KPMG nunwood

The connected experience imperative

2017 UK Customer Experience
Excellence analysis

Customer Experience
Excellence Centre

Customer Experience Excellence Centre

The *Customer Experience Excellence Centre* is an international think tank, dedicated to helping members turn global customer experience best practice into effective business results.

- 8 years of ongoing research
- 1,550 detailed brand reviews
- 1.86+ million individual B2C and B2B evaluations
- Coverage of 17 markets by 2018

Defining customer best practice through the lens of The Six Pillars

The DNA of every outstanding customer experience and fuel of fast-growth business

Designed to enhance the effectiveness of your CX programmes

- Voice of the customer
- Experience design
- Customer experience strategy
- CX economics and ROI forecasting

Introduction

In our 2016 report Making Memories, we were concerned with the mind of the consumer, and deriving an "outside in" view of the psychology of customer experience (CX).

In this report we are concerned with the mind of the organisation, the way in which the business considers itself and its relationship with the customer.

So, why has this become important? Because the brutal truth is, across UK Plc, customer experience has stalled.

It has stalled because firms are failing to make the necessary internal connections that ensure the delivery of a consistent experience across all touchpoints. For many, customer experience has yet to evolve into a coherent management or transformation discipline. It is a team or project, rather than a mature business capability.

Why is it imperative that firms and their advisors get this right? Because inconsistency is the natural enemy of customer expectations and failure to meet those expectations is resulting in firms being left behind, losing business and failing to retain customers.

Despite multi-billions of investment, the 2017 UK survey shows that only a small number of UK firms are succeeding in making CX a source of value for their business. Overall we see a decline in the average score across the survey top 100. Even our leading companies are struggling to stand still. When compared to the US, we are now where they were in 2012.

There is, however, evidence to be optimistic about the future. There are organisations who are making real progress, who are transforming their businesses and, in the process, the experience they deliver to their customers.

There is much to learn from these beacons of success. Firms such as QVC and Lush continue to feature as CX leaders in our analysis, which is flowing through to their bottom line. These firms sit alongside other consistently high performing brands in our analysis such as first direct and Emirates. In fact 12 firms in the top 100 have moved up more than 50 places in their rankings since 2013, firms such as Churchill, First Choice and Hargreaves Lansdown.

These firms are breaking away from the pack because they have built firm foundations for CX success by cultivating four critical capabilities. First, a preoccupation with **excellence** at all levels of the organisation and the adoption of global best practice. Secondly, a focus on **engaging**, empowering and enabling their people. Thirdly, the strict management of **execution** ensuring experience designs are delivered by integrated marketing sales and service operations. Finally, to ensure funding for genuine transformation, rather than incremental improvement, the leaders establish a clear "CFO-credible" understanding of the **economics** that underpin CX.

By creating the right internal capabilities, these firms are distinguishable by the degree to which their customer experience efforts are integrated and connected. The boundaries between their front and back offices are blurring, they are intimately close to their customers and driven to innovate by the insights they gain. They are structuring their businesses in new and exciting ways and, in the process, they are delighting their customers and creating lifelong fans.

Further, these companies see CX as a source of commercial value. Not just a differentiator versus competition, although it is certainly that, but a mechanism for superior profitability. The net result? Customer experience becomes a sustainable source of financial value for shareholders and owners.

Against this backdrop of organisational change, we have observed a fundamental shift in customer mind sets. In the last 12 months, the importance of setting and meeting Expectations has become a considerably greater influencer of advocacy and loyalty.

There is a palpable change in the consumer psyche. A phenomenon best described as expectation transfer, where one brand's outstanding performance sets the benchmark for everyone else. Firms are increasingly being caught in an escalating vortex of ever increasing customer expectations.

Changing the rules of the game to compete in this expectation-laden world requires innovation and new thinking about how the business can connect more deeply and more profoundly with its chosen customer and how it delivers excellence.

The clock is ticking. New entrants, not bound by the mental straitjacket of what has worked in the past, are redefining the rules for success.

Firms are being faced with a stark choice, catch up by changing the rules of the game or drift into the obscurity of "me too".

We are calling this *The connected experience imperative.*

Contents

Key findings

> **One brand's gold standard of service becomes the price of admission for everyone, a phenomenon called expectation transfer.**
>
> Ian McCaig, Co-Founder and CMO, Qubit

Never before have brands been under such pressure to perform. Constant improvement is now routinely expected. We are moving towards what some describe as the expectation economy. A place that is data and insight driven, typified by disruption and innovation. Where firms have to decide to be a follower or an innovator.

For the first time we have seen a significant shift in expectation as a key component of an experience. Overall the average score for CX has fallen and the gap between the US and the UK has widened.

Our report highlights:

- A significant increase in the role of Expectations as part of The Six Pillars in its contribution to advocacy and loyalty.

- We see respondents increasingly talking in comparative terms relaying their experience of brand X in the context of their experiences with brand Y.

- A growing gap between customers' expectations of a brand and the brands ability to deliver. Even our leading companies are having to work very hard to stand still.

- We have a new number one company, QVC UK; respondents highlighted QVC's strength in expectation management. The organisation is an example of a connected company where front and back office are connected and aligned.

The importance of Expectations in contributing to advocacy and loyalty has moved markedly. The corollary of this being that the overall fall in average CX score is almost entirely attributable to a failure for the majority of firms to keep pace with the escalating nature of customer expectations.

Even the leading firms in our index are having to battle hard to stand still. However, there are firms who are winning this battle, whose strategies reset customer expectations, who are breaking the mould, from whom there is much we can learn.

There has been an overall decline in average UK customer experience score, from 7.33 to 7.08.

The UK records its lowest CX performance to date, with only 8% of brands recording an increase in customer experience score this year.

The UK now falls someway behind the US in terms of customer experience.

The top performing brands in the UK continue to be outstanding, with five brands recording a score of 8.00+

However, there is a marked decrease in performance among brands falling outside of the top 10, with the poorer performing brands continuing to decline.

This is linked to the increased importance of Expectations (by 3 percentage points), as it now appears that simply listening and reacting to customer needs is no longer enough to warrant 'good' customer experience. High-performing brands have become adept at anticipating what the customer needs and then exceeding customer expectations, through proactively offering solutions, often before the customer realises they have a need.

The index has become more volatile as firms strive to improve and 2017 sees the largest movement of brands year-on-year.

Despite the decrease in overall UK performance, 28 brands have managed to move up 50 places or more in the full rankings, which is seven more than previously recorded.

Significant progress is being made by individual firms in all industries.

Customer Experience Excellence methodology

- The research was conducted in July 2017
- 10,042 UK consumers were interviewed
- 295 brands are included in the final results
- Spanning 10 sectors

Non-grocery retail

Financial services

Travel and hotels

Grocery retail

Telecoms

Entertainment and leisure

Restaurants and fast food

Public sector

Utilities

Logistics

Economics of customer experience

The leading firms are using customer journeys to drive out cost and increase revenues.

At the heart of customer experience economics is the customer journey. Increasingly it is not only the core building block of organisation design, but also a unit of economic measurement.
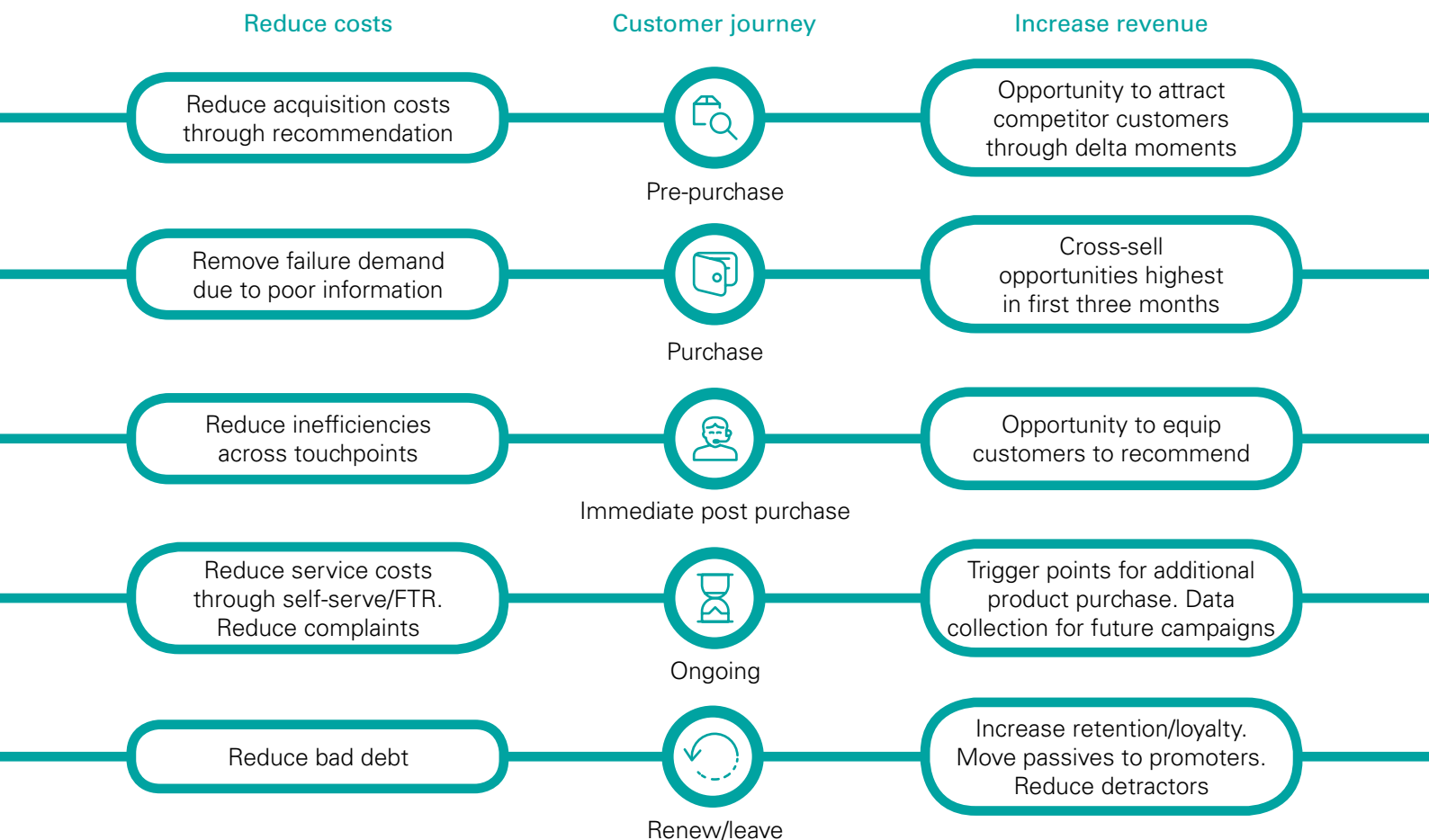
That is because each stage in a customer journey presents opportunities to reduce costs and improve revenue.

