



Customer experience: the new operational excellence



August 2018

KPMG.com/in



Disclaimer and notice to reader:

- This report sets forth our views based on the completeness and accuracy of the facts stated to KPMG in India and any assumptions that were included. If any of the facts and assumptions is not complete or accurate, it is imperative that we be informed accordingly, as the inaccuracy or incompleteness thereof could have a material effect on our conclusions.
- While performing the work, we assumed the genuineness of all signatures and the authenticity of all original documents. We have not independently verified the correctness or authenticity of the same.
- While information obtained from the public domain or external sources has not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.
- We have not performed an audit and do not express an opinion or any other form of assurance. Further, comments in our report are not intended, nor should they be interpreted to be legal advice or opinion.
- Our views are not binding on any person, entity, authority or Court, and hence, no assurance is given that a position contrary to the opinions expressed herein will not be asserted by any person, entity, authority and/or sustained by an appellate authority or a court of law.
- Our report may make reference to 'KPMG Analysis'; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the veracity of the underlying data.
- In connection with our report or any part thereof, KPMG does not owe duty of care (whether in contract or in tort or under statute or otherwise) to any person or party to whom the report is circulated to and KPMG shall not be liable in respect of the matters dealt with in this report, including any errors or omissions therein, arising through negligence or otherwise, howsoever caused, to any party who uses or relies on this report. KPMG thus disclaims all responsibility or liability for any costs, damages, losses, liabilities, expenses incurred by such third party arising out of or in connection with the report or any part thereof.
- By reading our report the reader of the report shall be deemed to have accepted the terms mentioned hereinabove.

Customer
experience: the
new operational
excellence

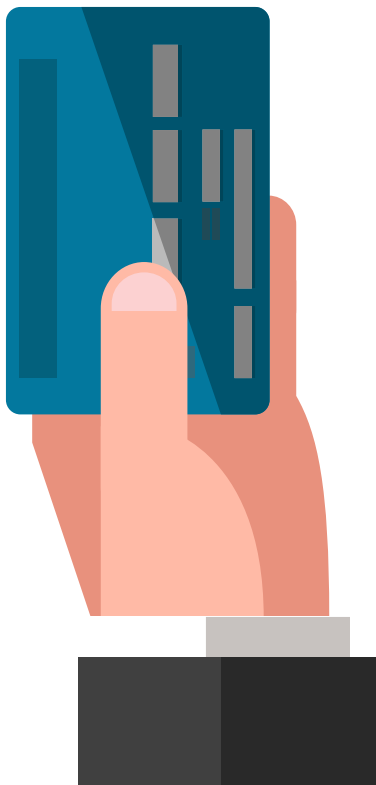
Foreword

India has an incredibly diverse population. Brands need to cater to a wide range of consumers from myriad backgrounds, cultures and varying sensibilities. The winners are those organisations which appeal to a customer's core values, create differentiation and reduce friction in the purchase cycle.

Over the last few years, customer spending power has increased dramatically. This has fuelled competition in products and services between local businesses and multinationals operating in India, implying that customers have more choice. The erstwhile 'anything goes' attitude of the average Indian customer has been replaced with a desire for better quality in both products and services. From the era of mass products and services, Indian customers today are increasingly expecting products and services that are tailored for them and are willing to pay a higher price for the same.

The rise of the digital wave is also significantly changing the manner in which customers are consuming products and services through traditional and new channels. With a very high rate of internet penetration, brands need to weave in customer experience elements into their core omni-channel operating models that deliver experience through efficiency (e2e).

Brands need to understand that their products and operational efficiencies (inside-out) and customer experiences (outside-in) are mirrors to each other.



Understanding 'how' an organisation delivers to their customers is beginning to be more important than 'what' it delivers.

A brief look at the Customer Experience Excellence (CEE) India survey shows us that some of the top performers, Taj Hotels Resorts and Palaces, Barbeque Nation and Tanishq, are catering to this 'how' and hence rank high in the Indian customers' experience set.

Taj Hotels Resorts and Palaces is known to provide uniquely local experiences to their customers; Barbeque Nation brought the grill-on-the-table concept for the first time to the Indian market and Tanishq remains a strong household name with its promise of purity and transparency coupled with personalised interactions and a strong loyalty programme.

Despite these success stories, customer experience excellence is not without its challenges in India. Brands often struggle to fully understand the diverse cultural behaviours and purchase motivations of their customers.

Our survey indicates that Indian customers rank Personalisation as one of the highest drivers in their customer experience journey but only 20 per cent of Indian CEOs surveyed address high customer expectations for personalised services.¹

Hence, a deeper understanding of the population's segments is essential. In the case of B2B and B2C, brands need to ask themselves, what is the value proposition expected by the customer, and what is the customer promise that can be delivered? Also, at what price point should these products and services be offered? Once these questions have been answered, companies should look to formulate and streamline fulfilment processes and systems that can deliver these specific customer promises and do so in a manner which is profitable.

Brands which are able to turn this difficult combination of variables into a strength could build a customer-centric business with unique customer propositions.

This report covers a few select examples of brands that have demonstrated this capability as per our survey findings.

1. Disrupt and Grow, KPMG India, 2017



It is time for organisations to get out there and understand their markets, their customers, the real value of their products and services and aspire to build a sustainable enterprise in the market; having the ability to fulfil their customer promise at each transaction via an extended supply chain.

Difficult? Yes, but has to be done in order to survive and grow in this VUCA (Volatile, Uncertain, Complex and Ambiguous) world.

Abhijeet (Avi) Ranade

Partner, Head

Customer & Channel, Management Consulting
KPMG in India



India is continuing its indulgence with experiences which customers can live, share and feel connected with. Brands need to find a way to bring experiences to life and fulfil their customer promise at each interaction.

Aditya Rath

Partner

Customer & Channel, Management Consulting
KPMG in India

Methodology of Customer Experience Excellence Centre

For eight years we have been measuring the Six Pillars of customer experience. Derived from millions of customer evaluations of thousands of brands; we have empirically found that these pillars describe customer experience excellence. The leading firms demonstrate mastery of these pillars and are outstanding at all of them.

The pillars are inextricably intertwined and in combination provide a powerful mechanism for viewing how well a customer experience is delivered across channels, industries and company types.

They are rooted in human psychology and motivation and as such are relevant across B2B and B2C and are as relevant for employees as they are for customers.

While prior Customer Experience Excellence (CEE) reports have been limited to a few markets, the scope of the 2018 report has been extended to 14 countries with 54,231 respondents providing inputs on their experiences with over 1,400 brands. Included are 2,508 Indian respondents who were asked to rate the performances of 108 brands across nine sectors. The respondents surveyed had interactions with these brands in the six months prior to the survey taking place.

The CEE centre has used empirical data to measure customer experience across The Six Pillars – Personalisation, Integrity, Time and Effort, Expectations, Resolution and Empathy. **The overall CEE score is measured via the weighted average of the brand score of each pillar.**

The Six Pillars, in combination, are an invaluable business tool for measuring a brand's commercial success with strong performance across the pillars improving Loyalty and Advocacy of the brand.

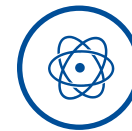
India Scope



2508
Customers



108
Brands



9
Sectors

Key Metrics: The Six Pillars



Personalisation

Using individualised attention to drive an 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 and Effort

Minimising customer effort and creating frictionless processes



Empathy

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

Key highlights

what India values most

- **Global organisations are bringing in leading customer experience practices**

The top customer experience (CX) players in India as rated through our survey are global brands that have set up base in India. Global brands such as Hyatt, Adidas and Amazon are changing the benchmarks for a superior customer experience and, at the same time, tweaking their global business models to suit the Indian market.

- **Personalisation matters most in terms of CX to drive Loyalty/Advocacy**

Personalisation is the pillar with the highest impact on Loyalty and Advocacy. Brands that are front runners in this pillar stay ahead of competition by recognising the individuality of their customers, adding a personal touch and tailoring their experiences accordingly. Brands in travel and hotels sector along with non-grocery retail were the standouts in this area with customers applauding them on providing excellent service.

- **Establishing a sense of Integrity and building trust with a brand is critical for the Indian customer**

Integrity is the base of the Six Pillars. Without engendering trust, a brand cannot gain a customer, much less showcase its product and service offerings. Across industries, brands have largely been able to gain customer trust and need to be able to continue to do that, to enable themselves to be viable shopping options. 18.7 per cent of the total weightage given to the CEE score is based on Integrity; with a corresponding 19 per cent and 18.4 per cent impact on the brands' Loyalty and Advocacy respectively.

- **Overall CX tends to rise with an increase in omni-channel capabilities and touchpoints**

The contemporary Indian customer not only wants his/her traditional in-store experience but also wants the ease and convenience that an e-commerce experience brings. To cater to this changing need, most brands provide both online and offline channel experiences. The survey shows that brands which have excelled on the customer experience metric are those that not only provide multiple channels

but more importantly integrate these channels and provide a single, unified, omni-channel experience.

- **Brands are not able to bridge the gap between customer experience delivered vs. expectations**

With growing consumer awareness along with new entrants bombarding the market, customer expectations are rising at a much higher pace than a brand's ability to deliver on these expectations. A majority of the brands in our survey have underperformed on the Expectations pillar; especially telecom and logistics. Brands that focus on a proactive vs. reactive approach are most likely to bridge the gap the fastest.

- **India offers a great opportunity for growth; and customer centric strategies will be critical**

The current landscape opens a window of opportunity to differentiate and drive growth while keeping the customer at the heart of every business strategy.

- **Globalisation**

Foreign Direct Investment (FDI) has been increasingly liberalised with many sectors now allowing 100 per cent² investment. This has led to India's Ease of Doing Business (EDB) rank jumping from 130 to 100 in 2017. With the rising number of superior quality global products available at competitive rates; making a choice is becoming increasingly difficult for the customer.

