pick-up network is also beneficial. It is positive that books can be recorded, and the description of the existing selection is in all cases true.
 ”

(Male, 51, Central Hungary)

“
Through the Bookline I ordered a book that attracted my interest. I ordered it one night and I could have bought the book the next day at the given location. I liked their transparent website, favourable price, and I got my order quickly by picking it up.
 ”

(Female, 27, Central Hungary)

The Six Pillars: Scores vs. sector average



3 IKEA

 Non-grocery retail

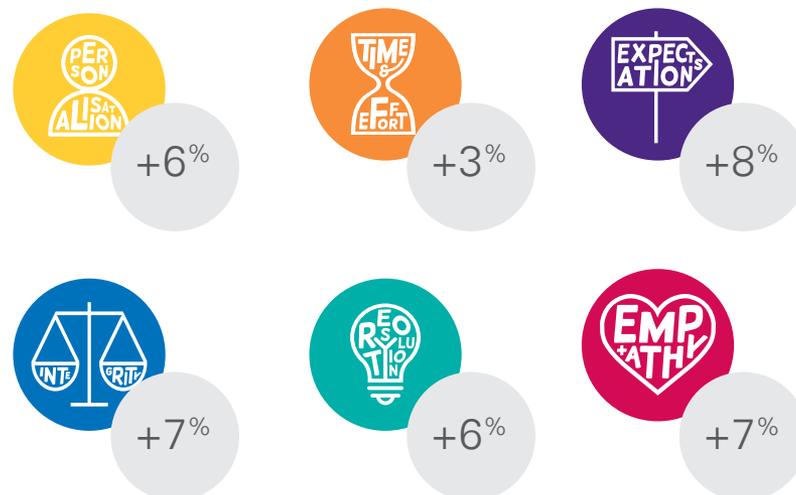


IKEA was founded in 1943 by the 17-year-old Ingvar Kamprad in Älmhult, Sweden. Initially IKEA's portfolio was limited to household goods such as pens, wallets and frames. Since then IKEA has grown to be a multinational franchise, while the design centre has remained in Älmhult, Sweden. IKEA established its presence on the Hungarian market in 1990, having grown to three stores.

IKEA's vision is to offer interior design products at affordable prices. They achieve this through the combination of function, quality, design and value of the products, while keeping sustainability in mind as well.

IKEA outperforms the industry average in all Six Pillars of Customer Experience, and receives the highest ratings for Integrity and Expectations. Providing ample customer parking (including for families and the disabled), IKEA's customers feel welcome. Going through it to shop is an adventure for the whole family - while parents browse the showroom, children are tended to at the in-store playground. The opportunity to have a meal together during shopping makes the customer experience even better. IKEA 365 gives customers the possibility of changing their minds about a product and returning it in case the product does not fit in their apartment or is damaged – a key element in its Resolution pillar. IKEA takes an ethically conscious approach in recalling faulty products. Putting emphasis on sustainability while customers buy new mattresses, IKEA purchases used ones for recycling.

The Six Pillars: scores vs. industry average



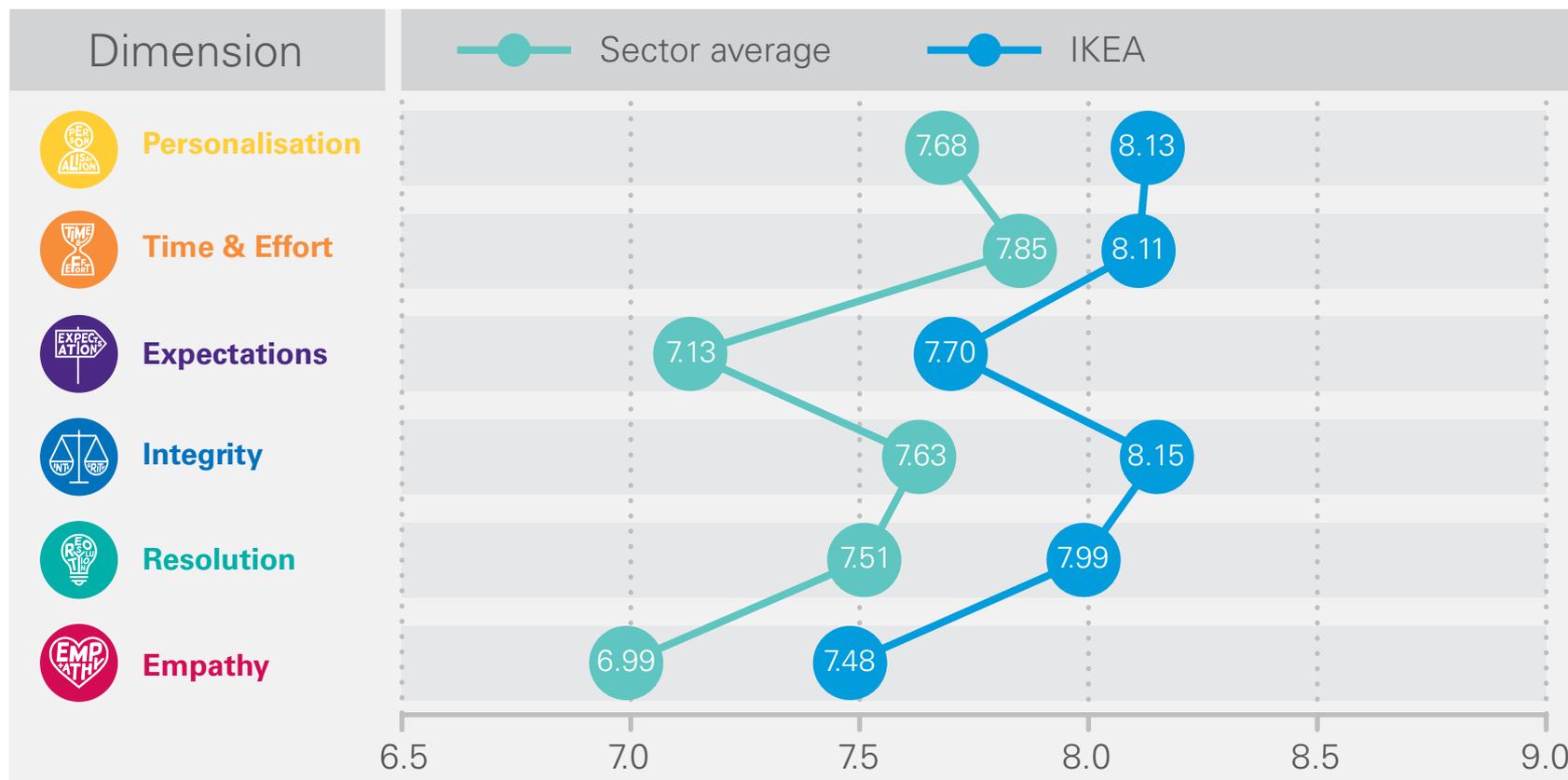
“
We redecorated our home a while ago and bought some products from IKEA. It is beyond comparison to other stores. Many of my friends go to IKEA as a free time activity.
 ”