The unit of customer journey provides a framework for ensuring the experience delivered is financially optimised and neither under nor over-engineered.

Where all opportunities of revenue enhancement are identified and planned for.

Having looked intensely at hundreds of companies, we've seen that there are huge opportunities to both cut costs and grow revenue if you invest carefully in the customer experience delivered across customer journeys - especially in sectors like insurance, utilities, telecoms and banking.

Evidence suggests that brands that improve customer journeys see revenues increase as much

Reduce costs	Customer journey	Increase revenue
Reduce acquisition costs through recommendation	Pre-purchase	Opportunity to attract competitor customers through delta moments
Remove failure demand due to poor information	Purchase	Cross-sell opportunities highest in first three months
Reduce inefficiencies across touchpoints	Immediate post purchase	Opportunity to equip customers to recommend
Reduce service costs through self-serve/FTR. Reduce complaints	Ongoing	Trigger points for additional product purchase. Data collection for future campaigns
Reduce bad debt	Renew/leave	Increase retention/loyalty. Move passives to promoters. Reduce detractors

as 10 to 15% while also lowering the cost to serve 15 to 20%. USAA, who feature in our US analysis, have seen cost reductions of 20% plus through journey redesign, by removing unnecessary steps, inefficiencies and duplication, whilst increasing both satisfaction and revenue.

How does journey mapping make that possible? The reality is that there are significant inefficiencies over the typical customer journey, which often cover multiple touchpoints managed by many different parts of an organisation (website, sales, call centre, operations and logistics). A call centre may respond to a customer complaint, for example, but not identify the root cause, and other customers will continue to complain about the same issue.

In many cases we see that procedures are duplicated. Poor design slows down the overall process creating costly waste.

At the same time opportunities to increase revenue are continually presenting themselves but few organisations are able to make the most of them.

Detailed analysis of the "shopper" journey can reveal "Delta Moments", those occasions where the shopper is most susceptible to breaking a habitual purchase. Where a competitor's poor management of a customer journey causes the shopper to reconsider their relationship with that brand and potentially be tempted away.

It is well known that customers are more likely to "cross buy" in the first three months if their initial experience is a positive one.

Many firms are enabling (and some are incentivising) their customers to talk about their purchases on social media, recognising that new purchases are important currency in the social media world.

Interactions during the relationship present opportunities to cross sell (sales through service) and also collect vital information that can be used to personalise future sales opportunities.

From an end-to-end perspective, companies investing to improve the customer experience must be clear about what it is actually worth in commercial terms and exactly how the improvements will generate value.
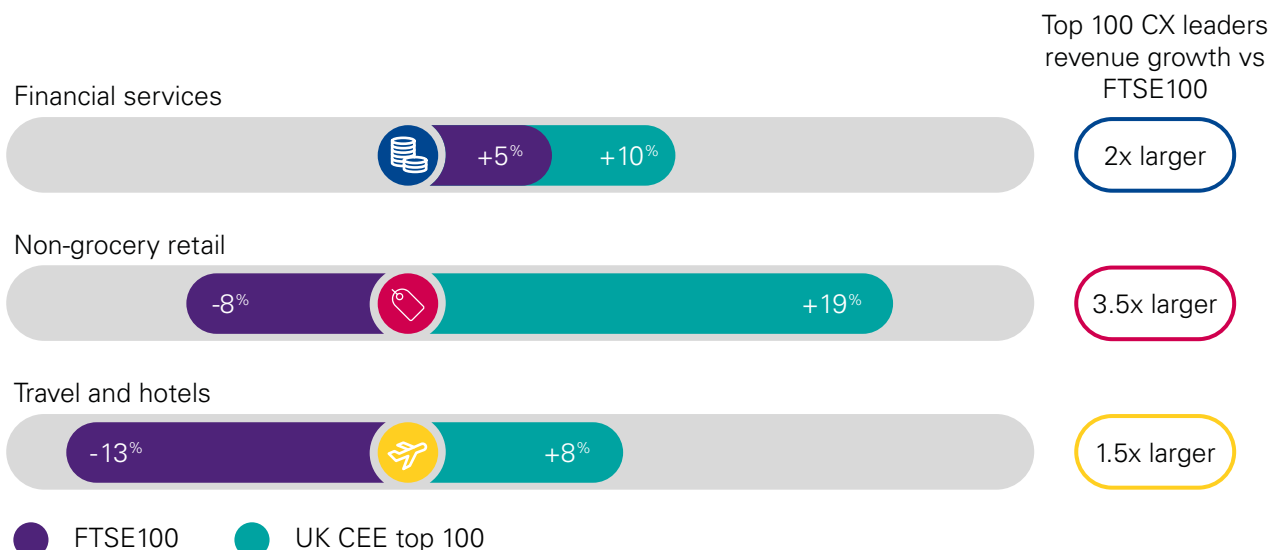
Central to this analysis is a deep understanding of the drivers of customer value and the commercial benefits of improving the quality of an experience. Customer value analysis of key cohorts of customers over time will reveal how customer value changes based on the experiences they are exposed to.

When this data is linked to pain points it enables firms to focus on customer satisfaction issues with the highest returns.

Once you have identified the pain points and sized the potential impact of each, it is possible to construct robust business cases built on a near-term reduction in absolute costs (e.g. fewer calls, escalations, visits etc.) These will remove both customer pain points and costs from the system and predict potential revenue enhancements. A detailed customer journey costs and revenue analysis will provide the sort of rigour that encourages the CFO to invest wisely.

Top 100 - sector revenue growth over the last three years vs FTSE100

We compared two cohorts of companies - the FTSE100 and the CEE top 100. We have identified the revenue growth attributable to a superior customer experience is substantial.

Top 100 CX leaders revenue growth vs FTSE100

Financial services		
+5%	+10%	2x larger

Non-grocery retail		
-8%	+19%	3.5x larger

Travel and hotels		
-13%	+8%	1.5x larger

● FTSE100   ● UK CEE top 100

CX economics - key facts

We have consistently tracked the link between customer experience and commercial outcomes. Our analysis this year shows an ever stronger relationship between the quality of the customer experience and the financial performance the firm enjoys as a consequence. Consumers are increasingly migrating their custom to the firms that create compelling experiences. Customer experience is instrumental to financial success.

Over the last five years...

10x — UK top 10 brands achieved 10x the revenue growth of their FTSE100 counterparts

1.5x — UK top 100 brands achieved 1.5x the revenue growth of the bottom 100 CEE brands

3x — Within the top 100, the brands positioned 1 - 10 achieved 3x the revenue and profit growth of brands positioned 91 - 100

4x — The 10 brands who have transformed their performance since 2013 achieved 4x the revenue growth of the remaining top 100 brands

On average, year-on-year...

4x — Revenue and profit growth of the top 10 brands was 4x larger than that of the bottom 10

2x — The top 100 brands achieved a year-on-year average profit growth that was double that of the bottom 100 brands

This analysis is based on publicly available financial information for the FTSE250 and CEE measured organisations. Not all organisations have publicly available financial information. This analysis takes into account the latest available figures at the time of publication. All data is collected by KPMG Global Services team.

The DNA of best practice
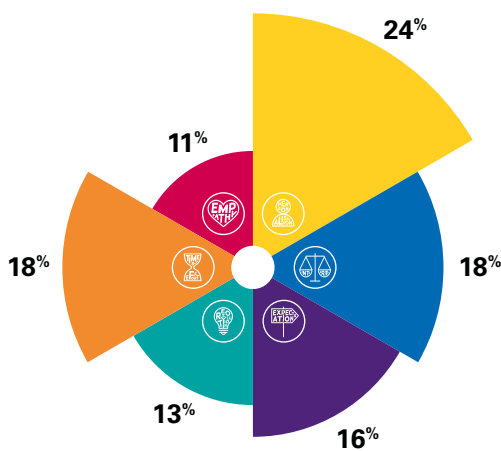
The Six Pillars of experience excellence

So, how do business leaders unlock the economic advantage of CX leadership? Eight years of research by the *Customer Experience Excellence Centre* provides a deep understanding of the characteristics of an outstanding customer experience.

Through more than 1.85 million evaluations across multiple markets, six fundamental components of every great customer experience have been identified and validated - these are The Six Pillars of customer experience excellence.

Not only do The Six Pillars define customer experience excellence, but so too do they predict commercial success, with strong performance across The Six Pillars improving loyalty and advocacy.

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

Pillar impact on loyalty

24% 11% 18% 13% 16% 18%

Pillar impact on advocacy

20% 13% 16% 14% 17% 20%
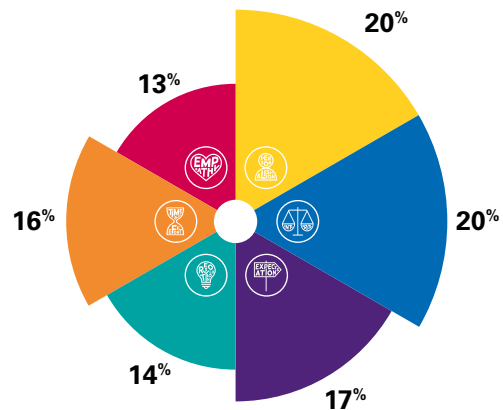
State of the nation

Innovations are driving a significant change in expectations whilst investments in customer experience have yet to gain traction and, as a consequence, firms are failing to keep pace. This has resulted in the UK's lowest customer experience performance to date.

- The UK has fallen further behind the US

- UK consumers in 2017 are three times more likely to have a poor experience versus 2016

- There is less differentiation than ever before as more firms become average.

This year's UK analysis shows a "regression to the mean", as most firms deliver an average experience, with most scores ranging between 6.5 and 7.5. Comparatively few companies are continuing to provide outstanding experiences.

Thirty-three firms scored 6.5 or below, versus 10 in 2016. UK consumers are three times more likely to have a bad experience this year than last.

Five brands meet the criteria to be world class - scoring an 8 or above in this year's study – versus 4 brands in 2016. This is some way behind the US where in 2017 58 US brands achieved a score of 8 or above.

There is a discernible decline in the experience curve across a large number of firms. Given it is unlikely that the experience they are delivering has deteriorated from previous years, it is more likely that it is the escalating growth in expectations that is leaving customers feeling underwhelmed with experiences that were previously acceptable.