- **Hyper localisation**

As mission programmes such as Digital India help enhance internet penetration deep into the hinterlands of India and bridge the gap between India's urban and non-urban markets, understanding the evolving needs of customers and being responsive to the local customers' context in a diverse country like India is the new strategic imperative. The Indian market is segmented and differentiated in choices and preferences; from North to South and East to West. Brands cannot expect to run the full length and breadth of this market on a single themed approach and to this effect the concept of hyper localisation is booming.

2. DIPP notifies FDI relaxation in several sectors, The Economic Times, 24 January 2018

– The digital wave

The launch of Digital India in 2015 coupled with the effects of demonetisation, have transformed India into a society of more than 420 million internet users³ with billion plus digital transactions⁴. Integrity and trust showcased by mobile payment platforms have made customers more trusting of the nexus of digital across social, mobile and cloud. Digital empowerment is no longer limited to the developed parts of the nation. Google has reported two out of three searches coming from outside the top six metros and 10x increase in local language searches; showing that in terms of internet usage India's non-metros are catching up with metros.⁵ Connecting the remotest parts of the country with high speed internet and mobile coverage, and providing cloud based on-demand services to the citizens will not only make Indian citizens and hence, Indian consumers, more aware but also more demanding of better and quicker services.

– Disruption by data

The disruption brought about by 4G has made data in India one of the cheapest in the world today, making access to a mobile phone even more relevant to the average Indian. Being the fastest or the cheapest though is no longer a differentiator. The real opportunity lies in tapping the emerging eco-systems of content consumption — music, video, gaming — along with e-commerce options in banking, insurance, healthcare, food delivery and grocery. Keeping experiences real and relevant is key; Hotstar's live streaming of the IPL or Jio's partnership with Pokemon Go in India, prove that the focus is moving from selling just connectivity and data to selling service enabling customer experiences.



3. "Telephone subscriber base shrinks in Sept quarter", The Hindu Business Line, 28 December 2017

4. "Digital transactions cross 1 billion mark in December", Live Mint, 4 January 2018

5. "The Year in Search Report", Google India, 2018

Personalisation matters most for customer experience in India, closely followed by Integrity



I buy Nike football trainers, clothing and football accessories for my son. He loves them. The designs are good. The shoes are stylish. The sportspeople associated with the brand are fantastic. My son feels extra modern when he sports a pair of Nike.

- A Nike customer

Personalisation is the pillar that Indian customers value the most in driving customer experiences. Respondents also note that Personalisation has the largest impact on Loyalty and Advocacy.

This goes to show that customer expectations from a brand are shifting from mere price considerations to the need for building more meaningful connects. Integrity, which closely tails Personalisation, further proves that Indian customers feel a sense of loyalty to a brand that engenders their trust; and hence have a higher likelihood of recommending and advocating it.

India's market landscape is changing and customers, especially millennials, are becoming the core of any business strategy. Millennials have grown up with smartphones, on-demand services, ease of connectivity and cheap data access. They seek brands that focus on the 'why' and 'how' and brands that move the needle from the 'what' to the 'what's new' and 'what more'. Brands that are able to put themselves in the shoes of these customers, understand and cater to their unique needs will be the ones to achieve competitive superiority.

Focusing on personalising experiences is enhanced with an increase in transparency and consistency; where customer expectations are in sync with the experiences the brand promises. Brands which keep trust at the centre of their DNA, enjoy a more frictionless buying journey as customers are more willing to share information, make purchases and further advocate the brand; and are less likely to switch to competitor brands.

As per our survey, Taj Hotels Resorts and Palaces is one of the top performers on the Personalisation and Integrity pillars. The Non-grocery retail sector, too, scores high on both the pillars, with brands such as Tanishq, Flipkart and Indian Oil being the front runners.

The Personalisation pillar also cuts across local and global brands in India, where both segments have well understood the differentiated Indian market and tailored their solutions.



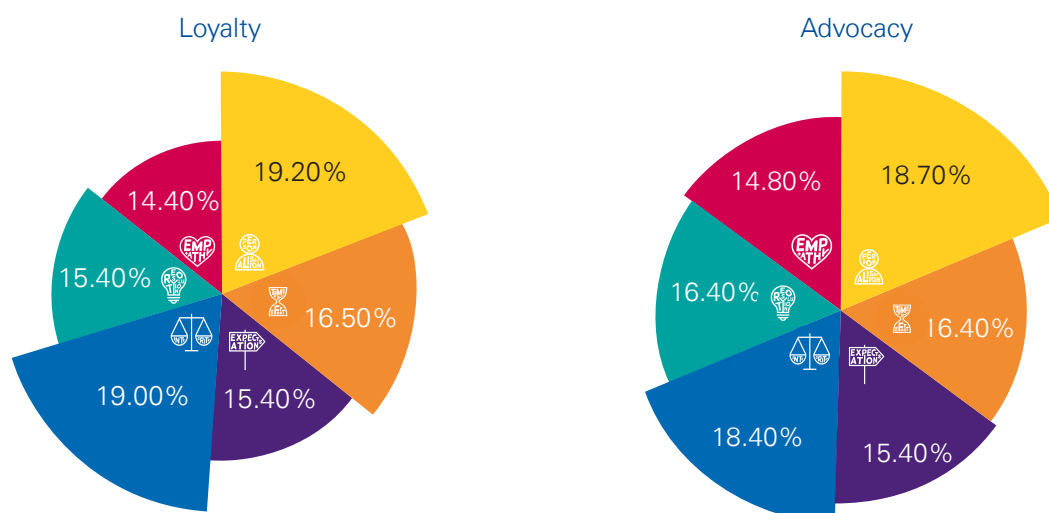
A particular product was shown as vegetarian (green mark). On receipt it was not found according to the specification. On complaining, Amazon not only refunded the money but also removed the product from its website. It was an experience which I have never experienced in India. This was heard of only in Europe and North America. I am happy that my country is fast changing about customer related issues.

- An Amazon customer

India's pillar importance

Customer Experience Excellence Metric					
Personalisation	Integrity	Time and Effort	Resolution	Expectations	Empathy
18.95%	18.70%	16.45%	15.90%	15.40%	14.60%

Pillar impact on



Personalisation is a constant across global and local brands in India

India is a vast country geographically and has varying demographics and behavioural sensibilities running throughout its length and breadth. To a degree it operates like several miniature countries and any brand, be it global or homegrown, needs to customise its portfolio to make a mark in this diverse landscape. Our survey shows that global and local brands have managed to de-code and deliver to the personalised expectations of certain sectors. Global brands have fared better in sectors like entertainment and leisure and logistics, and Indian brands have outshined in sectors like travel and hotels, telecom and restaurant and fast food.

With brands capitalising on their respective strengths, it is no wonder that Indian and global brands are at par in offering personalised services to the dynamic market.

In the entertainment and leisure sector, we have a mix of Indian and global brands in our market.

Netflix, a global brand which is a relatively new entrant in the Indian market has fared well on the CEE metric but has not been a front runner on the Personalisation pillar as they do not cater to the wider Indian market. Around three-quarters of their content is English while their Hindi content is primarily Bollywood and their regional content is negligible. In contrast, Amazon Prime Video, another international streaming service, has fared better on the Personalisation pillar by ensuring a healthier mix of English content (less than 65 per cent), Hindi content (25 per cent) and regional content (10 per cent) at lower price rates.⁶

Hotstar, an Indian player in the streaming market has well understood and capitalised on the sentiments of the Indian market. They ensured live streaming of the IPL matches in 2018 and attracted a high number of logins on their platform; smartly playing on the cricket craze across the large Indian population.⁷

In the non-grocery retail sector we have Indian brands like Flipkart and global brands like Amazon personalising their platform experiences to suit the Indian mindset.

Flipkart was a pioneer in offering India specific service offerings. E-commerce in India was initially treated with a degree of mistrust specifically regarding the pre-payment of goods and services. To combat this mistrust, Flipkart started the Cash-On-Delivery (COD) service where customers would pay the Flipkart delivery person in cash at the time of actually receiving the package.

Amazon globally catered to first-world markets with higher internet penetration and entered the Indian market with similar service propositions; only to later realise the differentiated behaviour our country exhibits every 100 odd kilometers. To cater to the rural market place, they launched a project where they tied up with retail points like medical stores, kirana shops and others. The store owners were trained to help users to find and buy a product of their choice on the website and either get it delivered to the retail point or directly to their homes.

Top 10 global brands in alphabetical order

	Adidas
	Amazon
	Amazon Prime Video
	Hard Rock Café
	Hyatt
	Levi's
	Netflix
	Nike
	The Body Shop
	Zara

Top 10 Indian brands in alphabetical order

	Allen Solly
	Barbeque Nation
	DMart
	Flipkart
	Hindustan Petroleum
	Indian Oil
	Karachi Bakery
	Natural Ice Cream
	Taj Hotels Resorts and Palaces
	Tanishq

6. How Amazon has flicked Netflix in India, Quartz India, Ananya Bhattacharaya, 14 February 2018

7. Hotstar sets new benchmark with IPL online streaming record, Live Mint, 24 May 2018

Overall customer experience tends to get better with an increase in omni-channel capabilities

According to our survey, brands that provide a high level of omni-channel experience to customers also fare higher on their overall Customer Experience Excellence metric.

With the launch of the 'Digital India' campaign, a higher adoption of mobile banking post demonetisation and the rise of the millennial customer; brands in India are making their presence felt through both online and offline channels.