(Female, 35, Central Hungary)

“
The shop assistants are very friendly, shopping is adventurous, and the opportunity for a meal brings back my childhood memories. Especially around the holidays, IKEA gives inspiration and ideas for presents.
 ”

(Female, 28, Southern Transdanubia)

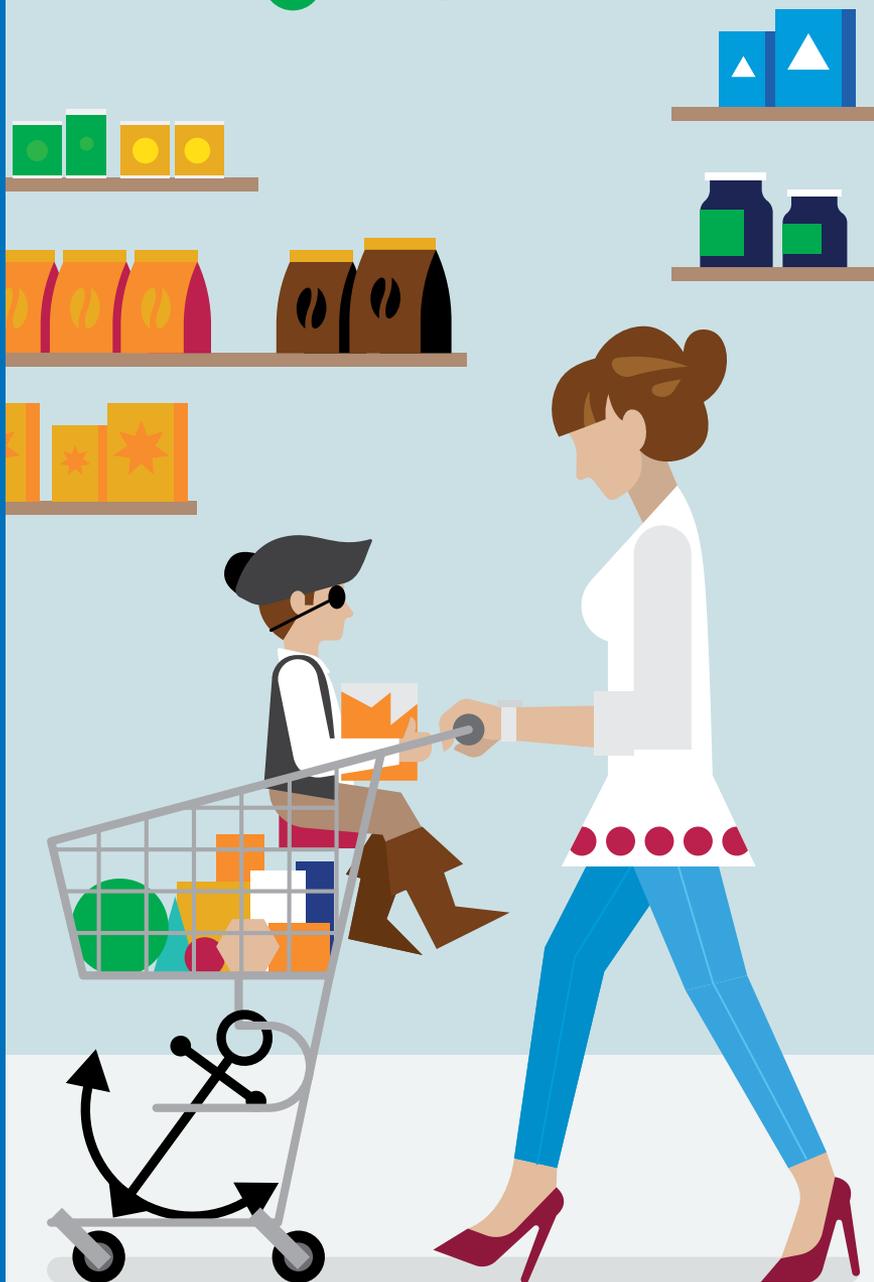
The Six Pillars: Scores vs. sector average



4 Lidl



Grocery retail



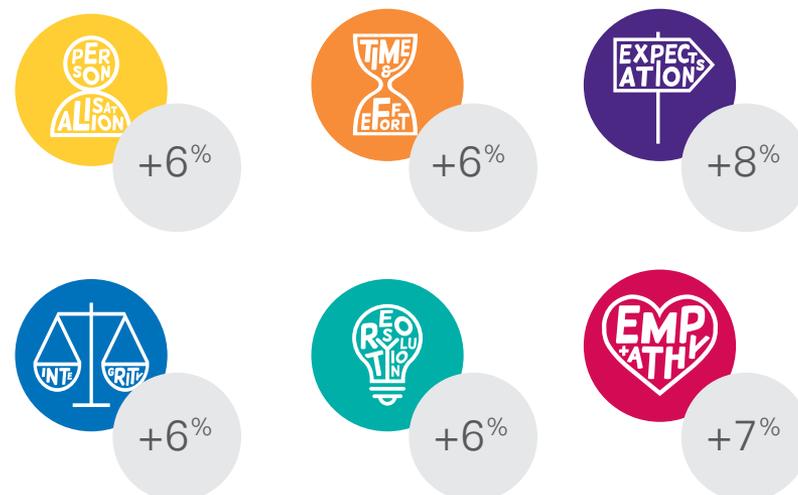
Lidl was founded in Germany in the 1930s as a grocery wholesaler. It started its expansion in Germany in the 1970s, internationally in the 1990s, and now they are present in almost every European country and growing to become a leading chain across the continent. Their presence in Hungary started in 2004 with 12 stores and a logistics centre. Today they have nearly 200 stores, three logistics centres and employ more than 4,000 people.

Lidl's results in all Six Pillars of Customer Experience exceed the industry average, having the highest scores in Expectations, Personalisation and Integrity. Through their philosophy of "Quality and fresh goods for the best price" they state their objective to procure goods from Hungarian suppliers and put them on the shelves of shops in other European countries as well.

Lidl offers a wide range of products, also featuring imported specialties. Besides grocery items, Lidl shoppers may purchase clothing and automotive products, which makes Personalization possible. If an item does not fit the customer, Lidl makes unconditional refunds. The customer service team gives smooth, fast and comprehensive support for customer inquiries.

Lidl's high scoring in the Integrity pillar is shown by its advertising activity as well: customers can find in the store what is in the advertisement for the same price it is promoted. As a part of its sustainability strategy, Lidl has removed disposable plastic plates, cups and straws from its shelves. In terms of the Empathy factor, the helpful approach of the chains shop assistants is highly appreciated by customers, e.g. escorting shoppers to what they may be looking for makes for a great shopping experience. The clear layout of the stores and good signage help customers find what they need in a short time. Lidl puts emphasis on shortening the queues at cashiers across its shops – an important driver for delivering excellence customer experience regarding Time & Effort.