The customer experience curve
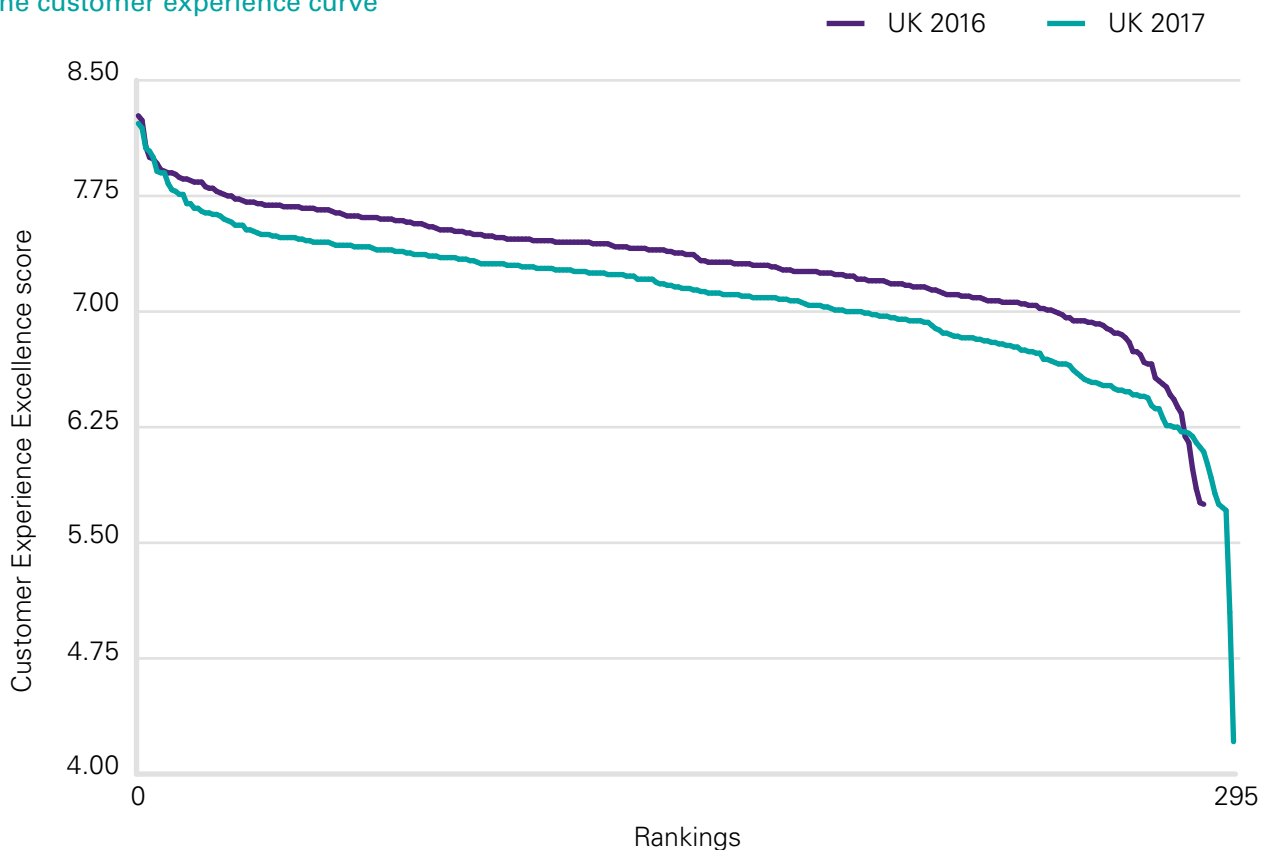
More positively, a number of brands are delivering new and exciting experiences. Innovative brands such as Uber and Airbnb are changing the way the consumer sees the world, and setting expectations for the market as a whole. Over 25 brands have moved up over 50 places in the rankings, with brands such as Burton and Standard Life making significant progress in the top 100, followed closely by Littlewoods, Holiday Inn Express and Churchill.

These brands are characterised by an intense, single-minded focus on customer experience that is being transmitted to customers. For these firms the experience they deliver is intentional. It is carefully designed and curated to meet the needs of their customers, it represents their brand promise and authenticity as these brands align their employee experience with the customer experience.

Overall CEE performance: UK vs US

— US 2017
— UK 2017

Customer Experience Excellence score

2015	2016	2017
7.60	7.42	7.75
7.25	7.33	7.08
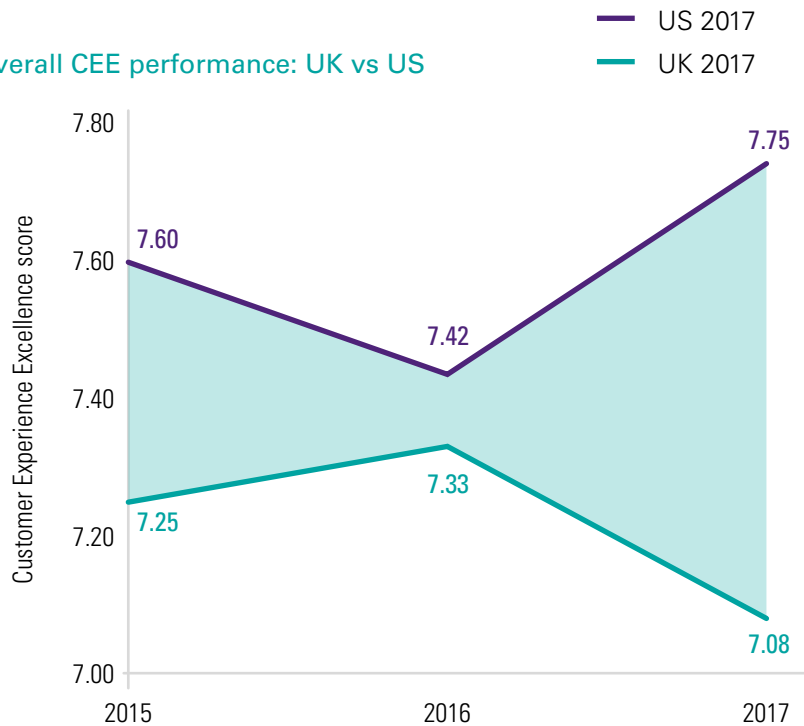
Overall performance UK vs US

-5%   -1%   -9%

Six Pillar importance: 2017 vs 2016

Personalisation
-2%

Integrity
+1%

Expectations
+3%

Resolution
+1%

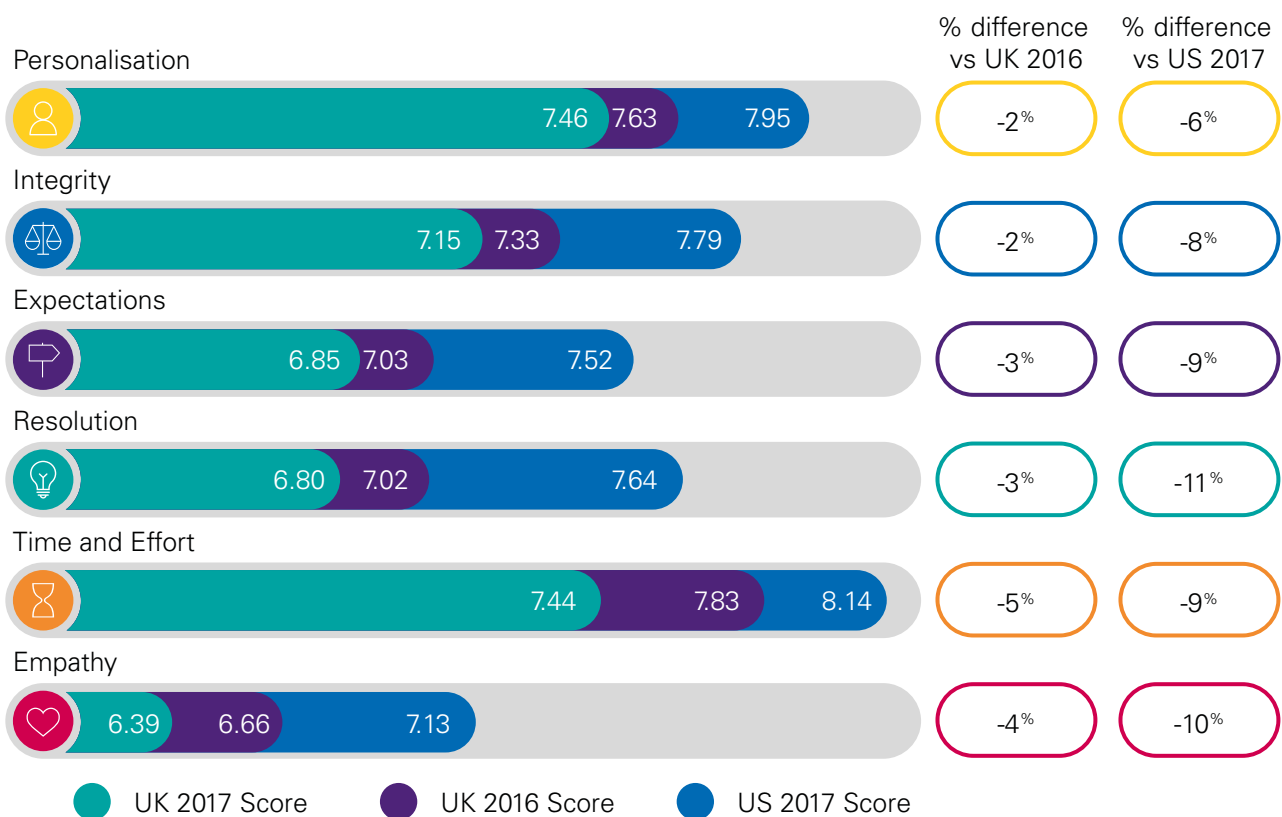Time and Effort
-1%

Empathy
0%

Over the past 8 years Expectations, as one of The Six Pillars, has been consistent in its importance in driving the overall CEE score and Advocacy and Loyalty. This year however, we have seen a shift in this importance, increasing by 3 percentage points.

Consumer confidence may also be a contributing factor as it hit a low point during the period of the research. It is likely that we are spending our money much more wisely, and looking for best value.

Pillar performance

All pillars have seen a decrease in mean score since the 2016 study. Personalisation continues to be the defining pillar when it comes to advocacy and loyalty. The decline in customer perceptions of the Time and Effort they have to expend to achieve an objective being consistent with an upward shift in expectations.

UK Six Pillar performance 2017 vs 2016

	UK 2017 Score	UK 2016 Score	US 2017 Score	% difference vs UK 2016	% difference vs US 2017
Personalisation	7.46	7.63	7.95	-2%	-6%
Integrity	7.15	7.33	7.79	-2%	-8%
Expectations	6.85	7.03	7.52	-3%	-9%
Resolution	6.80	7.02	7.64	-3%	-11%
Time and Effort	7.44	7.83	8.14	-5%	-9%
Empathy	6.39	6.66	7.13	-4%	-10%

Legend: ● UK 2017 Score   ● UK 2016 Score   ● US 2017 Score

Greater expectations

> ## We live in an era of revolution, the revolution of rising expectations.
>
> Adlai Stevenson, politician

In a world where expectations are a moving target, accurately setting and then meeting expectations has to become a core competence. Consequently understanding how expectations are created, managed and exceeded are becoming essential skills for CX professionals.

Uber has reset our expectations around how we use taxis; Amazon, how an online experience should be and Airbnb about staying away overnight. These firms have thought differently.

The company that leads our rankings, QVC UK, provides a lesson on how to set and manage expectations.