Customers today are keen to touch, feel and experience the brand as well as experience the ease of convenience and choice. They now demand easy transitions between physical and online stores, and expect an integrated experience across both the channels. Brands which are able to bring down the walls between their channels, automatically empower their customer to interact with their brand in a manner which is most natural to him/her. By successfully responding to a customer's demand in any way he/she chooses, and providing a homogenous brand connect, they are able to enhance their customer's overall experience.

Brands such as Taj Hotels Resorts and Palaces, Allen Solly, W and Titan Eye Plus stood out in this area with customers applauding them on their integrated approach. From a sector perspective, the top performers were the travel and hotels sector and the non-grocery retail sector.

Advanced stage of adoption - Global brands bring in their mature omni-channel models to India

Zara, the biggest fast fashion retailer, has been offering both online and offline purchase options globally; while India has only housed their physical stores. With changing needs of the Indian market, Zara recently launched its integrated omni-channel format in India. This format allows for a customer to choose from either online delivery or direct pickup from the store. A customer can check availability of his/her Zara pieces at the closest available store, make the payment online and directly get the pieces picked up from the stores.

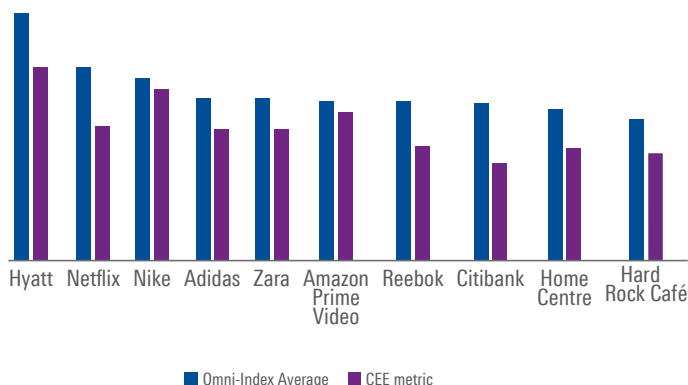
The global hotel brand, Hyatt, is famed for their excellent use of omni-channel. They recognise that each customer is unique and personalised experiences are becoming a need more than a want. A customer visiting any Hyatt property across the globe has his/her needs and preferences meticulously saved on their system so that any Hyatt chain across the globe, can cater to these preferences without missing a beat.

Nascent stage of adoption - Indian brands experiment with different forms of omni channel experiences

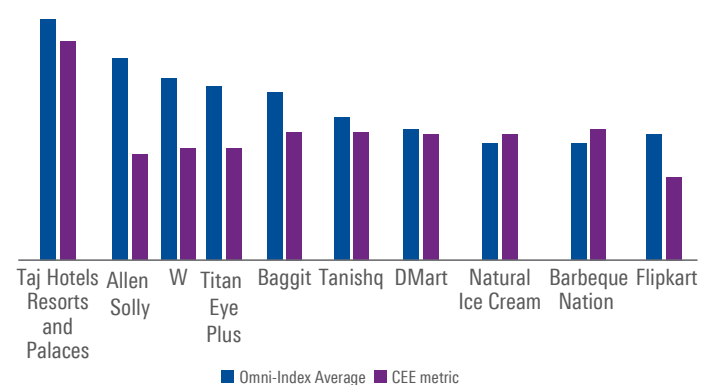
Allen Solly, an Indian clothing brand, has integrated the 'touch and feel' experience with the ease of online transactions. The brand has initiated a 'Try and Buy' experience which gives the customer the dual option of ordering online as well as scheduling a trial session at the nearest outlet store, of the selected items.

DMart, an Indian grocery brand, is in the process of adopting an omni-channel format. Apart from their regular department store format, they have set up smaller stores across Mumbai (DMart Ready Stores) where customers can collect the products they have ordered online. A home delivery option has also been made available at a surcharge.

Global brands - Omni-index average vs. CEE metric



Indian brands - Omni-index average vs. CEE metric



Our survey respondents have scored both the global and Indian brands high on delivering an omni-channel experience with both sets featuring strong on their overall customer experience excellence scores.

Sector analysis

Non-grocery retail

Non-grocery retail, our top performing sector in terms of customer experience, has the largest share of brands in our survey. The 41 brands featured, out of 108, are extremely diverse and comprise clothing retail to online retail and petrol stations to opticians. Despite the extreme diversity, the brands on a whole have performed extremely well. With the average CEE metric being 7.86 across sectors, this sector performs well above average with a sector average CEE score of 7.92. It performs highest on the Integrity and Personalisation pillars, the pillars that are most important for Loyalty and Advocacy. However, it has scope for improvement in terms of meeting customer expectations.

There is tremendous growth of omni-channel in the non-grocery retail space due to the emergence of e-commerce platforms and internet penetration. This results in personalised shopping recommendations to the customers based on their shopping history. Brands are also in a better position to understand their customers and can adapt and improve based on recommendations. However, while data collection is not the problem, sifting through the data and implementing changes based on it can be a tedious process leading to customers' expectations rising but not being met at the right time.

Two of our top performing brands in the sector belong to the sportswear retail segment – Adidas and Nike. Both brands are delving in omni-channel, and are linking their brands to social messages which make customers feel like they are a part of a larger purpose. Another top brand is Amazon, famously known for its principle of customer obsession and topping the Integrity and Time and Effort pillars. We have further expanded our top performing brands to include our Indian brands which include Baggit, Flipkart, Tanishq, and W.

Top five brands alphabetically

Sector	Brand	Sub sector
	Adidas	Sportswear retail
	Amazon	Online retail
	Nike	Sportswear retail
	The Body Shop	Cosmetics retail
	Zara	Clothing retail



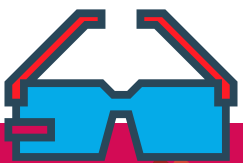
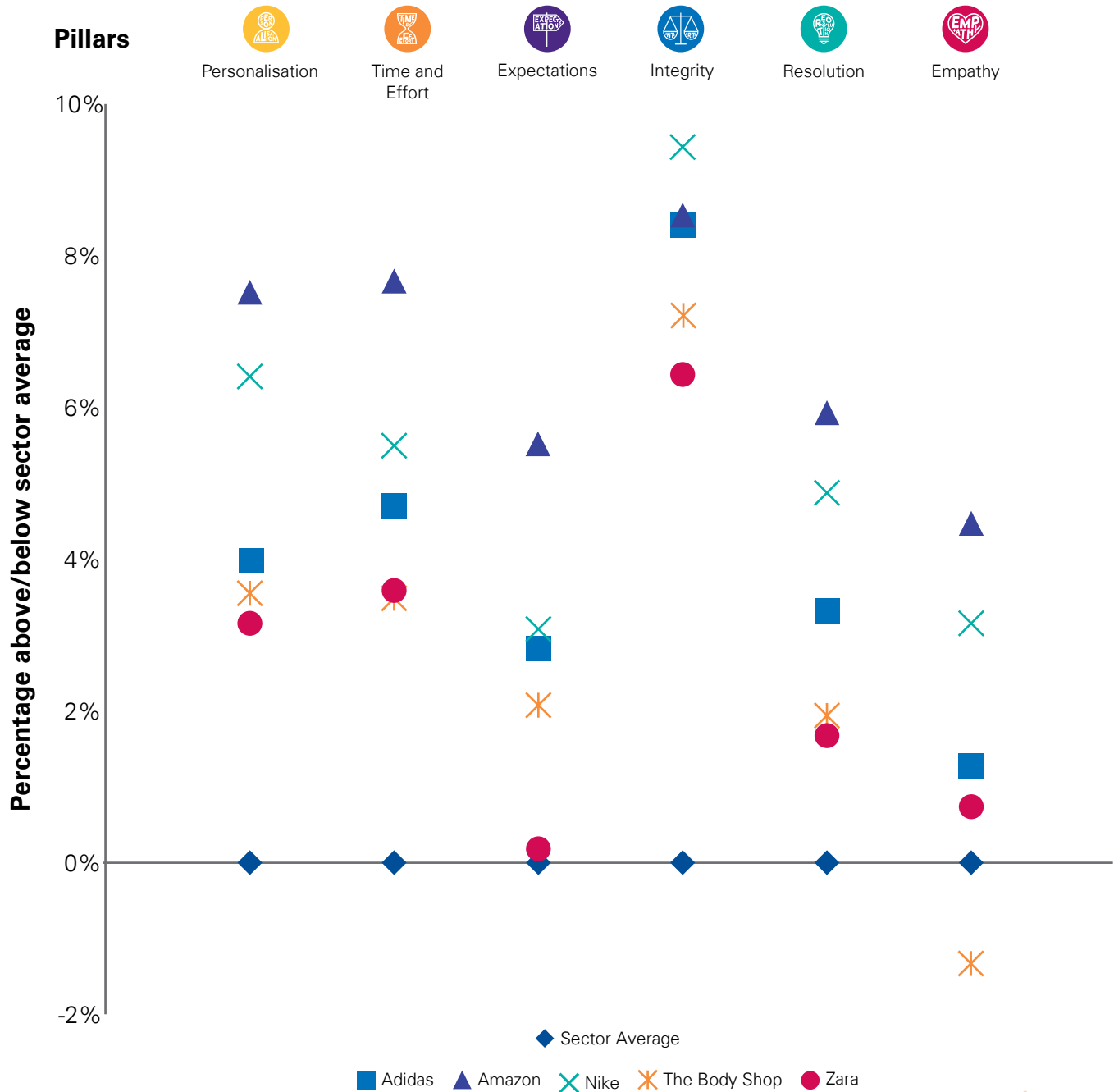
I love this brand! It offers top class premium products which are not available anywhere else. Best in class and truly unique!