The Six Pillars: scores vs. industry average



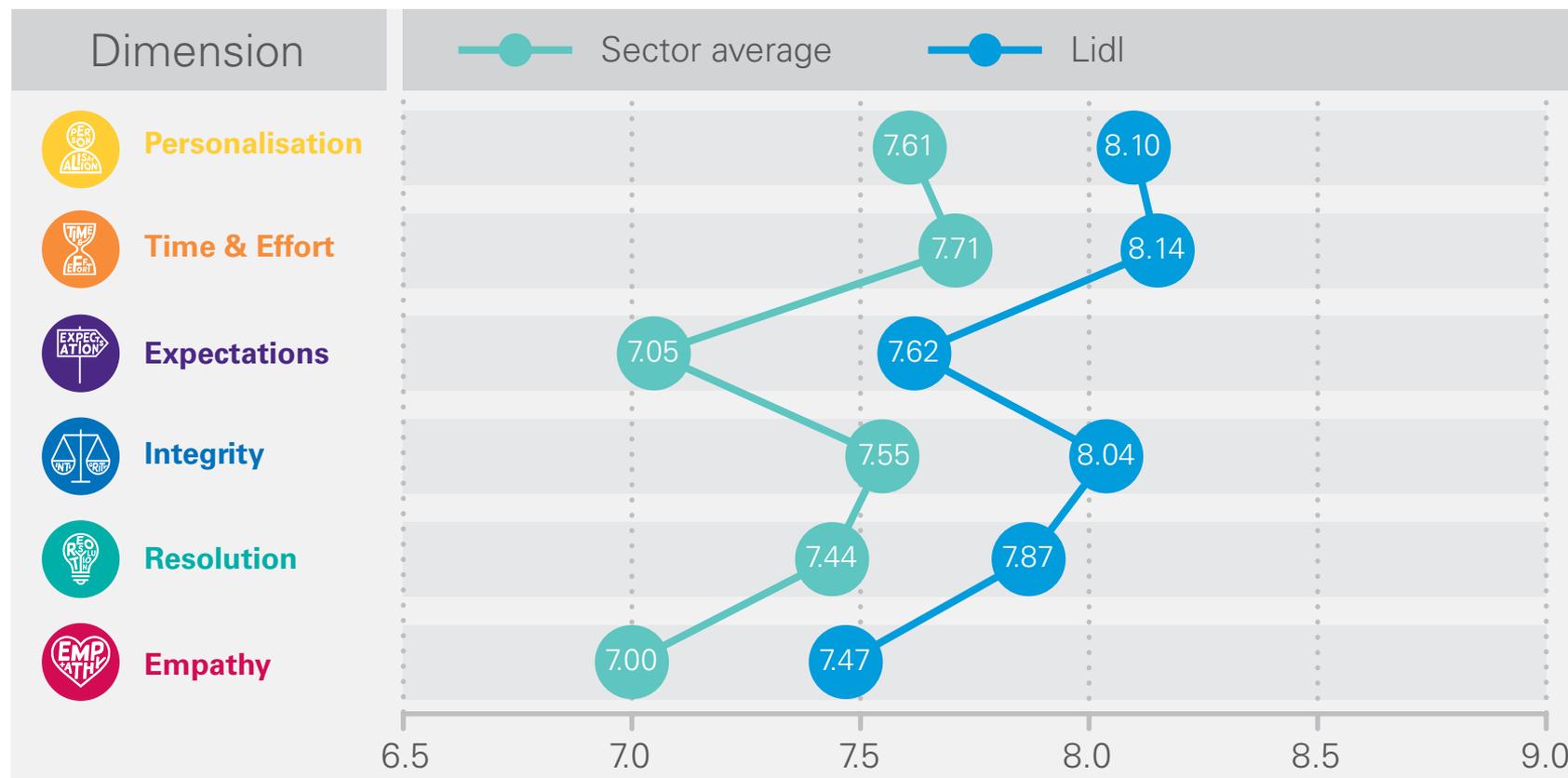
“
I have only had good experiences with Lidl. I always find fresh produce and even automotive products.
 ”

(Male, 52, Central Hungary)

“
I like Lidl because it has reasonable prices and I can taste fantastic foods from other countries.
 ”

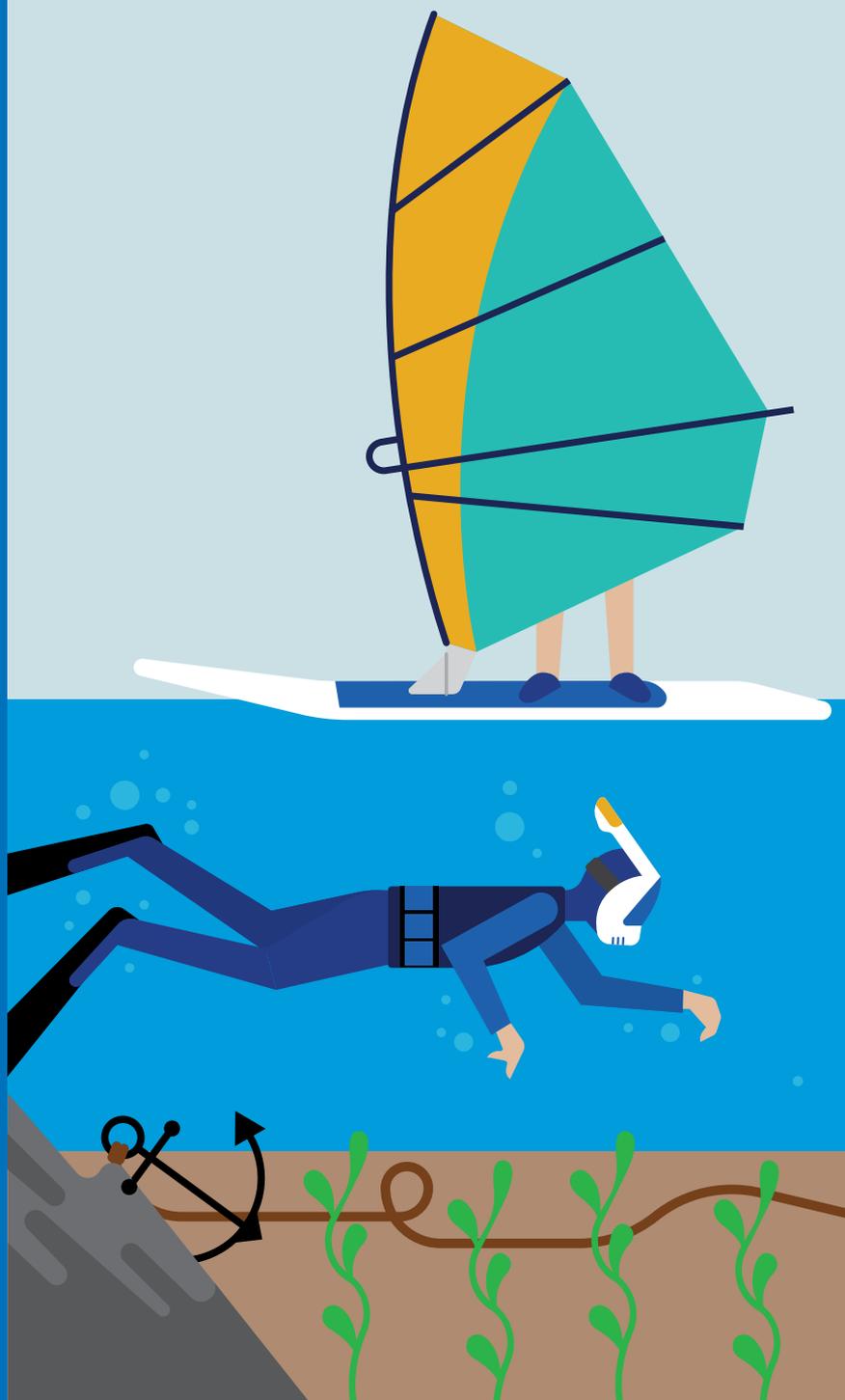
(Female, 49, Central Hungary)