QVC, in effect, sells expectation. You can neither touch, feel nor smell the products they are selling; they sell the sizzle not the sausage. They sell an emotionally-laden expectation of how the product will make you feel. They then set out to deliver on the expectation they have set. Should the product not meet the customer's expectation then they will take it back within 30 days, no questions asked.

Consequently world-class organisations have to pay attention to two things, how expectations are formed, and then, how they meet those expectations.

Amazon, for example, strives to ensure that they deliver within the three-day free delivery window. They set the expectation and then use a range of delivery methods to exceed it. The worst case is that they meet the expectation they have set.

When Zappos first started trading they had a choice, invest in advertising or invest in the experience and drive word of mouth. They chose the latter, really wowing their customers by shipping products by air overnight. Customers' expectations were for a three-day delivery, in actual fact if they ordered before midnight they were likely to get their products by 8am the following morning.

Zappos didn't reveal how they achieved this miracle and their customers, duly excited, told their friends and colleagues about this amazing service, fuelling Zappos' word of mouth marketing strategy.

Expectations can be set explicitly or implicitly. Some brands such as motoring rescue company Green Flag (we get to you within 60 minutes or 50% off your next premium) and Premier Inn (a great night's sleep or your money back) embed achieving the expectation in their brand promise. IBIS Hotels guarantees to resolve any issue you may have with your hotel service within 15 minutes or your stay is free.

For other organisations the expectations are set implicitly. Ritz Carlton, for example, deliver on multiple small expectations knowing that cumulatively these add up to the brand promise, "where the genuine care and comfort of our guests is our highest mission". In fact at Ritz Carlton managing each individual guest's expectations is a science and provides the basis for a highly personalised service to its customers.

In each hotel within the chain, a special organisation exists called guest recognition. This special function uses the CLASS database to remember over 800,000 guests and generate information for all appropriate staff. It stores: likes/dislikes; previous difficulties; family interests; personal interests; preferred credit card; recency/frequency of use of the hotel; lifetime usage/amount of purchase. In this way, staff are able to understand what is 'new or different' about an individual customer. Staff carry special notebooks to capture insight on each guest and then input the information into the database. It ensures that Ritz Carlton is able to continually meet and often exceed their guests' expectations. They call it the Ritz Carlton mystique.

In the 1960s Professor Kano (Professor Emeritus of the Tokyo University of Science) published his innovation model, The Kano model. This illustrated that substantial improvements in how you meet an expectation over time become another basic need.

The implication is that individual breakthroughs are short lived and that a firm needs a culture of continually seeking to redefine customer expectations and an organisation capable of rapid execution and delivery.

The Kano model
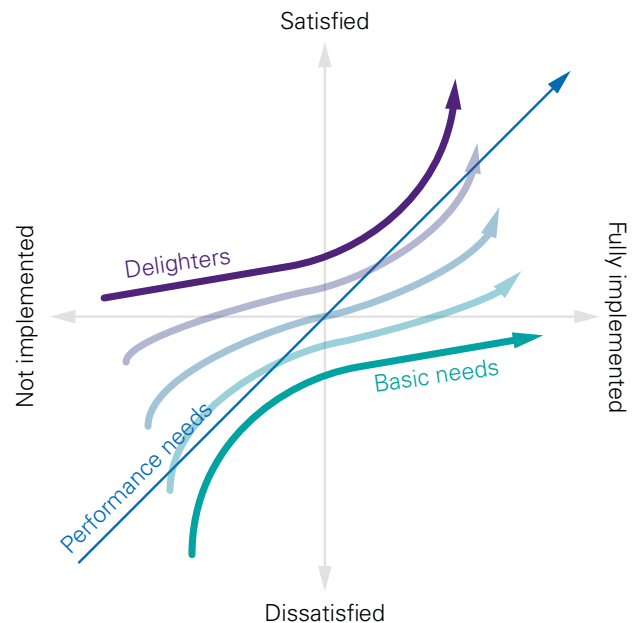
Over time delightful innovation becomes another basic need

The science

Our brains love expectations! As human beings we are programmed to be continually predicting the future. It is what keeps us safe. We expect a sabre tooth tiger to act in a certain way, a wasp to sting us and an axe-wielding madman to present a particular danger.

Expectations are how we make sense of the world and understand what will happen next. Daniel Kahneman describes how our brains have two systems which view the world through our network of expectations. System one is our monitoring system, which enables us to operate on automatic for much of the time, as long as everything meets our expectations we can do things without consciously thinking about them. However when our expectations are not met system two is activated, which brings the failure to meet the expectation to our explicit attention. It activates our emotions and we become fearful if we can no longer accurately predict what will happen next.

Consequently we like it when things happen the way that we expect them to. We like it even more when we're not sure that things will happen the way that we expect and they happen that way anyway. We particularly like it when our expectations are exceeded in a pleasurable way.

This is why expectations are such a vital part of customer experience.

The golden rules of Expectations

Set my expectations accurately

AO.com is an example of an organisation that manages expectations skilfully. As long as you order from them before 5pm they will deliver the following day at a time slot of your choosing. Their approach to expectation management is carefully orchestrated. Setting and meeting the logistical expectations of the customer is the first step, the way in which they deal with the customer, the care they take and the friendliness of their people then exceeds expectations leading to a delighted customer, according to our respondents.

Agree timings with me

Being clear on the plan and what the customer needs to do is vital to successful expectation management. AO.com have been successful because they are absolutely clear on timings and requirements of the customer. Being able to set a convenient time is a key first step.

Respond more quickly than I anticipate

A rapid response to queries, issues or complaints is what customers expect. They think that the company should see the situation from their perspective and act accordingly. Rapid response is a hygiene factor rather than a delight factor. It provides reassurance that the company takes the situation seriously.

Use plain English – no jargon

The language used is also very important. Vague promises lead to frustration. Clear promises, such as those made by Green Flag and Premier Inn, establish the ground rules from the outset. Customers have become adept at spotting obfuscation and hidden get outs.
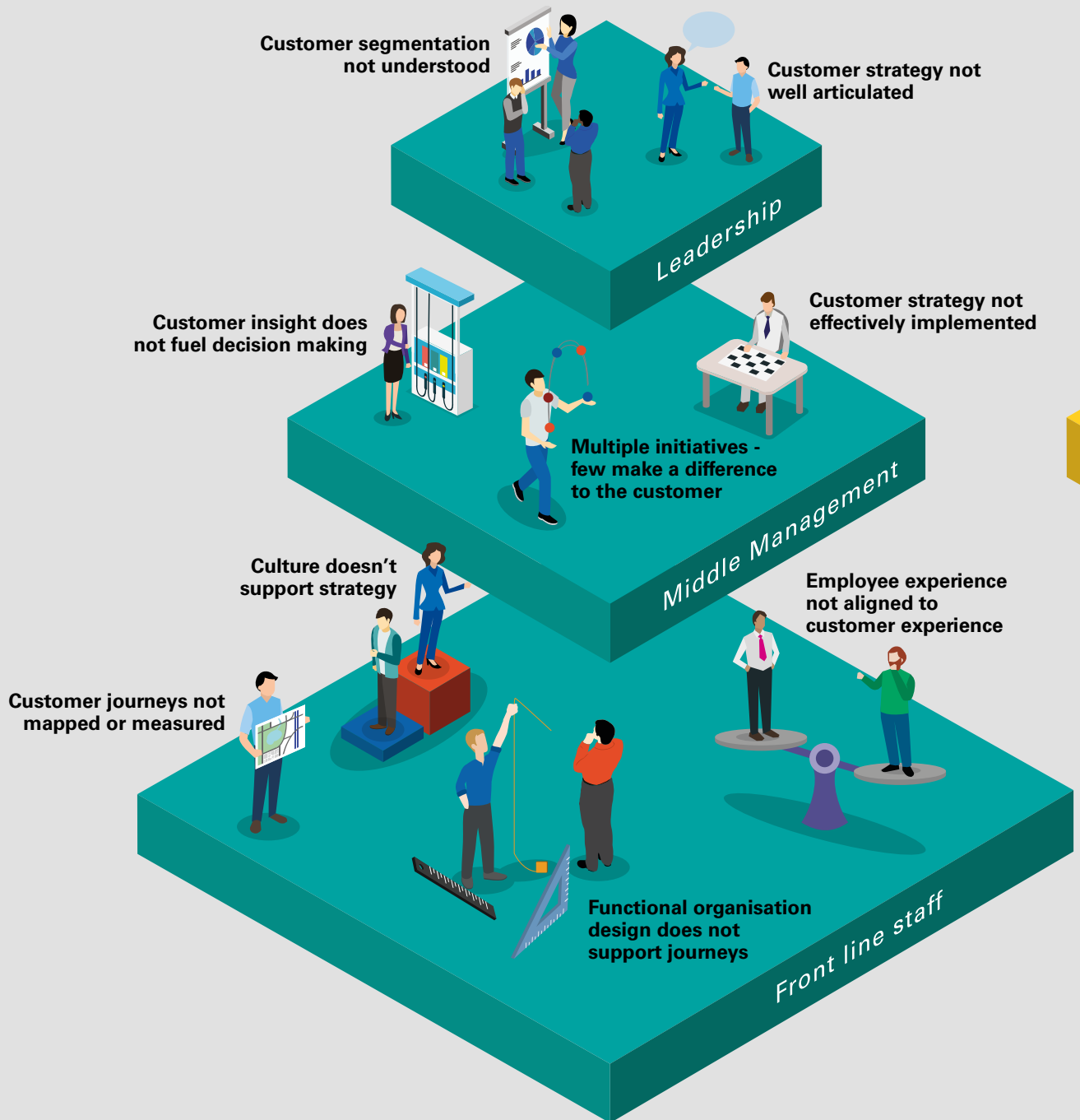
Fulfil or exceed your promises