- A Zara customer





Non-grocery retail pillar performance



Case study

Tanishq



Expectations

91.8th percentile



Resolution

93.5th percentile

Jewellery buying is a highly personalised experience and can take anywhere from 75 minutes to 7 hours in the first interaction for a purchase. In what is seemingly a short time to form lifelong bonds, Tanishq strives to make their customers feel like family.

Tanishq believes in the value of Integrity and ensures that their customers trust the brand fully and completely. Melting gold in front of the customer so they get what they see, weighing stones and gold separately and having a 100 percent exchange value programme are some of the measures taken by them. They also organise diamond education workshops for customers to ensure their customers have adequate knowledge on the product to make an educated purchase decision.

Another interesting facet to Tanishq is their behavioural standard operating procedures document called 'Tanishq Way of Life' (TWOL); which goes far beyond being a regular SOP. They attempt to bond with the customer by celebrating customers' special days with them; there are stories of people getting married again on their anniversaries within their stores! Every religious festival is celebrated with much gusto among all employees and customers.

To cater to disgruntled customers, they have established service centres at every store, have well trained employees through a combination of classroom and on-the-job training and a well-established complaint management system. They have two objectives from this: do justice to the customer and protect their brand value. In case the customer is still not appeased, the higher management personally attends to the issue.

A percentile is a division of a population into each of the hundred equal groups that can be formed in accordance to the distribution of a particular variable. Here, the percentile is calculated on the basis of 108 brands in the survey.



Case study

Titan Eye Plus



Empathy

95.5th percentile



Integrity

81.5th percentile

Titan Eye Plus attempts to leave an indelible mark on their customers by employing practices that ensure that a customer gets more than what they expect.

Titan Eye Plus has come a long way in the last five years. From their definition of customer experience being standardisation and feedback, they have moved to becoming a company of listeners. The voice of the customer is heard loud and clear and constant feedback from a plethora of sources and data analytics has enabled them to identify patterns in customer concerns and implement the requisite changes.

The brand believes that repeat customers are the lifeblood of their organisation. While brands generally focus on upselling to achieve sales targets, Titan Eye Plus realised that 'correct selling' – selling of a right fit of the product with only the required modifications – and not just reducing the overall cost of the product, resulted in customers coming back time and again.

Titan Eye Plus started an internal programme, which caters to displeased customers. Here, some of the customer grievances are dealt with personally by the national head himself. Store staff are required to report at least five customer delight stories as a part of their performance and so far, they have an astounding total of around 30,000 stories.

In addition, Titan Eye Plus tries to provide a superior customer experience through their 'Make Hearts Beat' campaign. As part of the campaign, all departments are liable to the customer, and to provide a better experience, feedback is taken from the customer with respect to each department and training is provided to everyone, from staff to doctors. This campaign aims at driving ownership of the customer experience throughout the organisation. The campaign involves celebrating customer delights and empowering employees to provide better customer experiences.



Sector analysis

Restaurant and fast food

The restaurant and fast food sector is booming now more than ever. From pubs to frozen desserts, our survey covers the various categories in this sector with a representative 17 brands out of a total of 108. Restaurants and fast food sector has scored an average of 7.88 on the CEE metric, compared to the study average of 7.86. It fares the best (and equally well) on the Integrity and Time and Effort pillars.

Until a few years back, going out for a meal was reserved for special occasions only. Today, with a larger number of urban women in the workforce, longer working hours, a millennial population that is on the constant lookout for new culinary experiences and increasing disposable incomes, stepping out for a meal or ordering food home is a frequent occurrence. These drivers account for the strong growth witnessed in this sector.

Barbeque Nation ranks high in our survey for catering to the experimental and novel expectations of customers by bringing the grill-on-the-table concept to India. They have scored well on the Integrity and Time and Effort pillars. Natural Ice Cream, known for its fresh ingredients with no preservatives, has fared well on the survey too, garnering a high score on the Integrity and Personalisation pillars.

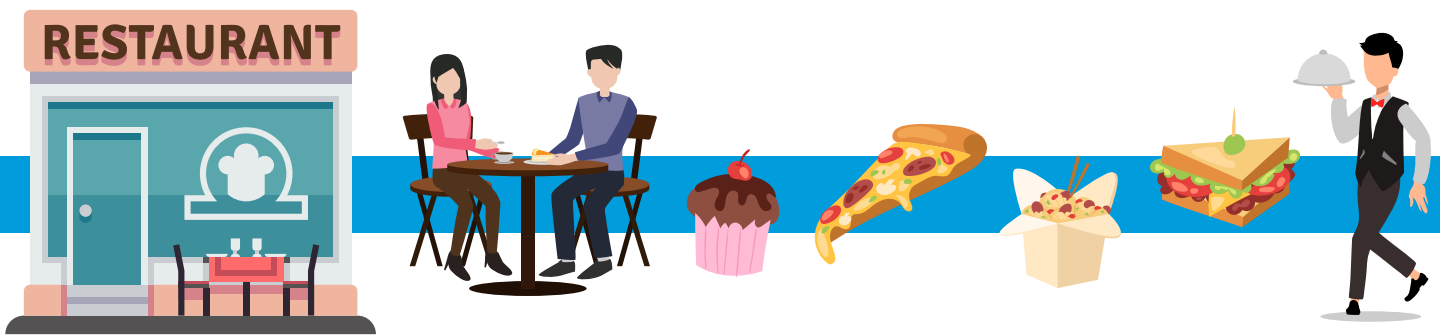
Top five brands alphabetically

Sector	Brand	Sub sector
	Barbeque Nation	Restaurant
	Gelato Italiano	Frozen desserts
	Hard Rock Café	Pubs
	Karachi Bakery	Bakery
	Natural Ice Cream	Frozen desserts

“

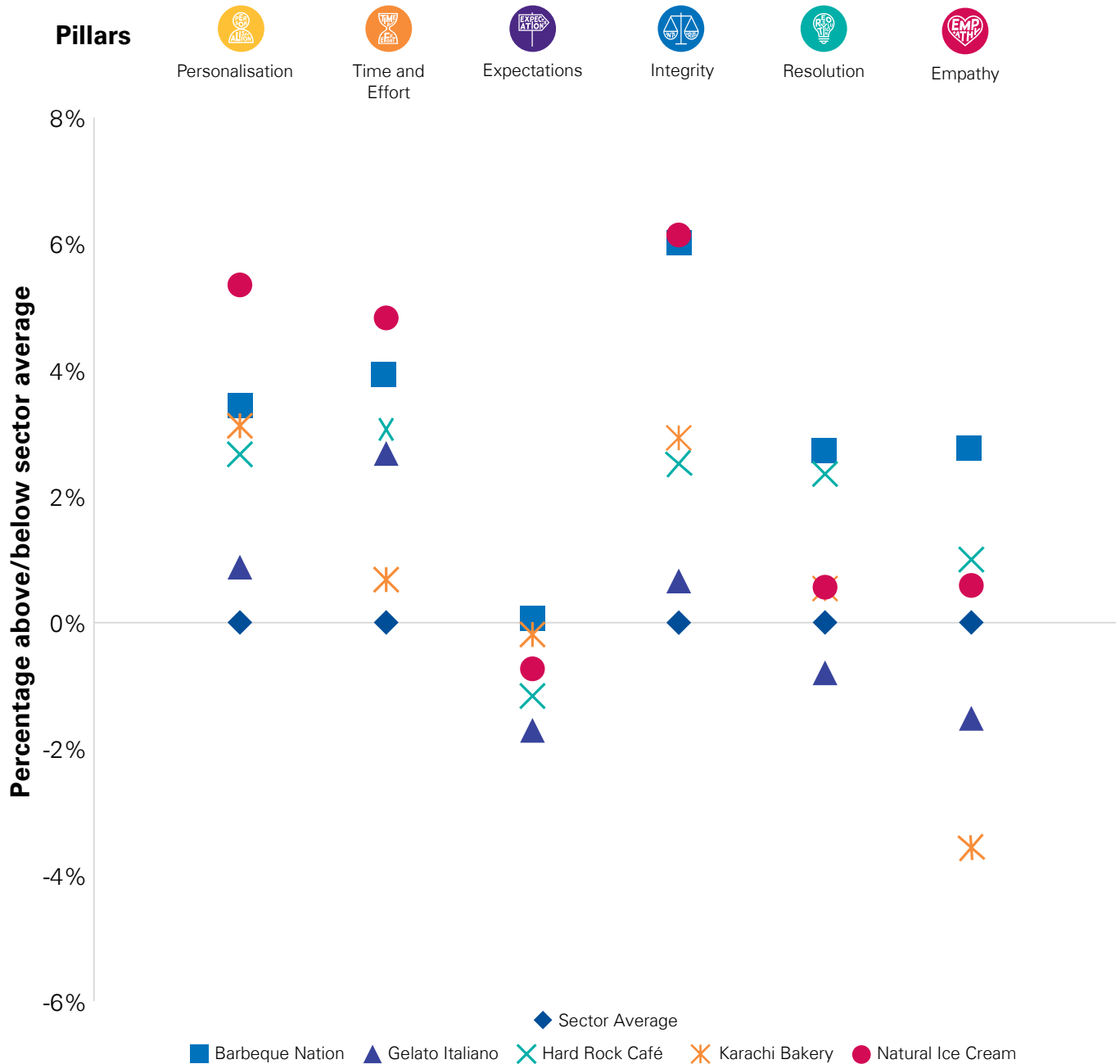
It offers unique flavours like tender coconut and jackfruit, which are my favourites. I once dropped my ice cream in the store and the personnel were so generous, they gave me another scoop for free!

- A Natural Ice Cream customer





Restaurant and fast food pillar performance



Case study

Barbeque Nation



Empathy

93.8th percentile



Resolution

92.5th percentile

Barbeque Nation is one of the top brands offering superior customer experience and finds space in the upper echelons of global brands in this segment.