The Six Pillars: Scores vs. sector average



5 Decathlon

 Non-grocery retail

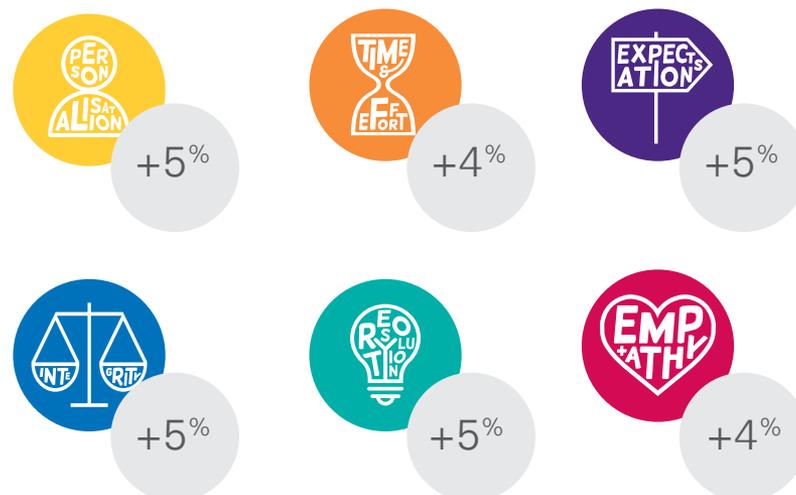


Decathlon was founded in France in 1976 and since then has opened stores in 45 countries. In Hungary, Decathlon established its presence in 2005, currently operating 24 outlets that offer products for 70 sports.

By providing an extensive selection of sports equipment, Decathlon offers everyone a fun experience walking through their store – children can ride bikes in the store, and it is possible to try out some other equipment in the store, too.

As part of the smart store concept, Decathlon built in digital devices to make customer experience better: with the help of a tablet people can ask shop assistants to bring them clothes in other sizes or colours to the fitting room. Smart mirrors make it possible to try on additional pieces of clothing at the same time. With their deep knowledge of the products and sports and their kind approach, shop assistants can help customers find the products that best meet their needs – and not just the product they were looking for, but also may suggest additional products.

The Six Pillars: scores vs. industry average



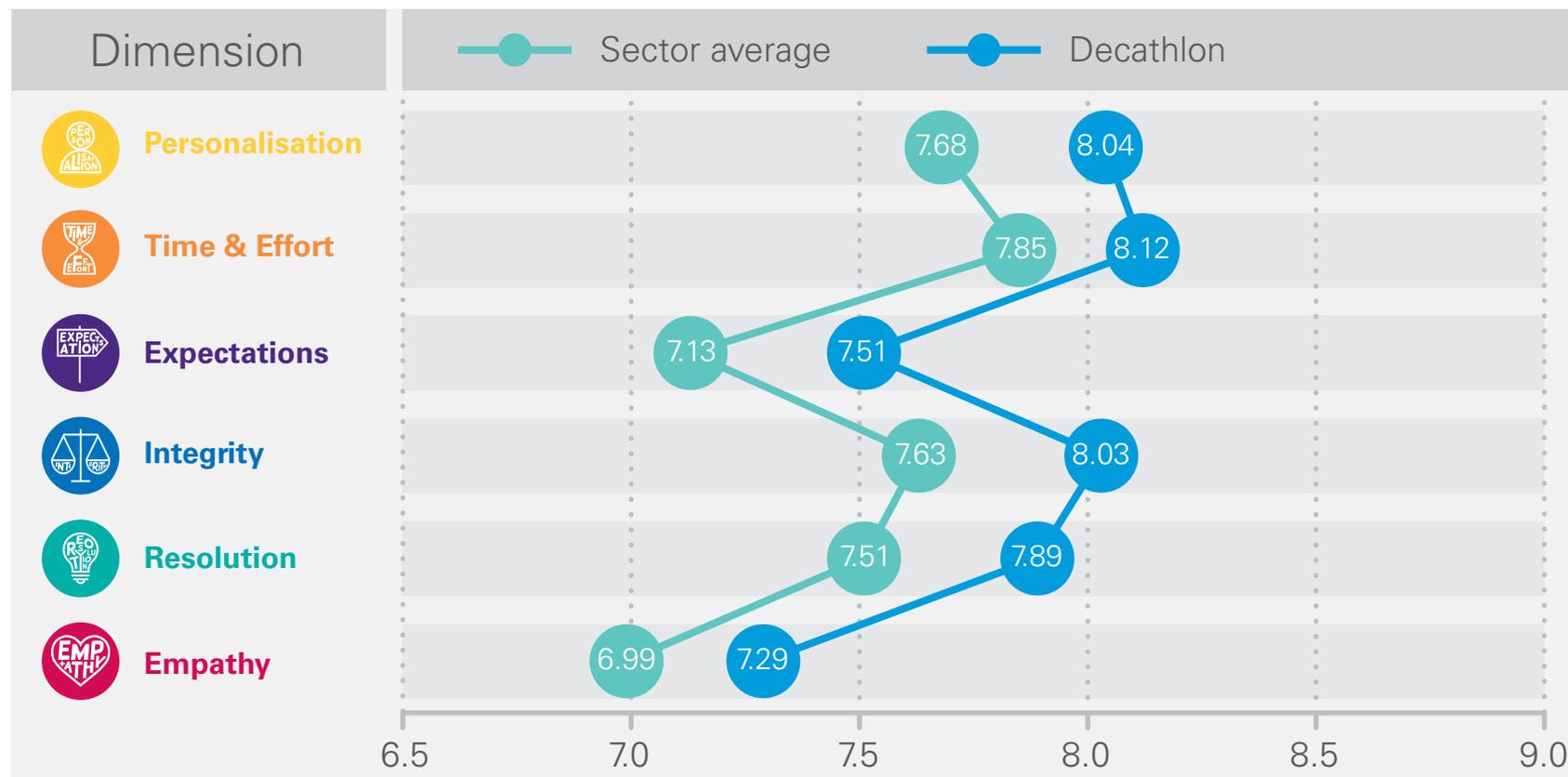
“
Decathlon offers high quality and a wide range of products. Their assistance is quick and precise. To my complete satisfaction, I recently bought a bike for my son and the salesperson also set us up with accessories for it.”