Failing to meet an overt promise is worse than not making a promise at all. AO.com have a process for dealing with customers when it is just not possible for them to meet their promise. Respondents to our survey talked about receiving delivery pizzas when a cooker could not be delivered, or receiving babygros when a washing machine could not be delivered to a new mother. Overcoming a failure to meet an expectation by then exceeding the expectation.
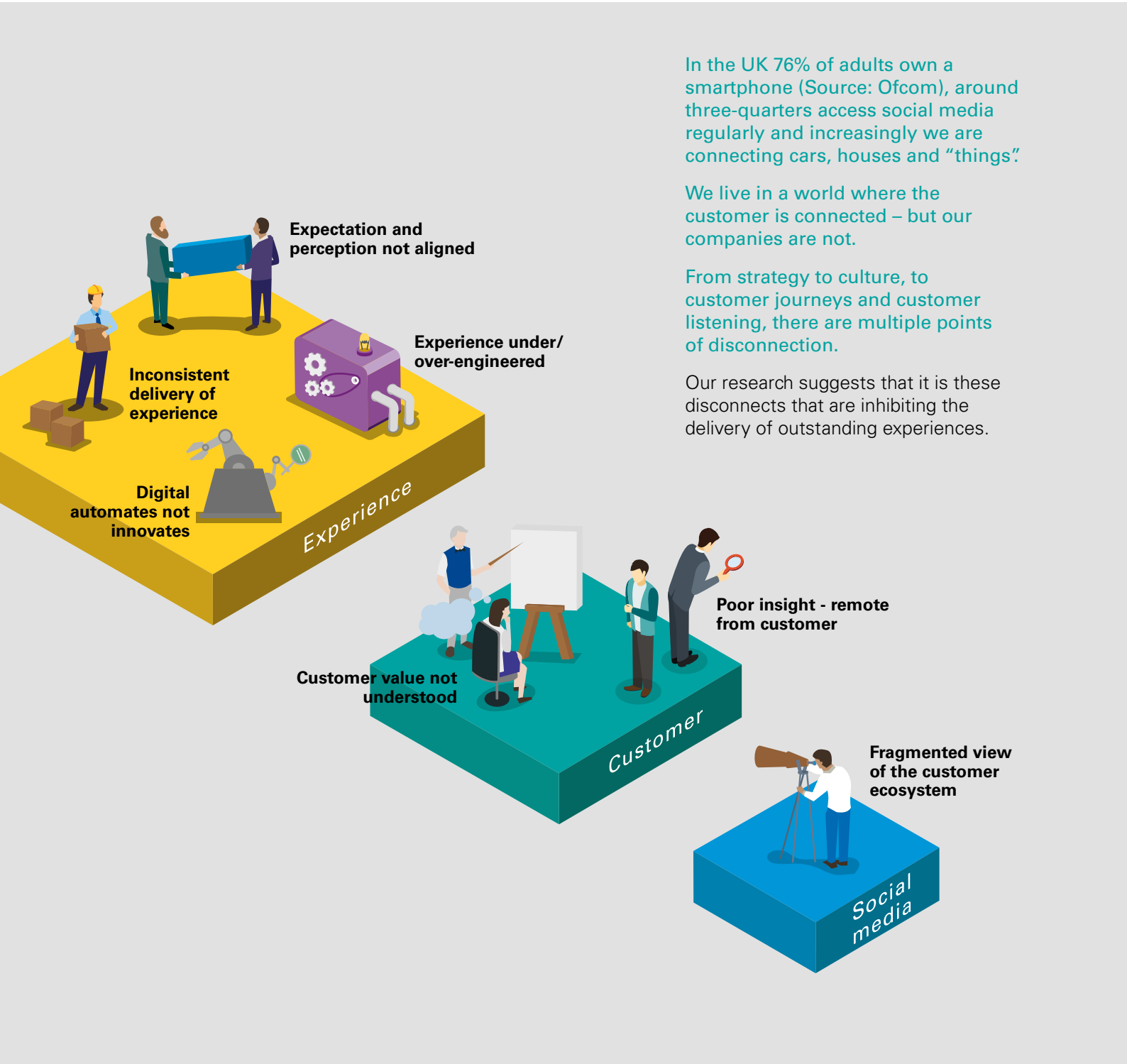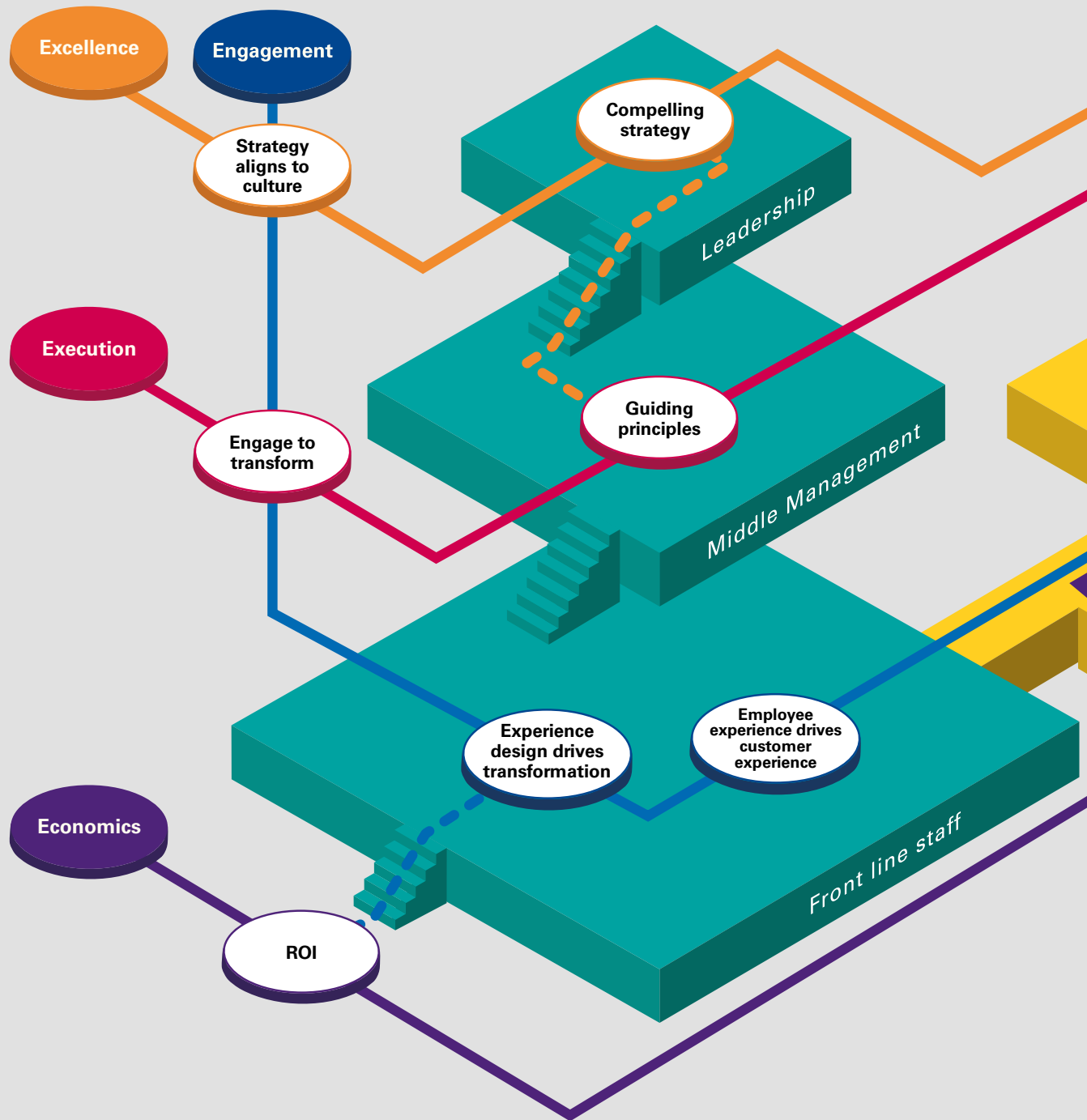
Guide me through the process

By guiding the customer carefully through the process, expectations can be accurately set and then delivered against. Customers often have no idea how long it might take to meet their objective. A process that sets expectations ensures the organisation is not caught out.
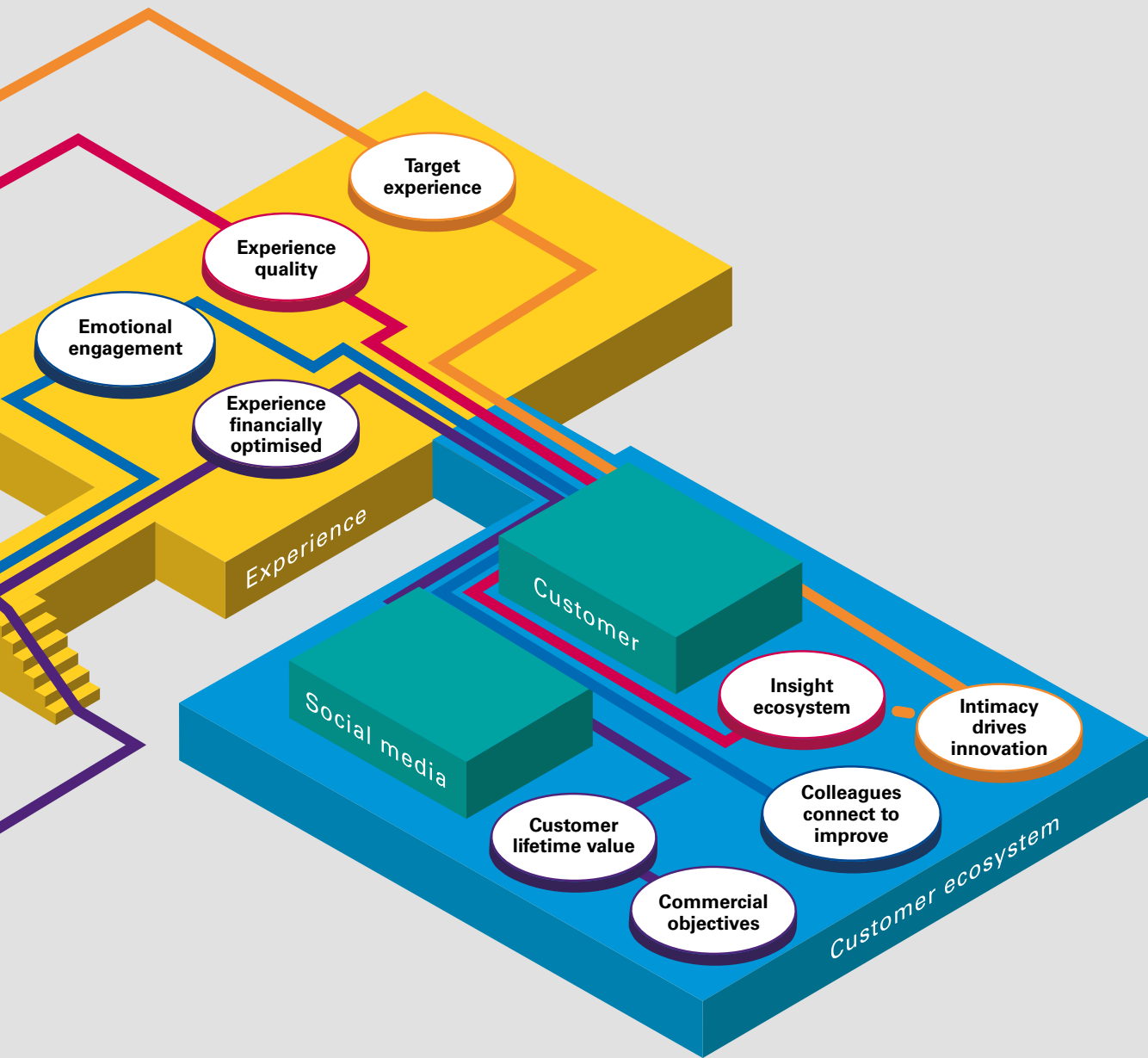
The disconnected experience

Customer segmentation not understood

Customer strategy not well articulated

Leadership

Customer insight does not fuel decision making

Customer strategy not effectively implemented

Multiple initiatives - few make a difference to the customer

Middle Management

Culture doesn't support strategy

Employee experience not aligned to customer experience

Customer journeys not mapped or measured

Functional organisation design does not support journeys

Front line staff

Expectation and perception not aligned

Experience under/ over-engineered

Inconsistent delivery of experience

Digital automates not innovates

Experience

Customer value not understood

Poor insight - remote from customer

Customer

Fragmented view of the customer ecosystem

Social media

In the UK 76% of adults own a smartphone (Source: Ofcom), around three-quarters access social media regularly and increasingly we are connecting cars, houses and "things".