Barbeque Nation thrives on a culture of feedback. The grill-on-the-table concept was born out of customer feedback given to Kebab Villa, a sister brand, that food would come to the table cold and unpalatable.

Keeping in line with the manner of their inception, they continue to base their culture and operational capabilities around constant feedback. For this, they have their Guest Satisfaction Index (GSI) – where they call few of their guests the day after their meal and find out their experiences. They also respond to real-time feedback on their e-tabs with the restaurant manager instantly attending to a bad review, as well as keep tabs on food review sites and other social media reviews with prompt responses.

Barbeque Nation has multiple stories on how they have implemented feedback. For instance, they made white butter chicken for one customer who did not like it in red. In another instance, they specially made Chinese food for a customer who did not want the cuisine the restaurant offered on that particular day. They have even gone to a customer's home with a cake as they did not celebrate their birthday/anniversary at the restaurant.

They customise their buffets to cater to the local flavour and often take inputs from their chefs and introduce new dishes. They organise food festivals - they recently celebrated a Mohammed Ali Road food festival and previously, it was a Filmy Retro festival with décor from the 1960-70s movies and Bollywood music. They take ideas for these festivals from their customers and staff.

Barbeque Nation has developed a unique approach to interact with their customers on digital platforms. They try to celebrate food and build a 'barbeque culture' rather than create a fan base. Their content is witty, funny and smart and they try to provide a homogenous experience across platforms. Thus, they build brand evangelists over time - their own customers!



Sector analysis

Grocery retail

Grocery retail in our survey comprises supermarkets, hypermarkets, premium and online grocery retail, consequently covering a large number of sub-segments. While the total average of the CEE metric across all sectors, measured in the survey, stands at 7.86, this sector performs slightly below average with a score of 7.78. The outperformer in terms of excellent performance is DMart, which fares best on the Integrity and Personalisation pillars. The grocery retail segment as a whole fares the best on the Integrity and the Time and Effort pillars, while faring the least on the Expectations pillar.

The segment is still in its nascent stage, and is dominated by the unorganised market of general stores, convenience stores, kirana shops, street markets and the like. The unorganised segment fares better than the organised segment due to its highly personalised, localised product and service offerings, free home delivery and proximity to the customer; sparing them time and effort in their path to purchase. They come up with personalised solutions to maintain customer stickiness. For instance, during demonetisation, the unorganised sector offered credit to their loyal customers.

Consequently, players in the organised segment are not just competing amongst themselves but with the unorganised sector too, and the segment therefore is not faring too well. To perform well, brands must be willing to offer much better customer experiences, at par or even better than what is offered by the unorganised segment.

Top five brands alphabetically

Sector	Brand	Sub sector
	bigbasket.com	Online grocery retail
	Big Bazaar	Hypermarket
	DMart	Supermarket
	Grofers	Online grocery retail
	SPAR Hypermarkets	Hypermarket



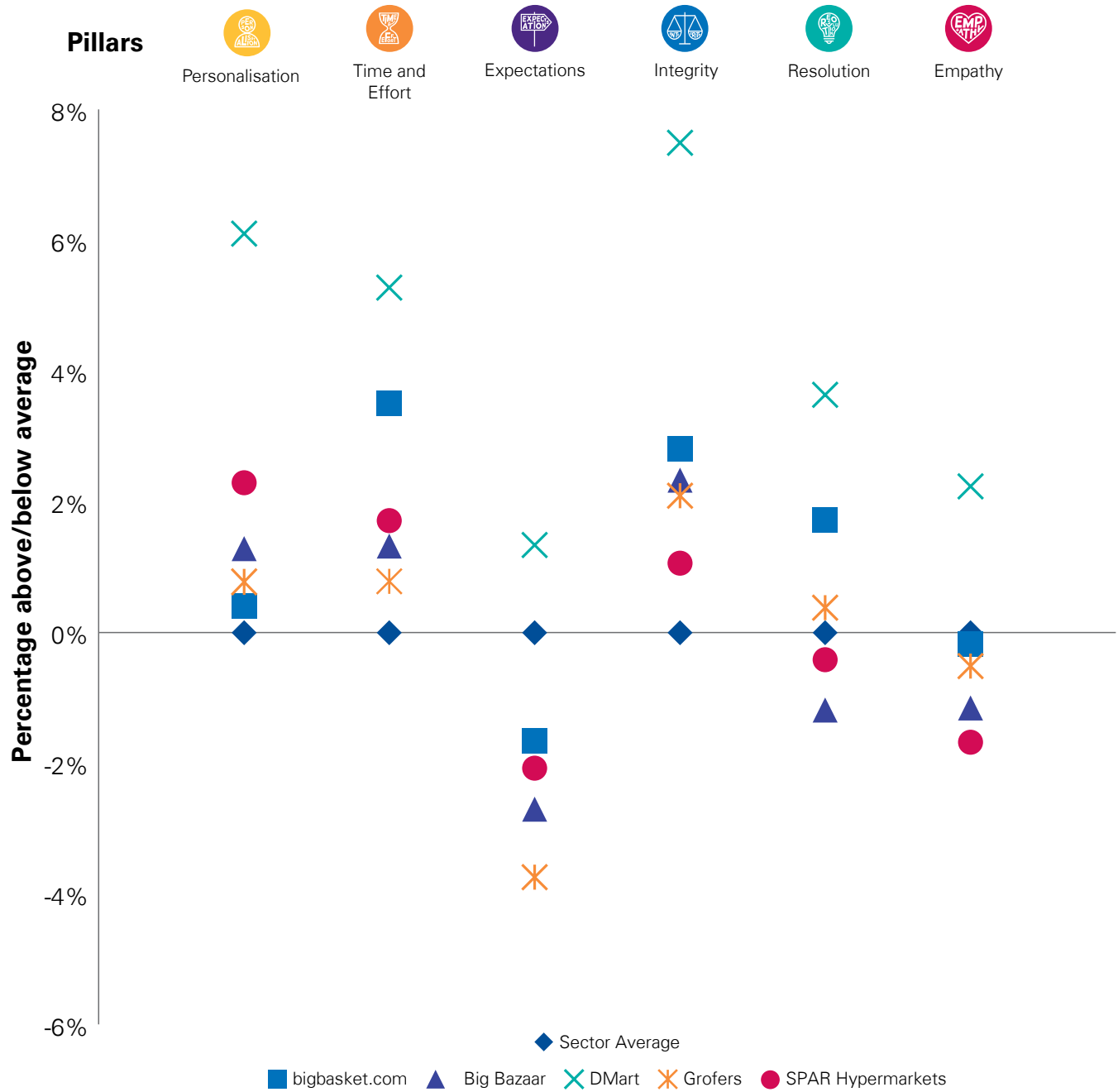
I have had a good experience with DMart. The personnel are welcoming and are extremely polite, even during an argument with the customer. Their products are cheaper than other stores but are of good quality and they have an excellent refund policy. I generally like the store's atmosphere.

- A DMart customer





Grocery retail pillar performance



Case study

DMart



Personalisation

92.5th percentile



Expectations

85th percentile

DMart succeeds because it does small things repeatedly and consistently.

DMart has a different business model than the rest of the players in its segment which has proved to be successful, not just on our CEE metric but also in the market. They have never had to close down or shift a store in their many years of business operations. Meticulous planning, a deep understanding of their customers' wants as well as their lower than average prices keep the brand relevant.

DMart is cautious and understands what it wants to sell. While other retail brands have diversified into segments like electronics and clothing, DMart sticks to food and groceries. They also steer clear of creating private labels or brands and house all their products under a single brand name. DMart focuses on selling low cost products which are necessities to the customer and offers them at prices slightly below MRP. As their inventory turnover ratios improve, they bargain with wholesalers for even lower prices which trickle down to the customer. Thus, DMart offers good quality products at lower prices than its competitors.

DMart has started to adopt the concept of hyper localisation by offering customised products depending on specific location preferences. Their product stock varies as per region on the basis of preferences showcased by their local customer groups. Even though their product offerings are limited, their focus lies on living up to their customers' expectations.



Sector analysis

Travel and hotels

The travel and hotels segment is quite vast, comprising brands across hotels, travel aggregators, rail, airlines and more.

Compared to the average CEE score of 7.86 across all sectors measured in the survey, this sector has scored 7.88, a little above average. It has fared the highest on the Integrity and Personalisation pillars but has fallen short of meeting customer expectations and being empathetic.

The hotels segment largely depends on offering good customer experiences as they come under the purview of luxury more than a necessity. The CEE score for this sector is largely driven by hotels despite the gamut of services offered by other brands.