(Male, 47, Southern Great Plains)

“
The proficiency of the shop assistants piqued my interest, and made me want to come back later too.”

(Female, 24, Northern Great Plains)

The Six Pillars: Scores vs. sector average



Navigating uncharted waters

Key findings

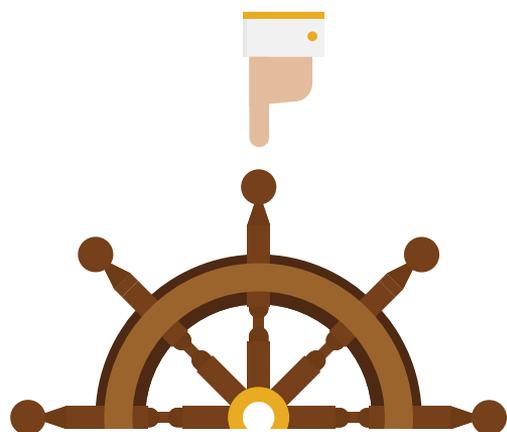
Key highlights



- **Best customer experience overall**

CAFE FREI

With a CEE score of 8.1, CAFE FREI sets the bar for customer experience in Hungary.



- **Average customer experience score**

7.14 Twenty of the top 50 brands in our research scored above 7.5 overall.

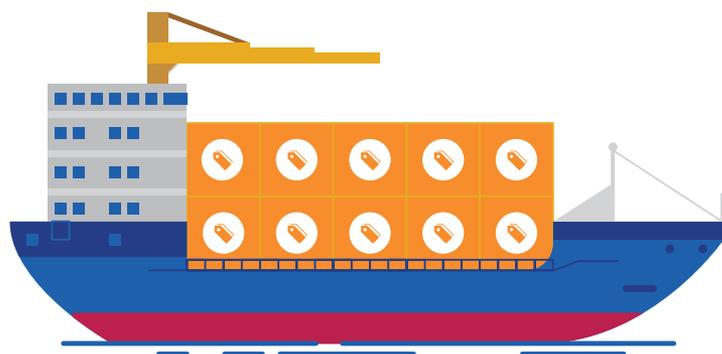


- **Best performing sector**

 **Non-grocery retail** 7.50

 **Grocery retail** 7.42

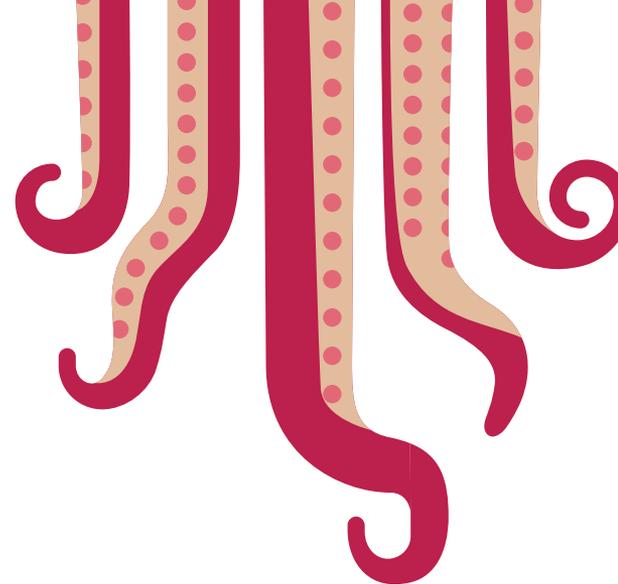
These sectors have put significant focus on improving customer experience and have seen a positive response from their customers.



- **Most dominant sector in our Top Ten**

 **Non-grocery retail**

With seven brands in the Top Ten, non-grocery retail firms are creating leading practices in customer experience.

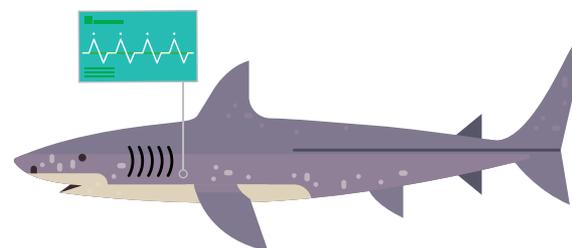


- **Poorest performing sector**

 **Public sector** 5.93

 **Utilities** 6.45

Brands in traditionally regulated markets have not yet put enough emphasis on customer experience.