We live in a world where the customer is connected – but our companies are not.

From strategy to culture, to customer journeys and customer listening, there are multiple points of disconnection.

Our research suggests that it is these disconnects that are inhibiting the delivery of outstanding experiences.

The connected experience

Excellence

Engagement

Strategy aligns to culture

Compelling strategy

Leadership

Execution

Engage to transform

Guiding principles

Middle Management

Economics

Experience design drives transformation

Employee experience drives customer experience

Front line staff

ROI

Target
experience

Experience
quality

Emotional
engagement

Experience
financially
optimised

Experience

Customer

Social media

Insight
ecosystem

Intimacy
drives
innovation

Colleagues
connect to
improve

Customer
lifetime value

Commercial
objectives

Customer ecosystem

The connected capabilities

The connections that need to be made aggregate into four core themes: **Excellence, Engagement, Execution and Economics**. This taxonomy is important because within each of these themes the connections are mutually interdependent and interconnected.

Excellence

Customer strategy not effectively implemented
The degree to which the organisation has defined a clear customer strategy is key. A strategy that lays out the target brand experience for each of the chosen customer segments. Failure to be clear on each target customer group leads to a generic non-differentiated experience.

Customer strategy not well articulated
How well is the strategy communicated? Clarity on the central principles and the controlling idea that connect all experiences together is fundamental. Failure to accompany the strategy with implementation principles leads to a lack of cohesiveness and inconsistent experiences being created.
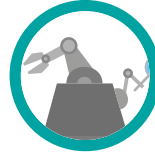
Digital automates not innovates
Innovation is driven by customer intimacy - closeness to the customer - and an awareness of their unmet needs is what fuels new thinking. Most companies have become too remote from their customers' lives to really innovate. Innovation is a strategic issue.

Customer insight does not fuel decision making
The voice of the customer needs to drive decision making and strategising. Great organisations practise customer "surround sound", where the voice of the customer not only feeds into the governance and decision making structures of the enterprise but also consciously shapes how people around the business think and perceive the customer.

Engagement

Culture doesn't support strategy
This is the degree to which the organisation's culture supports the achievement of this strategy. Is it customer oriented and focused on continuous improvement? Does it naturally encourage colleagues to think outside the box and devise new and better ways of meeting customer needs? The leading organisations have strong customer-focused cultures. Designing the culture is given equal prominence with designing products and services. Many well-intentioned projects fail because the culture subverts them.

Inconsistent delivery of experience
The degree to which employees are clear on how they bring the brand alive for the customer through their behaviour and the way they deliver a brand-based experience.

A failure to reflect the brand in the experience misses an opportunity for differentiation.

Employee experience not aligned to customer experience
The employee experience needs to be architected in a way that drives the desired customer experience. Few businesses align the employee experience and the customer experience. Are performance management, values-based behaviours, customer communications and feedback, reward and recognition programmes all oriented towards driving the right customer behaviours and the culture that enables these to emerge naturally?

Execution

Poor insight - remote from customer

It is only through the voice of the customer that organisations can successfully monitor execution quality and drive ongoing continuous journey improvement. Increasingly, as organisations design new journeys it is critical to understand how the changes are being received by customers. A continuous stream of customer feedback is the necessary driver of improvement. A failure to listen to the voice of the customer leads to inconsistencies and poor experiences.

Expectation and perception not aligned

There is a widening gulf between the expectations that are being set in the market and firms' ability to meet them. A failure to accurately set expectations internally and externally leads to a breakdown in trust.

Customer journeys not mapped or measured

The link in most organisations between individual departments and a customer journey is a many-to-one relationship. The end outcome from the customer is based on multiple default experiences mediated by the functional agendas of each department. Our 2017 US report highlighted the pervading belief amongst US corporations that it is no longer possible to manage multiple customer journeys in a functional organisation design.

Fragmented view of the customer

Customer surveys alone no longer provide sufficient detail to create accurate, evidence-based business cases for change. Increasingly it is how well the organisation harnesses an insights ecosystem that governs the success of a voice of the customer programme. All of the information available about the customer, internal, external, big data and social media are all inputs into the single view of the customer.

Economics

Experience under/over-engineered

The degree to which experiences are optimised for the customer and the cost profile of the business. Few companies understand the difference in value that individual customers represent. Understanding customer lifetime value will facilitate prioritisation and ensure that investment decisions are well targeted to deliver a commercial return. A failure to understand whether an experience is under or over-engineered leads to lost revenue or unnecessary costs being incurred.

Customer value not understood

The ROI of customer experience is not well understood. Firms are unable to determine the value that will be delivered commercially from improving the experience and the CFO is not engaged or supportive of customer experience.

Financial measurement framework

Few organisations have a measurement framework that links high level customer metrics such as CSAT or NPS. Understanding the financial contribution delivered by an improvement in customer metrics is a critical decision making tool.

The connected experience checklist

Excellence
We understand what "good" is

- Customer experience vision, principles and strategy are in place
- We have defined the way we wish to interact with customers and are clear on the target experience
- We systematically review our approach to the customer against best practice
- We use the depth of customer understanding to drive innovation
- We use customer insight to inform and guide our decision making

- We benchmark our tools, techniques and approaches to ensure best in class
- We use examples of excellence to stimulate our thinking and best practice from outside our sector to set stretching targets
- We review our operating model to ensure it optimises our delivery to the customer
- We have a defined list of prioritised initiatives that will make the difference to our delivery of CX

Engagement
The culture and internal mind-set required to create the environment within which "good" can be delivered

- Customer is marketed internally with the fervour that it is marketed externally
- The systems, decision processes and commitments are in place around the organisation to bring the customer front of mind
- Customer feedback is collected from different sources around the organisation and is used to drive local and strategic change in a closed loop.
- We are clear on the empowerment framework our staff operate within

- We encourage our people to anticipate customer needs and thus exceed their expectations
- We regularly identify and share internal and external best practice examples our people can learn from
- We have aligned the target employee experience and the target customer experience
- We understand whether our culture will accelerate or inhibit the achievement of our customer strategy

Execution

Transforming the organisation around the customer journey and the systematic assessment and improvement of customer journey delivery

- The executive leadership for the organisation are focused on the quality of execution
- We are clear on what executional excellence looks like for our firm
- Experience design is a core skill and supported by an enterprise-wide design capability
- Experiences are designed around omnichannel customer journeys
- Our governance processes are aligned to managing journeys
- We are clear on the "atlas" of customer journeys we are managing across the enterprise
- Our measurement processes reflect customer journeys rather than functions
- We are increasingly integrating our marketing, sales and customer service operations in support of customer journeys
- We manage the ecosystem of customer insight to drive journey improvement, product development and innovation
- The ecosystem drives strategic change and local improvement

Economics

The language of customer experience is aligned with the language of finance to create CFO-credible business cases

- We understand the value of individual customer value
- We understand how the experience we deliver links to customer value
- We have a measurement framework that links the ongoing quality of experience delivery to high level financial metrics
- We understand the impact of modifying the experience on the ROI of key investments
- We have prioritised those investments that maximise value for both customer and firm
- We monitor the implementation performance of key investments at a senior level

Connective thinking

Whilst creating the right capabilities is key, at the very heart of the disconnection issue is also how firms are organised. This affects how they think, how they operate and is the root cause of inconsistency in experience delivery.

Connective thinking is how we link concepts in new ways to drive innovation and step change improvement.

The quality of ideas that a business generates is given scant, if any, attention. The processes of thinking about the customer are as important as the underlying business or transaction processes.

The quality of the ideas a firm generates is a function of its closeness to the customer and the quality of its thinking and conversations, in corridors, by water coolers and in meetings.

Our brains prefer to work by means of connections; connecting ideas and concepts to form new ones. Unfortunately, modern organisational life has led to mechanical thinking, meaning that we are ruled by habits, automatic departmental associations, and historic responses.

Getting stuck in fixed patterns of thought leads us to make fewer and fewer connections and, as a result, firms are being left behind by new start-ups and digital tech firms unencumbered by the past.

It is the quality of their customer ideas that has propelled organisations such as USAA, Amazon, first direct and QVC to the top of our tables.

However, few businesses are structured in a way that facilitates integrated holistic thinking about the customer and their needs. In fact, in most organisations, good ideas around the customer rarely see the light of day. Firms simply reinvent what has worked in the past because internally it is safer to do so. But this safety is illusory as rising expectations mean what has worked in the past is no longer good enough.

Organisation design for many companies is an outcome not an input. A function of history and turf wars. The default aggregation of numerous forums, steering groups and processes that have grown randomly and incrementally over time.

In the UK we have seen growing awareness amongst firms that have focused on customer journey mapping that the functional structure and cross functional journeys are an inefficient combination. It drives duplication and inefficiencies that ultimately impact both the customer and the cost base.

The reality is that most organisations are still hierarchies, flattened hierarchies in some cases but hierarchies nonetheless, and hierarchies are the antithesis of customer journeys.

Hierarchies are designed to manage steady state, to keep things running smoothly just the way they are. A stable world that ensures the same thing happens over and over again.

To achieve flexibility firms have moved to matrix structures, customer journey owners and journey steering groups. But the reality is that firms have found these halfway houses complex to manage and, over time, equally as inflexible as the hierarchy they are designed to improve.

Our US report identified that over 30% of the Fortune 500 have now moved to more customer-centric operating models (Source: Harvard Business Review, 2015). For some this involved

> **Rising expectations mean what has worked in the past is no longer good enough.**

structuring around customer needs groups, for others around customer segments – but each of these transformations required a root and branch reappraisal as to how the organisation structures itself to get closer to the customer. The consequence has been dramatic improvements in the ideas and innovations that cement customer relationships. They have learnt how to transform good ideas into customer benefits faster than their competitors.

This has not been without its pain or done without financial impact. Indeed many of these firms saw profits fall in the first year and sometimes second year and then recover well above where they were previously tracking in future years. (Source: Harvard Business Review)

The learning for these firms was that success was delayed because they failed in two key areas:

- They failed to disempower the previous power bases in the organisation which led to infighting and wasted effort. (USAA for example had to disempower the product structure and transfer power of veto to the customer teams – see diagram below).

- They failed to establish new connections in the changed world quickly enough. (When a major UK bank needed to align compliance and the customer experience they put the CMO in charge of the compliance committee to ensure the customer was central to their deliberations).