Top five brands alphabetically

Sector	Brand	Sub sector
	Club Mahindra Holidays	Hotel
	Ginger Hotels	Hotel
	Hyatt	Hotel
	Jet Airways	Transport - airline
	Taj Hotels Resorts and Palaces	Hotel

“

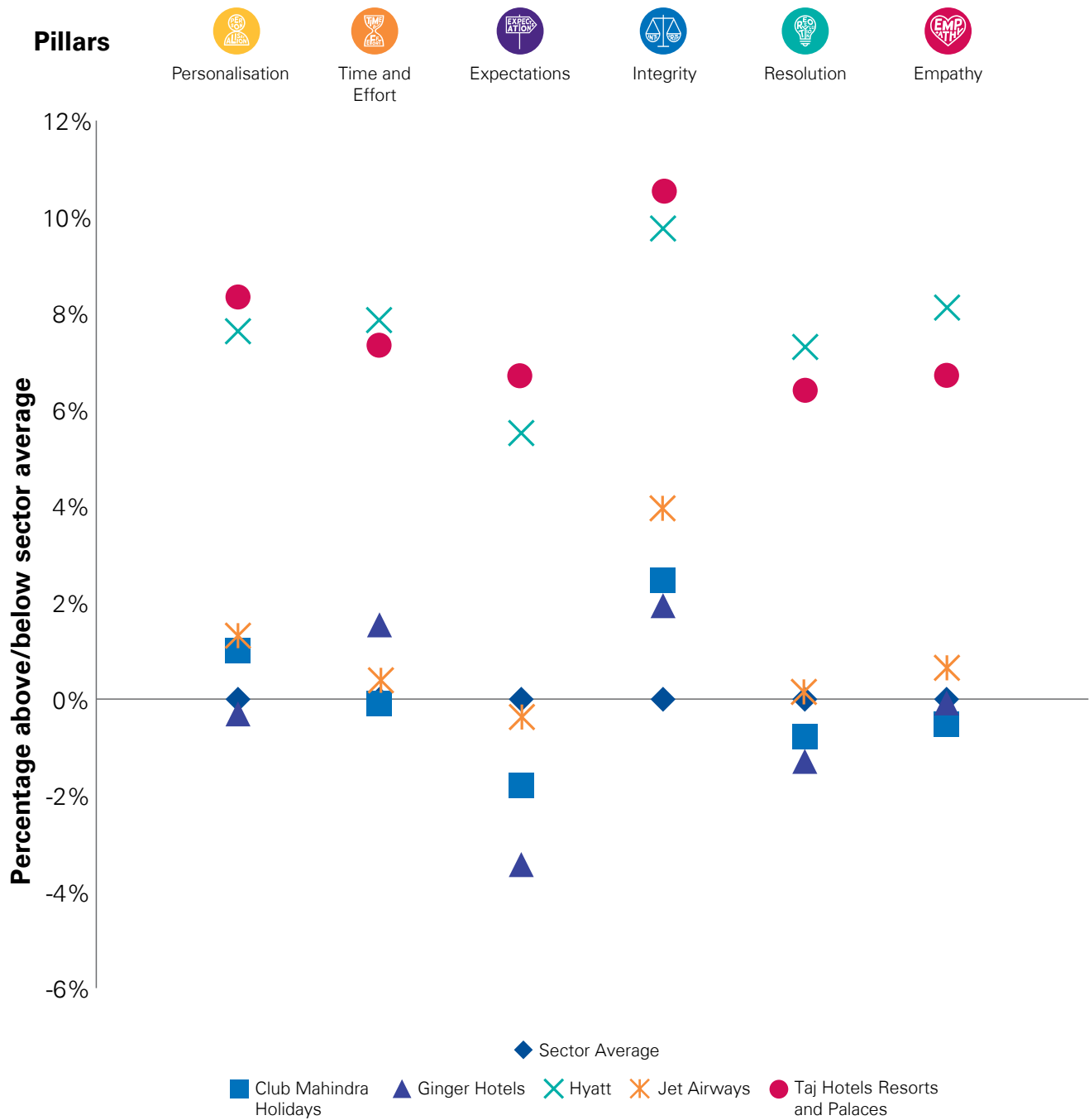
One of the best international hotels.
I always feel like a VIP whenever I have an opportunity to be a guest. Great service.

- A Hyatt customer





Travel and hotels pillar performance



Case study

Taj Hotels Resorts and Palaces



Expectations

100th percentile



Empathy

98.2th percentile

Taj Hotels Resorts and Palaces has topped our customer experience excellence metric despite facing stiff competition from major global players. The brand is known for providing a variety of unique local experiences and ensuring that their customers' expectations are always exceeded.

The brand thrives on the 'surprise factor' of providing incredible service to their customers. Customers often talk about how the hotel chain pays attention to minute details of their stay and ensures that they feel special throughout.

To offer best rates to their customers on their website, they have a 'best rate guarantee'. In the event a lower price is found on another website, the hotel chain would match the lower rate and provide an additional 10 per cent discount.

Their loyalty programme offers a host of premium benefits such as no black-out dates for booking hotel rooms, real time redemption options for food, beverage and spa at all participating hotels. With their 'Warmer Welcomes' alliance, the loyalty programme members can use their points for stays across Shangri-La hotels worldwide.

The brand also ensures that 'listening' is not limited to complaints. Their property management system knows their guests' preferences and this information travels across the hotel chain system. All elements of the stay are taken care of, whether the customer requires a feather down pillow or likes their hot chocolate scalding hot. A majority of their staff has worked with the brand for a considerable amount of time and recognises customers by their names, faces and personal preferences. Ergo, this 'listening' is both culture and process driven.

Taj Hotels Resorts and Palaces also indulges in social listening where they use tools to monitor their guests' social media feeds, allowing them to service their guests better. For instance, if a guest has tweeted that he/she is staying at the hotel for her birthday, the staff will ensure that a cake is delivered to the person.



Sector analysis

Entertainment and leisure

Entertainment and leisure sector in our survey comprises streaming services, gyms and cinemas; with a representative eight brands being surveyed from this sector out of a total 108. While this sector does not fare well in meeting customer expectations, it performs exceedingly well on the Time & Effort and Integrity pillars.

The top streaming services, Amazon Prime Video and Netflix, fare well on the Personalisation pillar, as they are able to make recommendations of shows, based on viewing history.

The gym brands, Talwalkars Better Value Fitness and Gold's Gym, also fare well on the Time & Effort pillar; due to the opening of multiple outlets across the country providing ease of access and convenience. They have also expanded beyond simple gym services and are becoming a one-stop shop for those with unique fitness goals, by offering other services like yoga, zumba, steam rooms etc.

Among cinemas, PVR Cinemas fares much better than INOX Group on the CEE metric. Compared to INOX Group, PVR Cinemas stands stronger on the Resolution and Empathy pillars.

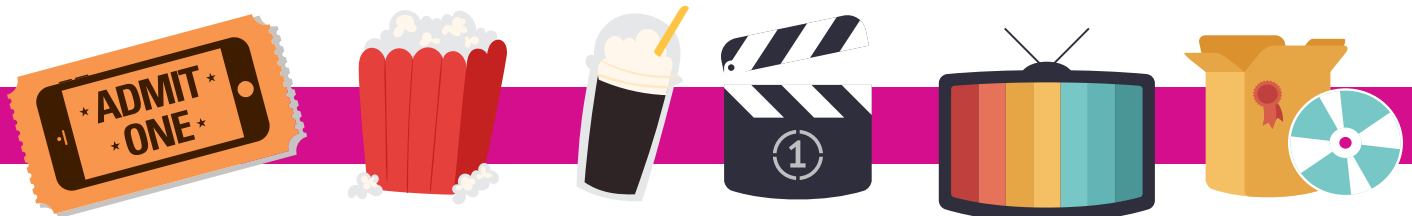
Top five brands alphabetically

Sector	Brand	Sub sector
	Amazon Prime Video	Streaming service
	Hotstar	Streaming service
	Netflix	Streaming service
	PVR Cinemas	Cinema
	Talwalkars Better Value Fitness	Gym



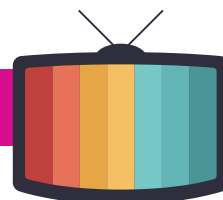
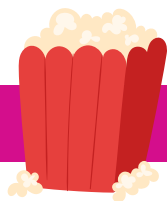
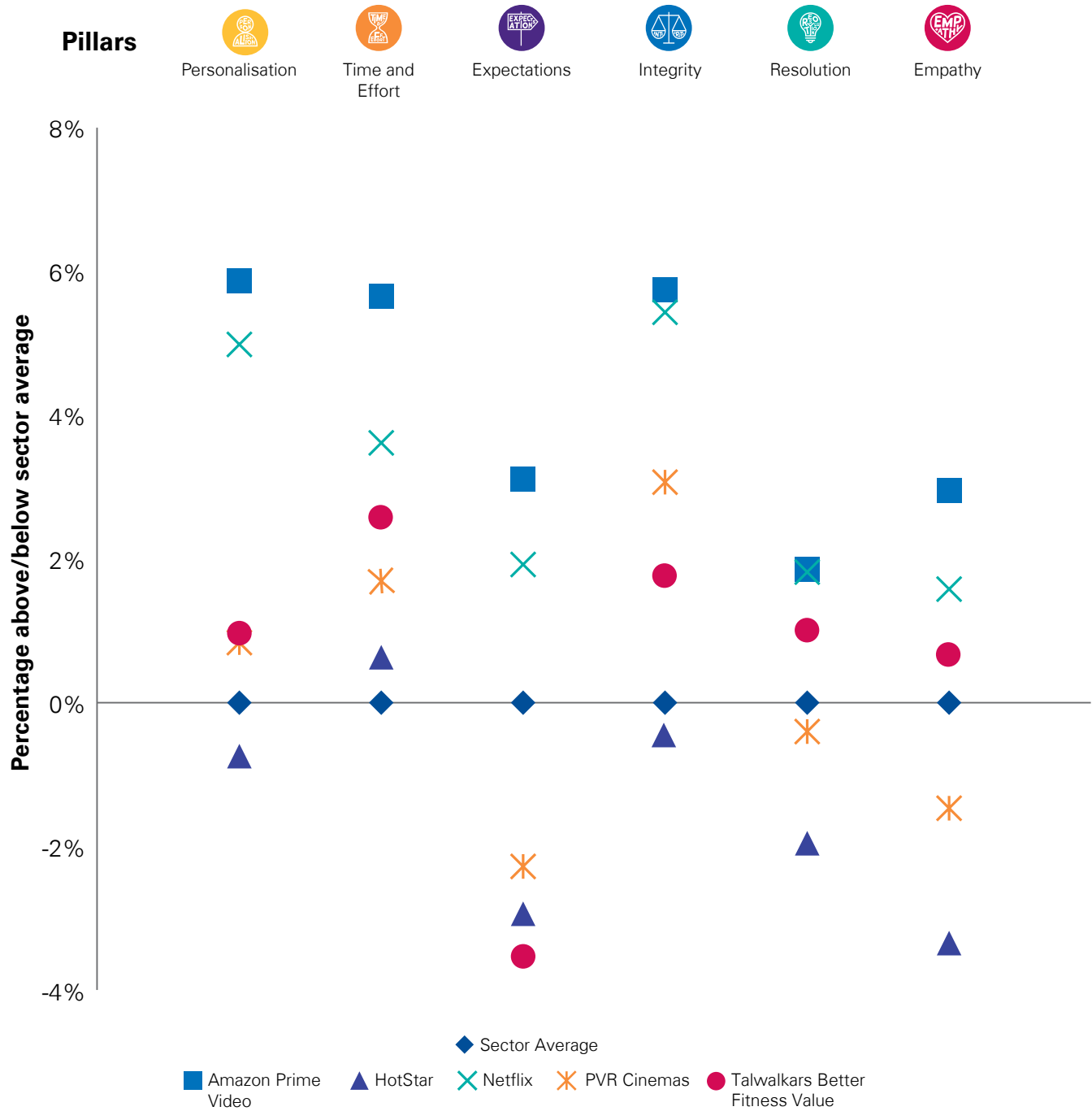
I've been using Netflix for a year now and I've been on it almost every alternate day or every day. The amount of content on it astounds me. I've always had something new to see and it wasn't disappointing at all. I really love how they include new TV series and films every month. The Netflix Original series has never been able to disappoint me, it's always a classic and always a blockbuster even though there are various genres of it. Overall, I'm very happy with my experience with Netflix.