- **Where brands are disappointing Hungarian customers**

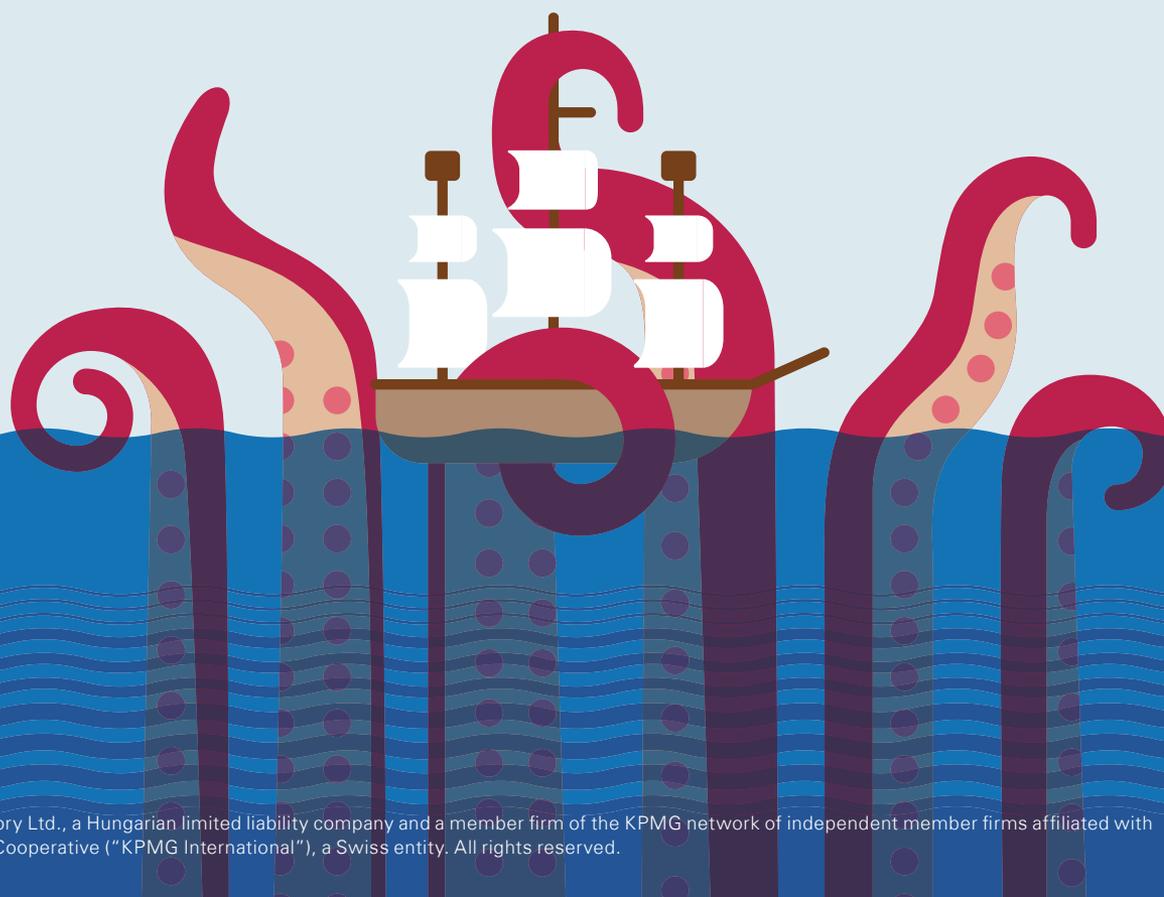


Lessons learned

It is well known that markets are constantly being disrupted, and brands need to make grueling efforts in order to be distinctive in such an environment. This study endeavored to discover how customer experience differentiates companies across sectors, and what their best practices are. Here is what we found.

At a glance, the Hungarian consumer market is changing, and will soon enter the era of the customer. The whole process of shopping for products or services is shifting from a single transaction from a brand, towards one in which the customer's affection, attitude are based on more than advertisements or slogans. While value and price still bear significance in this equation, consumers are becoming more mindful of what firms offer, and what the customer journey will be like. Customer experience is on the rise among developments in consumer markets, and the Six Pillars of Customer Experience underline and synthesize what makes an interaction between buyer and seller a great customer experience.

However, this is only the beginning of a major transformation. Customers do not long for complex experiences, being walked through every possible touch point by the company. That aspect might seem to ease the effort needed to perform well. To the contrary, out of the six, a single pillar might already anchor the mind and attitude of the customer. If it is a bad experience, making for an unpleasant memory – e.g. long waiting times, a scandal from years ago damaging the brand, or never apologizing for a mistake – the brand is likely to suffer reputational damages that can result in lost revenues. While it is easy to lose a customer, it is particularly difficult to win them back. Each sector is unique in what their strengths and shortcomings are, which pillar of customer experience firms master, and which they shall pay more attention to. If consumers do not trust that brand, if their expectations are low and unmet, improvements in processes and services can only provide results in the long term.



This may also mean that achieving outstanding results is possible by making one outstanding experience stick. The same act, the same notion can be turned into a positive ending. At the same time, market leaders demonstrate the many ways in which customer experience can be done, showing how excellence is achieved. On the bright side, the businesses considered in this analysis performed well, and aggregate values indicate the critical elements of a great experience: Personalization, Integrity, and Time & Effort.

Still, there is a slight difference in which pillars count the most when determining what sets these brands apart in the field. According to Hungarian consumers, there are three pillars with which brands can make a difference. Integrity, for one, serves as a fundamental element of customer experience excellence. Data and international results point to how trust underlies every relationship, regardless of whether or not it is expressed. And without a firm belief that the way and the how count as much as the what, it is tough building rapport with customers. The act of communicating,

managing and exceeding Expectations follows as a differentiator, stressing how customer experience starts with the very first interaction. Finally, the human side in these relationships, an understanding of the other person, and showing Empathy can amplify the overall perception of the customer experience. And when these stars align, consumers will talk and think highly of firms mastering the art of customer experience excellence.

Brand building is more than a single act – it has to be reinforced through every interaction, over and over again, without ever showing signs of inconsistency. Numerous examples in substantially dissimilar sectors demonstrate that customer experience excellence is fundamental in how consumers decide to buy, where impulses and feelings take precedence over price and value. Creating a great customer experience is impossible without all hands on deck. In the end, customers will remember the employees, the relationship with them, and their actions. If everyone is on board, aligned with a customer-first strategy, understanding and executing it well, optimal business results will follow.



Changing course

Transforming customer experience

Customer experience is in many ways an elusive creature. Although a brand may have a clear understanding of core business areas and processes, it is sometimes challenging to pinpoint the exact shortcomings that impact customer experience. KPMG has a tried and tested approach to diagnosing and correcting those elements in the value chain that yield improvements in providing customer experience that will result in delivering “anchor moments” for customers. The approach rests on five separate steps, which, if performed or reviewed, should allow for the delivery of an outstanding experience.

1 Evolving clear vision and strategy

As the cornerstone of any business, strategy should be the baseline that places customers at the centre of business activities. The main task is to make use of available data and the company's experience to assess the current state of the organization in managing customer experience. Such a self-assessment allows the organization to define its priorities for the development of the Customer Experience, identifying areas in which the company should focus in its business transformation efforts.

2

Prioritizing the Customer Journey

At this stage, the key task is to identify situations of particular importance for the construction of the customer experience, which will allow the brand to differentiate itself positively from its competitors. In order for the company to achieve this goal, an analysis of customer segmentation data, products and customer service channels is primarily used.

4

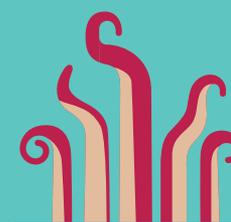
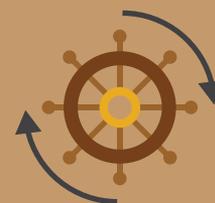
Transforming the Customer Journey

The aim of this phase is to develop solutions designed to improve customer experience that address identified pain points. Each of the recommended improvements is evaluated in terms of estimated economic results (potential increase in revenues in relation to implementation costs) and the practices of managing customer experiences used by competitors. Prioritization of potential improvements is the basis for an effective plan to implement transformation activities.

3

Pinpointing the Customer Journey

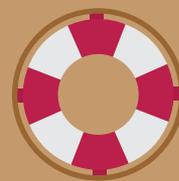
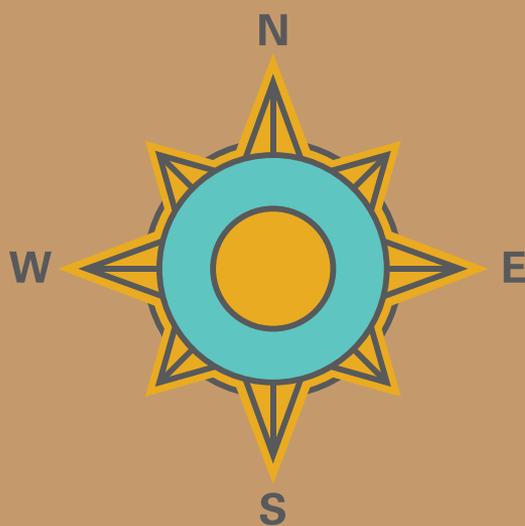
In the next step, the perception of the company's activities is analyzed according to individual sales and customer interaction channels. As part of the diagnosis, it is vital to gain a better understanding of the motivations and emotions of individual customer groups via an empathy map, which refers to the Six Pillars of Customer Experience. At this stage, the data obtained in quantitative and qualitative research of the company's clients and its competitors should be used. An analysis of the results explores those areas which require improvement and which have received good ratings from customers.