Towards the connected enterprise
How USAA created an organisation design that drives connected thinking

USAA, the world's most customer-centric company based on KPMG Nunwood research, has evolved a new model moving from a hierarchy to customer needs groups.

- Employees moved from hierarchy to customer needs group

- Cross-functional management of relevant customer journeys to satisfy the needs

- Each employee builds knowledge and experience of customer needs and relevant solutions

- Promotes empathy and rapport

- Drives first time resolution
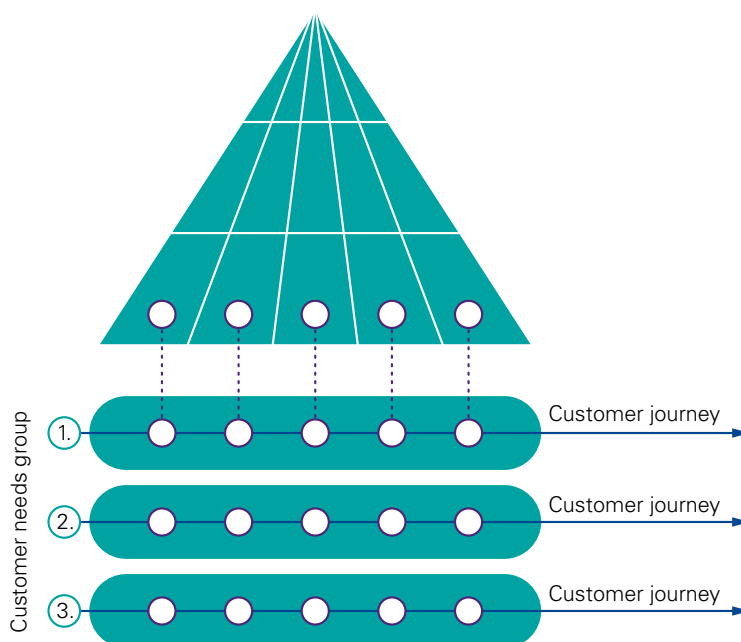
Connective thinking creates a connected enterprise which results in connected experiences.

The high performing organisations recognise that becoming truly customer centric requires more than just connecting strategy with implementation. That is a vital first step. But at the heart of a customer centred business is a connected enterprise.

A connected enterprise is one where front, middle and back office processes are aligned and interconnected. Where partners and intermediaries start with the customer and work backwards through the value chain.

For many firms faced with complex value chains the temptation is to look at the next link in the chain as being the customer. However industries that manage complex value chains such as high technology firms start with the end customer and work backwards with their partners.

A failure to do so can result in disintermediation as the UK asset management industry discovered when new entrant Vanguard bypassed the entire value chain and went straight to the end customer.

A connected enterprise that is connected across the entire value chain is an essential precursor for digital omnichannel success.

KPMG research has shown that enterprises are getting connected by making investments across 8 major capabilities: (KPMG report: Competing for growth 2017).

Experience attributes	Connected enterprise capability	Description
Brand	**Product, pricing and customer strategy**	The ability to deliver relevant, valuable and consistent products, services, experiences, pricing and offers that are targeted to their intended customer segments.
	Experience centricity	The ability to design and deliver a seamless and personal customer experience that continually meets evolving expectations across all physical and digital touch points to drive engagement, satisfaction and loyalty. Experience centricity applies to prospects, customers, employees and partners.
Products/ services	**Responsive supply chain**	The ability for a customer to select, receive and return products/services when, where and how it is convenient for them and in a way that is enabled through advanced, analytics-driven demand planning, inventory management and distribution.
	Partnerships, alliances and vendor management	The ability to effectively leverage third-party entities to increase speed to market, reduce costs or supplement capability gaps to deliver on the customer promise.
Interactions	**Advanced data and analytics**	The ability to harness and use data, analytics and insights to engage and execute in a thoughtful and orchestrated manner across all touch points while also protecting customer data integrity, privacy and security.
	Technology architecture and enablement	The ability to leverage technology systems and expertise to effectively and efficiently deliver cross-channel experiences, provide employees with enabling tools and sychronise with partners and the broader digital ecosystem.
	Seamless commerce	The ability to deliver a convenient, secure transaction experience that meets customer preferences while ensuring payment technologies are integrated and provide a consistent experience across channels.
People	**Organisation alignment and people capability**	The ability for an organisation to marry outside-in customer perspectives with inside-out experience management processes and capabilities, including top-down executive vision, cultural alignment, matrixed and agile organisational structures and integrated, aligned performance management.

The 2017 UK customer champions

Our leaders this year are highly connected organisations that are able combine the ability to deliver against current customer expectations whilst innovating to set new expectations:

1st

Non-grocery retail

⌃ 18 places vs 2016

QVC UK

From customer need, to supply chain, to channels, to logistics, to returns, QVC is a highly connected enterprise. Front, middle and back office acting as one.

In 2011 QVC began the process of improving their customer experience. They started the process internally by focusing on their values. They majored on empathy, from the presenters on TV, to their distribution centre in Liverpool, right through to how they delivered digital experiences. In support of this they restructured their organisation to get closer to

the customer, to take advantage of new technologies and create a new vision for retailing. They focused on understanding their customers' expectations and connecting their organisation across channels to deliver them. In the process they adapted their product range, thinking carefully about how their target customers' expectations changed in response to seasons, events and times of the day. The result is that each year their customer experience scores have improved and now, in 2017, they lead the UK rankings.

2nd

Financial services

☆ New to 2017 analysis

John Lewis Finance

John Lewis Finance joins the index this year following the brand launch in 2016. Whilst undoubtedly benefiting from the John Lewis brand halo, the launch also brought significant innovations in the area of customer experience, not least of which the capability for new customers to apply for and receive their permanent chip and PIN card in-store on the same day, a market-leading capability for a European retailer.

3rd

Financial services

⌄ 2 places vs 2016

first direct

first direct continues its presence in the top 10. The sector is seeking to reconcile the regulatory burden of explaining and then ensuring customer understanding of the products they are buying with a quick and easy process. first direct appear to be faring better in this regard than their competitors. In recent times first direct's advertising is playful when dealing with expectations, labelling itself the unexpected bank. Now, as it seeks to widen its appeal and connect with millennials, it has really had to understand their expectations of a bank and has tailored its communications accordingly, selling the virtues of "breaking the rules" and having "your head up in the clouds" as first direct aims to appeal to a younger audience that is seen as entrepreneurial and more open-minded.

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4th — Non-grocery retail — ⌄ 2 places vs 2016

John Lewis

The John Lewis mother brand continues to excel in the CEE research, despite the accelerating pace of store openings and improvements. John Lewis was amongst the first retailers to connect across product and channel platforms, exposing back office stock levels to customers and offering multiple location options for convenience of delivery. At the heart of their success is the partnership model but it is augmented by a sincere desire to deliver an outstanding experience. There is a founding belief in the organisation that its customers and John Lewis share a common set of values about how retailing and customer interactions should be managed. Innovation around how customer expectations can be reset are apparent in the new stores, which are designed to set new standards in customer experience.

5th — Non-grocery retail — ⌄ 2 places vs 2016

Lush

Lush has long mastered the twin arts of expectation setting and innovation to exceed expectations. Their approach is simple, they rigorously retire one third of their product range every year. Amongst customers this creates anticipation and an expectation of new and exciting products. Internally this creates a pressure to continually innovate. Lush has connected brand, experience and product in a unique combination and outstripped their competitors in the process.

6th — Travel and hotels — ⌄ 2 places vs 2016

Emirates

Emirates continues to set new standards in aviation service. Staff are trained how to initiate conversations with complete strangers, to remember small details and to ensure passengers feel valued and important. Their strategy of maximising quality through innovation has changed the value equation for full service, airlines. Emirates has been the pioneer in leveraging the aspects of digital transformation to deliver better customer service for example, in-air connectivity and using the internet of things to manage baggage.

7th — Financial services — ⌃ 26 places vs 2016

Skipton Building Society

Warmth, empathy, a concern for the customer, are all descriptions used by the Skipton's customers to describe their experiences. With a customer base that values human relationships, the attention paid to customers by staff members makes each experience pleasant and memorable. Skipton Building Society's customers view the branch staff as friends.

8th

Grocery retail

5 places vs 2016

Ocado

Ocado has steadfastly focused on delivering customer experience best practice across each stage of the customer journey. Every aspect of the journey is analysed and clear points identified as to how customer expectations should be set, how they should be met and where they can be exceeded. The result is that the brand does the simple things really well. Feedback from our respondents points to a brand that is highly efficient and organised, keeping customer effort to an absolute minimum and providing a consistently warm and friendly service as they carefully set, meet and often exceed the expectations they create. Few brands have integrated as well across platforms, systems and customers.

9th

Non-grocery retail

7 places vs 2016

M&S

M&S is galvanising the organisation behind the customer experience, using insight to ensure the commercial benefit of investing in customer experience is fully understood by all departments. The CEO has laid out his ambition to make M&S data driven. Their focus on deeply understanding what customers think, feel and do is flowing through to the entire end-to-end experience. The result is inspirational ideas for customers whilst ensuring staff have the correct knowledge and are able to give advice on particular needs.

10th

Non-grocery retail

5 places vs 2016

Amazon

Amazon has become the byword for outstanding experiences. They are at the vanguard of digital connection both internally across their systems and processes and externally by equipping their customers to connect through innovations such as Echo. The launch of Alexa and the development of supporting apps has moved Amazon into yet another dimension of their customers' lives. Amazon's CEO, Jeff Bezos, describes its approach as "it's our job to make bold bets, we get our energy from inventing on behalf of our customers."

Understanding excellence: QVC UK

1st
rank in 2017
of 295 brands

> **I bought a product but it was not quite what I wanted, so I tried to use the online returns process but because the item had been delivered by a different company it couldn't be done. I then phoned the QVC Freephone number which was great, the agent was very helpful and arranged for the item to be collected. This is typical of the great customer service we have had from this company for many years.**
>
> UK 2017 respondent

QVC is a $9bn home shopping organisation that incorporates a high level brand promise into its name (Quality, Value and Convenience). A brand promise that respondents in our UK analysis believe it delivers against, and, as a consequence, has become one of the biggest players in the UK beauty and women's wear market. QVC UK shoppers are constantly looking for good value and QVC aims to deliver this. The brand has some of the most loyal customers in the world – its customer retention rates are unparalleled in the retail industry, averaging 93% worldwide (Source: QVC).

QVC has focused intensely on both employee engagement and the delivery of an outstanding customer experience and has, steadily and inexorably, moved up our index every year and is now this year's number one.

At the heart of QVC's success is the art and science of what consumer psychologists call "para-social relationships". A para-social relationship is the one sided sense of connectedness that people can feel with a celebrity or fictional character. The phrase was first coined by Donald Horton and Richard Wohl in 1956. They describe it as intimacy at a distance. Or, as one participant in our study described the QVC presenters, "my imaginary friends".