- A Netflix customer





Entertainment and leisure pillar performance



Case study

Talwalkars Better Value Fitness



Empathy

82nd percentile



Resolution

81st percentile

With 220 outlets across 84 cities in India and Sri Lanka, Talwalkars Better Value Fitness is one of the largest fitness chains in the country. Currently in the process of a demerger, where their gym and lifestyle services will be split, the company is ensuring that they understand their customer and take the right steps to deliver exceptional customer experiences.

What seems to give Talwalkars an edge over the competition is the gamut of services it offers. It is not just a gym – but offers many more services like Yoga, spa, Zumba, NuForm (a quick weight loss method pioneered by them) etc. This approach enables them to cater to a wider variety of customers. A person may opt for a trainer at home or NuForm if they are put in a position where they cannot come to the gym.

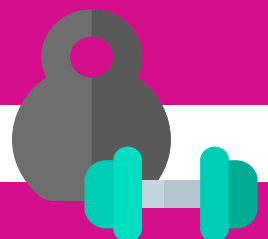
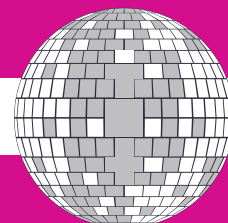
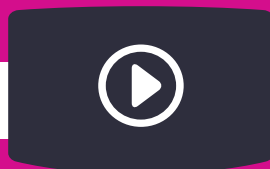
Talwalkars also pays attention to what others might consider only minor details. For their outlets in South India, they have installed refrigerators in women's washrooms specifically for storing their flower hair ornaments – *gajara*.

Another wonderful part about Talwalkars is the bond that the trainers and their clients form. Talwalkars reports that clients and trainers are often invited to family weddings. Customers feel the familial comfort they get at home at their gym!

They believe that gym exercise is more of a neighborhood activity, and have grown into a large chain. So, if customers relocate, they are likely to find a Talwalkars gym in their area and can continue their interactions with the brand.

Considering the aspect of customer service, Talwalkars believes that acting on customer feedback keeps them relevant. Customer complaints are handled by territory managers whose incentive structure is based not just on the financial performance of the organisation but also on resolution of customer complaints.

In conclusion, Talwalkars makes it hard for their clients to leave by playing the role of a one-stop shop for fitness needs. With their wide expansion across the country, Talwalkars is made easily accessible.



Sector analysis

Telecom

The telecom sector in our survey comprises three brands out of a total 108 brands. This sector performs well on the Integrity and Personalisation pillars but has scope for improvement on the Empathy pillar. While the average CEE score is 7.86, this sector performs below average with an average score of 7.64.

Among the three representative brands – Jio, Bharti Airtel and Vodafone – Jio is an outperformer in terms of offering strong customer experience as well as value to the customer.

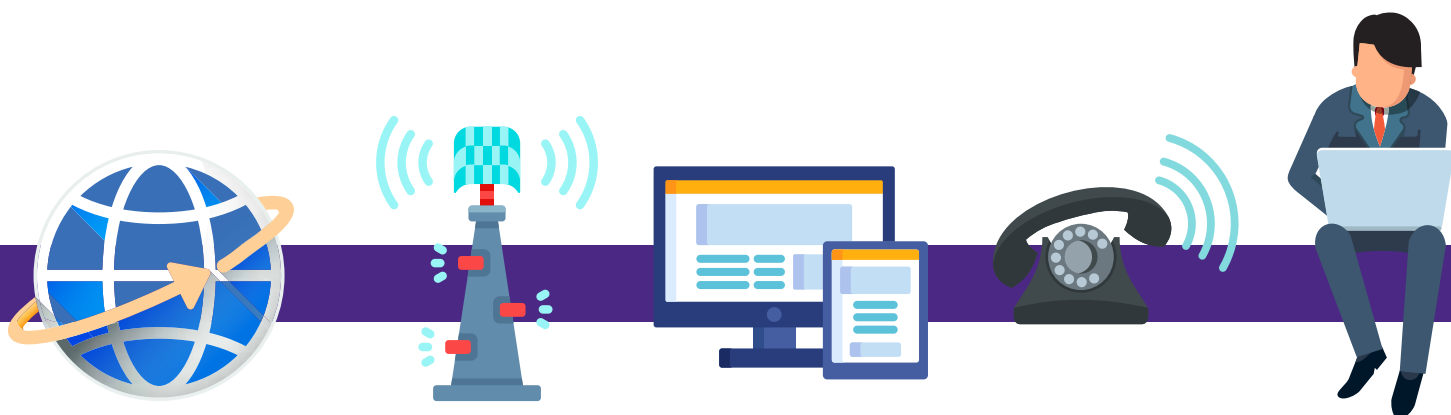
Top three brands alphabetically

Sector	Brand	Sub sector
	Bharti Airtel	Telecom
	Jio	Telecom
	Vodafone	Telecom



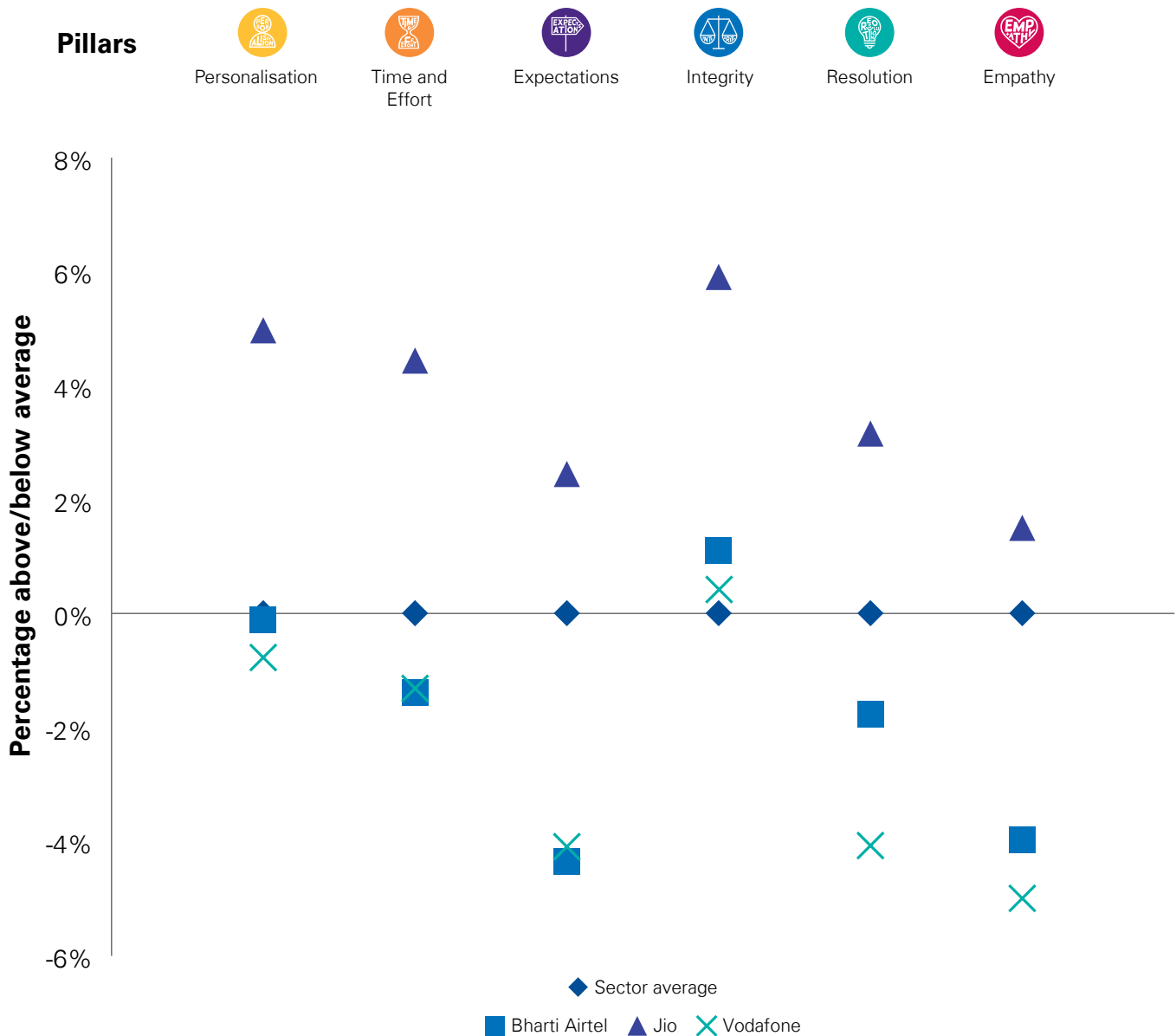
I feel Jio provides one of the best set of services to their customers; as well as lots of data options at competitive rates

- A Jio customer





Telecom pillar performance



Case study

Jio



Personalisation

71st percentile



Expectations

75th percentile

Jio strives to be a customer centric brand through the length and breadth of their customer and product lifecycle. They look to cater to the Indian psyche by providing disproportionately more value at lower price points.