5

Monitoring customer experience

Developing effective mechanisms is vital for monitoring and reporting the effects of initiatives taken in the area of customer experience management. It is important to define key performance indicators, which allow for the quick undertaking of corrective actions and continuous improvement of customer experience.



A focus on managing customer experiences as seen through the eyes of the customer is one of the key elements of digital business transformation. Digital transformation does not only refer to the orientation of the company on the effective use of innovative solutions based on digital technologies, but above all implies that a reorientation of the business is in order to operate effectively in an increasingly competitive market, proactively adapting its activities to the changing needs of consumers, who are also becoming increasingly digital.

Customer strategy:

Developing and implementing effective growth strategies by identifying profitable markets, attractive customer segments and new product niches, using the potential of the latest technological innovations.

Customer experience:

Based on understanding the real clients' experience, redesigning customer journeys which improve customer loyalty and help maximize customer lifetime value.

Data & Analytics:

Defining a set of information and tools (analytics, reporting, modelling, prediction) that provide the opportunity to understand clients, increase the efficiency of the organization and achieve market success.

Customer-centric organization:

Developing unique approaches for addressing rapidly evolving digital solutions and consumer expectations.

Digital Maturity Assessment:

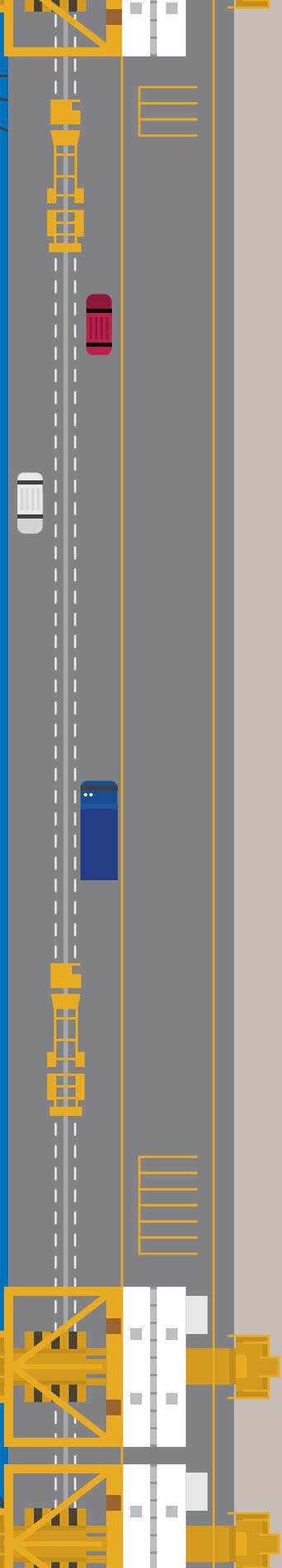
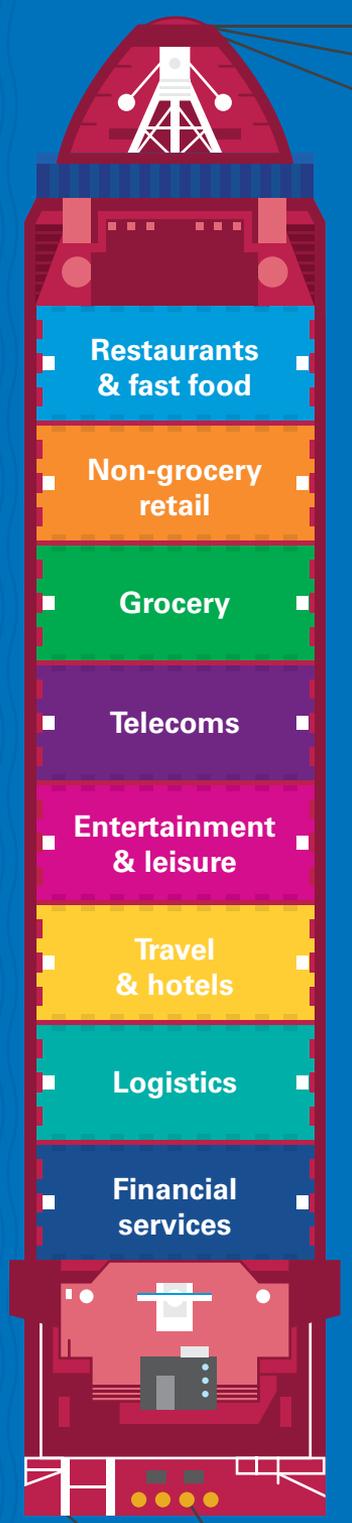
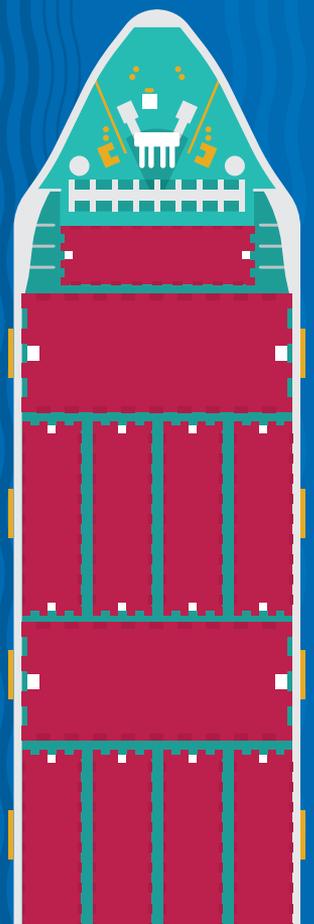
Highlighting potential areas for improvement and identifying strengths to enable the delivery of a digital strategy that can drive value for the business.

Digital transformation:

Using a combination of sector knowledge, business and financial expertise and technological insights to achieve end-to-end digital transformation.



First rate ships Toplist



- 1st
CAFE FREI
- 2nd
Bookline
- 3rd
IKEA
- 4th
Lidl
- 5th
Decathlon
- 6th
Rossmann
- 7th
AVON
- 8th
Vodafone
- 9th
dm
- 10th
BENU

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11 th  ALDI	21 th  Telenor	31 th  Media Markt	41 th  Pizza Forte
12 th  Cinema City	22 th  OMV	32 th  Extreme Digital	42 th  KFC
13 th  Deichmann	23 th  Auchan	33 th  LUKOIL	43 th  Praktiker
14 th  PENNY Market	24 th  OBI	34 th  Burger King	44 th  McDonald's
15 th  Hunguest Hotels	25 th  Zara	35 th  H&M	45 th  Erste
16 th  Szallas.hu	26 th  MOL	36 th  C&A	46 th  AEGON
17 th  DIGI	27 th  SPAR	37 th  UPS	47 th  TakarékBank
18 th  EuroFamily	28 th  JYSK	38 th  Don Pepe	48 th  Euronics
19 th  Shell	29 th  Bónusz Brigád	39 th  Allianz	49 th  Magyar Telekom
20 th  DHL	30 th  K&H Bank	40 th  Ticketpro	50 th  Tesco

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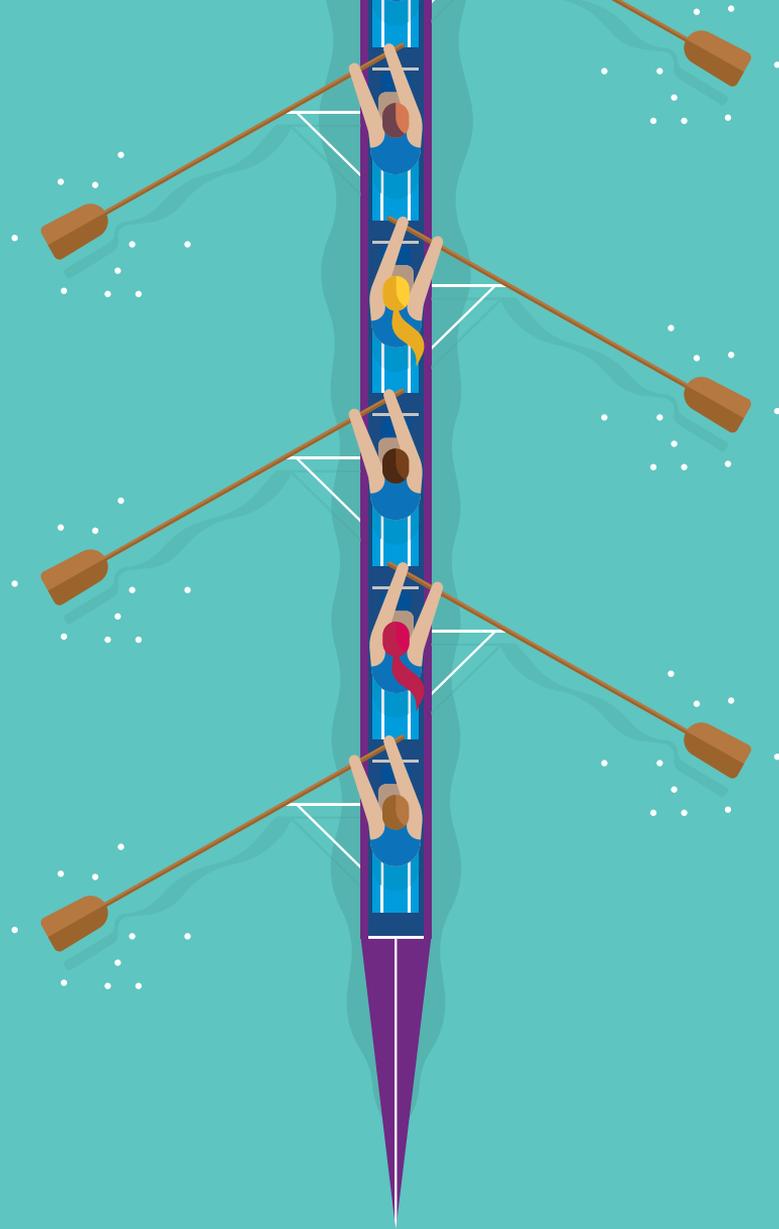
This report was made possible through collaboration with KPMG Nunwood. On behalf of KPMG in Hungary we would like extend our special thanks for their contribution to this report.

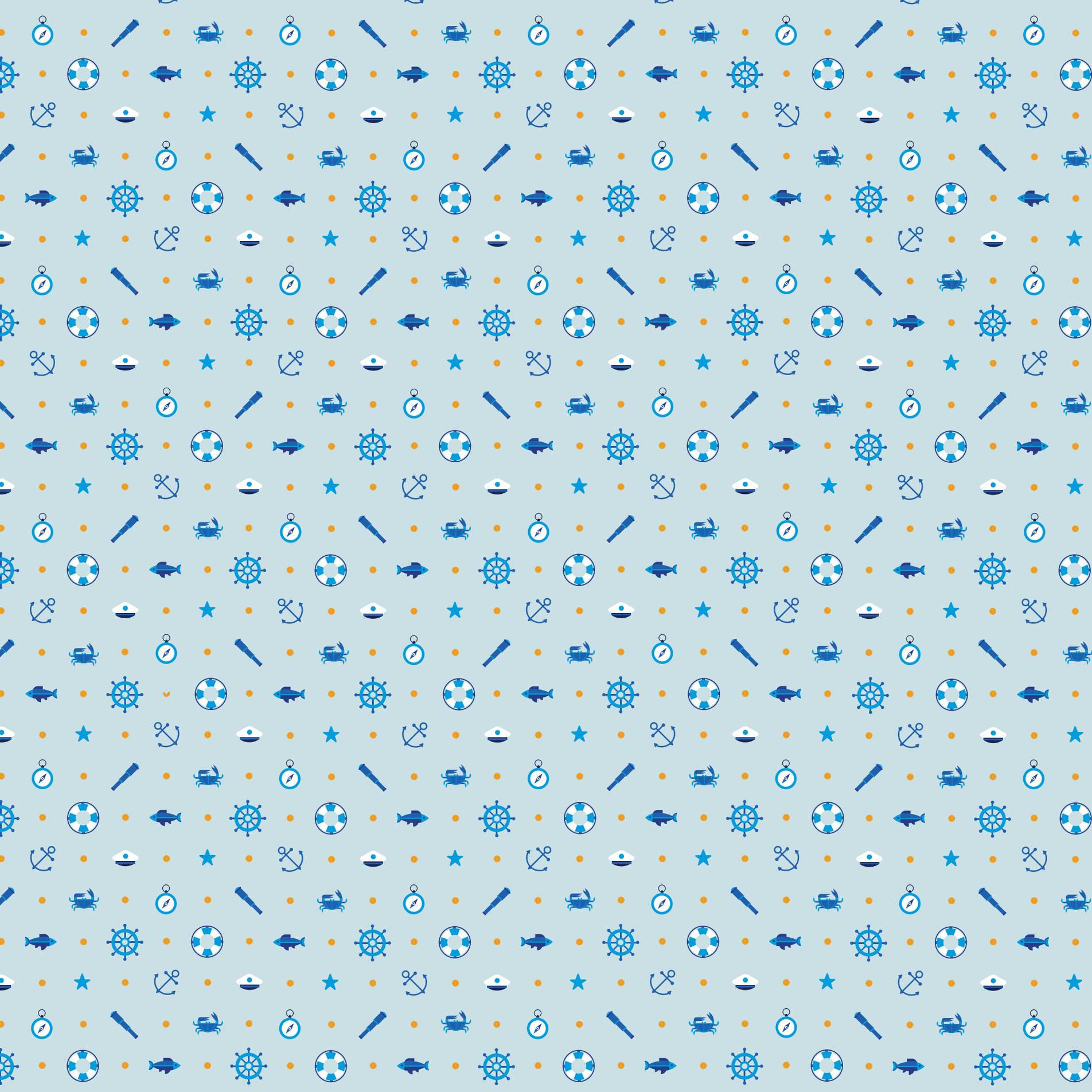
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