They have aimed to bring about a societal change in India by making voice calls and 4G data absolutely free; thereby working towards ensuring a connected nation.

Their aim is to constantly innovate and meet customer expectations, be it keeping up with changes in technology or demand for instant services. They were inspired by the fact that other countries allowed on the

spot SIM activation. This pushed them to start a 10 minute SIM activation policy on presentation of one's Aadhaar card, in India as well.

With the advent of LTE technology in India, they released a range of LTE phones called Lyf to counter device compatibility and price issues.

Each Jio customer care centre is regularly audited by the brand and dashboards are presented at each centre to show the performance levels. This is done based on mystery shopping programmes, social listening and ticket resolution. Under the purview of this social listening, Jio not just listens to the complaints of their own customers but also of their competitors' customers. In case a competitor's customer is disgruntled with their network service, Jio steps in and offers to deliver a Jio SIM card directly to the person's home.

From a customer grievance point of view, all Jio employees are empowered to reverse money to the customer in case of a claim of wrong charges. No questions are asked in case of dispute in billings and tariffs and the customer is given the benefit of the doubt.

Jio believes that constant innovation and staying ahead of the curve are the key to catering to customer needs and expectations.



Driving customer experience - setting greater expectations

Setting Greater Expectations

In 1980s, Professor Kano developed the Kano model – a theory of product development and customer satisfaction. At the heart of this model is the customer's psychology that the substantial improvements in 'how' a customer's expectations are being met over time, changes the expectation from exciting to essential.

This implies that an individual breakthrough is not lasting and brands need to inculcate a culture of raising the bar on customer expectations at every step of the way as well as ensure quick execution and delivery.

The Indian consumer's psyche has changed. Influx of global mega brands and technology start ups in India have given rise to a phenomena of expectation transfer, where outstanding performance by one brand raises the bar and sets a standard for other brands. Firms are now caught in a growing whirlpool of ever increasing customer expectations where failing to maximise on the Personalisation pillar will have customers switching brands.

One of the customer experience leaders of our survey, Taj Resorts and Palaces, knows how to set expectations and manage them.

Taj Hotels Resorts and Palaces, in essence, sells expectations. They do not sell a room; they sell an emotionally rich expectation of how their stay caters to their guests' senses. They, then, embark on a journey to meet the expectations that they themselves set in the first place. From being welcomed with traditional flower garlands to being enticed by eclectic culinary experiences. The brand has raised the bar for what customers expect of hotels much higher than before.

Amazon strives to ensure that they deliver within the particular time period they have promised, i.e. a delivery window. They set high expectations at the time of delivery, including guaranteed free one-day and two-day delivery for Amazon Prime members, and then they make sure that they exceed it.

As a consequence, an understanding of how expectations are fabricated, directed and exceeded are essential for a superior customer experience.

Don't forget the basics

Brands in India might understand the changing need of the hour but ground reality shows that they still struggle to make omni-channel, real-time connections and deliver meaningful personalised offerings.

The golden rule is to not forget the basics.

Keep the customer at the centre of your strategy – and not just your database

Personalisation is essential, but only once the basics are in order. It is necessary to constantly go back to your customers and ask them what problems they need solved.

Have a clear plan

There will always be another buzzword, framework, strategy around the corner but it is imperative to realise that all roads must lead to the customer. With a clear plan for how to reach and engage with your customer, you can avoid chasing shiny objects and keep the customer truly at the core of your efforts.

Don't sit on your data

Customers trust your brand and invest time in sharing information about themselves and their needs. It is important to convert this data into actionable insights and deliver better experiences to your customers.

Get every inch of your business to adopt a 'customer first' culture

Align organisation incentives with achieving customer experience goals. This will ensure that across back-end, middle and front-end processes, the goal of 'customer first' is maintained.

Top 50 CX brands in India

(in alphabetical order)

Sector	Brand	Sub sector	Sector	Brand	Sub sector
	Adidas	Sportswear retail		Jio	Telecom
	Allen Solly	Clothing retail		Karachi Bakery	Bakery
	Amazon	Online retail		KFC	Fast food
	Amazon Prime Video	Streaming service		Levi's	Clothing retail
	American Tourister	Luggage retail		Mainland China	Restaurant
	Axis Bank	Bank		Marks & Spencer	Clothing retail
	Baggit	Handbag retail		Natural Ice Cream	Frozen desserts
	Barbeque Nation	Restaurant		Netflix	Streaming service
	Barista Coffee Company	Coffee house		Nike	Sportswear retail
	BHIM	Payment system		Paytm	Payment system
	BIBA	Clothing retail		PC Jeweller	Jewellery retail
	Citibank	Bank		PVR Cinemas	Cinema
	Club Mahindra Holidays	Hotel		Raymond	Clothing retail
	DMart	Supermarket		Reebok	Sportswear retail
	Flipkart	Online retail		Starbucks	Coffee house
	Gelato Italiano	Frozen desserts		State Bank of India	Bank
	Hard Rock Café	Pubs		Taj Hotels Resorts and Palaces	Hotel
	HDFC Bank	Bank		Talwalkars Better Value Fitness	Gym
	Hindustan Petroleum	Petrol station		Tanishq	Jewellery retail
	Home Centre	Home ware retail		The Body Shop	Cosmetics retail
	Hotel Saravana Bhavan	Restaurant		Titan Eye Plus	Optician
	Hyatt	Hotel		VERO MODA	Clothing retail
	ICICI Bank	Bank		VIP	Luggage retail
	Indian Oil	Petrol station		W	Clothing retail
	Jet Airways	Transport - airline		Zara	Clothing retail



Financial services



Restaurants and fast food



Telecom



Travel and hotels



Non-grocery retail



Grocery retail



Entertainment and leisure

Customer experience (CX) self assessment

Personalisation



- Have you differentiated between your customers? How?
- Are your products relevant to your customers base?

Time and Effort



- Do you use the latest technology? Do you effectively manage delays?
- Do you explain exactly what is needed to the customer and inform them about issues?

Resolution



- Do you deal with issues consistently and acknowledge your mistakes? Do you provide temporary solutions?
- Do you provide a gesture of goodwill and keep customers appraised?

Expectations



- Is your delivery consistent and do you follow through on promises?
- Do you treat your customers with respect and show them genuine appreciation?

Integrity



- What is the level of advocacy your customers indulge in for your brand?
- What is the image your company portrays to the public? Do you take your PR seriously?

Empathy



- Are you willing to bend the rules and act on a customer's feelings? Do you go the extra mile for your customers?
- Do you explain things in a coherent manner? Do you understand the customer's circumstances?

Key takeaways

#1

Best CX brand in India: Taj Hotels Resorts and Palaces

With a score of 8.5, the brand has been rated by Indian consumers as the highest rated CX brand in India. Taj Hotels Resorts and Palaces also scored the highest on the pillars of Integrity and Personalisation.

7.86

Overall customer experience in India: 7.86

Respondents rate the overall experience in the Indian market as 7.86. Of the 108 brands surveyed, 51 CX brands received a rating above 7.86.



Best global CX brand: Hyatt

The highest rated global brand with a score of 8.49 was Hyatt, which also received the highest score in Resolution.



Best performing sectors are non-grocery retail (7.92) and entertainment and leisure (7.89)

With 28 of our top fifty brands either from the non-grocery retail or the entertainment and leisure sector, both are highly competitive with little differentiation noted in the experiences delivered.



Drivers for overall CX: Personalisation and Integrity

Personalisation and Integrity are the pillars recognised by Indian consumers as the most important in driving overall customer experience, with an impact of 18.95 percent and 18.7 percent respectively.



Indian consumers rate brands lowest in delivery of Expectations

Indian consumers rate CX brands just 7.6 for Expectations indicating that Indian brands need to meet the rising standards of Indian consumers.



KPMG in India contributors

Customer and Channel team

Subhajit Mazumder

Devika Deshpande

Tricha Kharbanda

Kripa Fernandes

Markets and Strategy

Rahil Uppal



KPMG in India contacts:

Mritunjay Kapur

National Head

Markets and Strategy
Head - Technology, Media
& Telecom

T: +91 124 307 4797

E: mritunjay@kpmg.com

Abhijeet Ranade

Partner and Head

Customer & Channel
Management Consulting

T: +91 120 6747 7007

E: aranade@kpmg.com

Aditya Rath

Partner

Customer & Channel
Management Consulting

T: +91 22 3090 2580

E: adityarath@kpmg.com



Follow us on:

kpmg.com/in/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2018 KPMG, an Indian Registered Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Printed in India (026_THL0818)