QVC understands the psychology of their chosen customer. This requires a very tight description of the target customer and QVC describes its customer very carefully. She (the majority of customers are female) is someone for whom shopping is a defining characteristic. She views shopping not just as therapy (as in retail therapy) but as an essential part of her approach to the world. It is how she relaxes, how she seeks entertainment and how she determines her sense of self-worth. QVC enables her to see and interact with others who share these values. It is a unique and profoundly deep connection.

Presenters are carefully chosen and then trained (for up to six months) in how to appeal and communicate with such a person. QVC describe the approach as an "over the fence conversation". These are friends

explaining to friends why a particular product would be uniquely suitable to them. No hard sell, a focus on the product quality but, primarily, a focus on how the product will leave the customer feeling.

Presenters start each programme by setting expectations: "We have a great show for you today", "in this show we have a one-time offer you will not see again".

The product is described as to how it will make you look or feel. Jewellery for example is described in terms of how you will feel as you wear it: flirty, confident, stylish, an individual, beautiful depending on the event. Perfume, particularly intangible, is described as how you would feel giving it as a gift.

It is all about expectations. The creation of a sense of anticipation. Where the wanting is as important as the having. But the other five pillars are equally well addressed by QVC:

Personalisation
It is the personal para-social relationship with the presenters that ensures the experience is emotionally connective and fills a personal need. The customer invests emotional energy, interest and time in their favourite presenters. The way the products are marketed plays to the individual's sense of self-worth and shapes how they feel about themselves. There is a sense of guiding the customer towards the right item rather than ensuring a quick sell. For some customers they describe this relationship as an addiction. There is in fact a Facebook page for "QVC addicts" and shoppers have the additional option of being able to stay in touch with presenters via Facebook and Twitter. Their multi-platform approach allows them to speak to individual customers via the most convenient routes for them, ensuring that they make them aware of the appropriate product offerings which will be most appealing.

Resolution
QVC offers a full money back guarantee, for any reason, if the goods are returned within 30 days. They have processes in place that monitor "potential failure of a customer promise". Once triggered the aim is to get ahead of the failure, prevent it if possible and if not ensure our customer is fully informed. The contact centre focuses on developing strong and meaningful relationships with customers. "They have an excellent customer service team who you can always get through to without any fuss or bother…" one respondent observed. "They do what they say with the minimum of fuss and ensure that you as the customer are happy." Furthermore, shoppers are supported by a 24 hour-a-day, 7 day-a-week customer care team, guaranteeing that they will be able to speak to a UK call centre at a time that is convenient to them. "I love their 30-day money back guarantee and even when you have gone past that, if there is an issue they are always willing to help. The customer service is excellent, the best I have ever had."

Integrity
When you sell a promise, authenticity and integrity are essential. At one level, QVC has a regulator, the ASA (Advertising Standards Authority) to reassure. But on a day to day basis the focus is on the consistent delivery of the brand promise. QVC is careful in its recruitment of experts. They realise that customers will quickly spot an actor speaking the lines – versus someone who really knows what they are talking about. Vitally, presenters and the website content are keen to explain who the product won't benefit or suit. When you set expectations you need to do so accurately.

Time and Effort

Respondents cite easy payment, rapid delivery and a simple returns process as factors in ensuring that transaction time is limited to what is strictly necessary. QVC has a goal of creating a seamless and friction free experience. An omnichannel capability ensures customers can access QVC through their channel of choice and move between channels as necessary. QVC offers a range of platforms to help make the shopping process more convenient, allowing customers to make purchases via iPhones, iPads, Android apps, and over the telephone. As QVC puts it, "it is like having a personal department store in the living room".

Empathy

This operates at two levels – the degree to which the organisation as a whole is able to put itself in its customers' shoes and see the world from their perspective and secondly, how individuals relate to customers in an empathetic way every day. Demographically, QVC customers are mainly female, aged between 35 and 65 and can be found across the whole of the UK. They tend to consume mainstream media and, of course, they all love to shop.

Passionate presenters are the living face of empathy on a day to day basis. Their over the garden fence style of presenting immediately means they are easy to relate to, the friendly style replicating a discussion amongst friends – an essential part of the shopping experience. Contact centre staff are encouraged to listen to customers and build emotionally connective relationships with them. Having great people who really care about the customer is a critical ingredient, ensuring they are skilled and empowered to offer the best service. Indeed it is fair to say that empathy is the platform on which QVC has built its success.

QVC UK: Six Pillar performance

1st
rank in 2017 of 295 brands

⌃18
places from 2016

The Six Pillars: scores vs. industry average

Personalisation
+9%

Integrity
+13%

Expectations
+13%

Resolution
+16%

Time and Effort
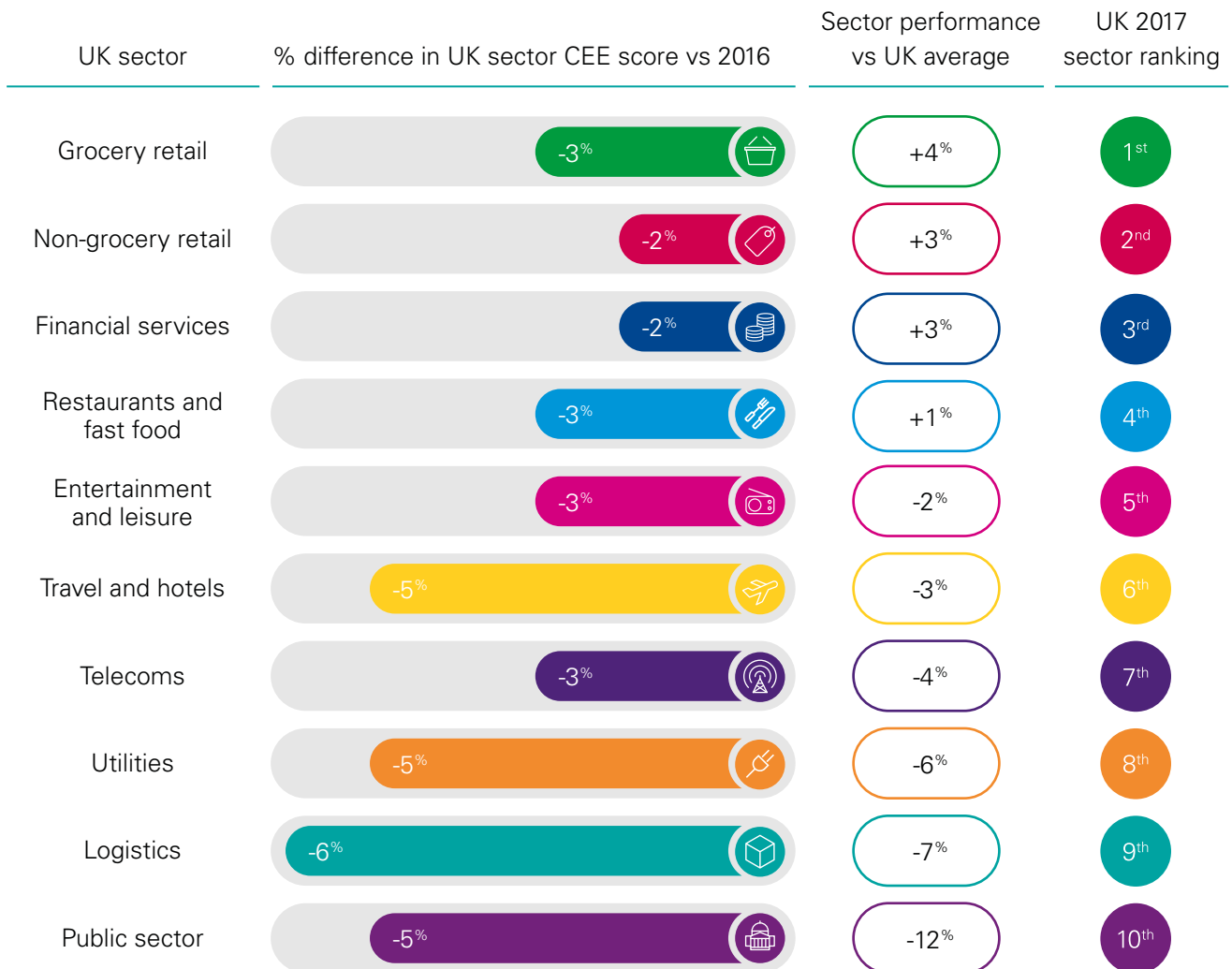+11%

Empathy
+15%

Sector highlights

In line with overall CEE performance, there has been a decline across all sectors in 2017. Grocery retail remains the strongest performing sector, while non-grocery retail and financial services in second and third place.

The lower performing sectors also show a greater decline in overall CEE score and are falling further behind. As customers' expectations increase, driven by pioneer brands, those brands and sectors that already lag behind suffer most by comparison.

UK 2017 sector performance

UK sector	% difference in UK sector CEE score vs 2016	Sector performance vs UK average	UK 2017 sector ranking
Grocery retail	-3%	+4%	1st
Non-grocery retail	-2%	+3%	2nd
Financial services	-2%	+3%	3rd
Restaurants and fast food	-3%	+1%	4th
Entertainment and leisure	-3%	-2%	5th
Travel and hotels	-5%	-3%	6th
Telecoms	-3%	-4%	7th
Utilities	-5%	-6%	8th
Logistics	-6%	-7%	9th
Public sector	-5%	-12%	10th

Sector highlights:

Telecoms

Telecoms as a sector has seen a progressive shift in consumer market segments, diversifying from network provision to content development and connected life (homes and cars).

However, the sector has historically underperformed when it comes to customer experience that continues to be the case this year. Trust continues to be a problem for the sector with overcharging, restrictive contracts and failing to deliver against basic coverage expectations. In some cases, the UK regulator OFCOM has stepped in to impose financial penalties on operators. Whilst there may have been some progress in these areas, there has been little in the way of significant innovation in telecoms in the UK to truly impact the customer.

Only two telecoms providers feature in the 2017 CEE top 100: giffgaff and Tesco Mobile. giffgaff (an MNVO operating on the O2UK network) is the true disruptor of the UK telecoms sector and it performs strongly, ranking 17th overall this year. "The mobile network run by you" is a truly customer-centric provider. giffgaff broke the 'restrictive' norms set by its competitors to offer a flexible, free to come and go, contract model, growing a customer community which is at the heart of its operating model. 'giffgaffers' are rewarded for answering one another's questions, inviting new members and even for advertising, minimising traditional operating costs and enabling the savings to be passed to the customers with typically lower tariffs. Beyond support, however, the giffgaff community is also at the heart of innovation and idea generation. For example, 'goodybag' price bundles have been developed based on real customer needs and feedback. Research and development is also completed at pace through its customer community, as evidenced by the network's app being developed and launched in a matter of weeks.

Tesco Mobile, also running on the O2UK network, rank 52nd this year. This is another mobile provider outside of the established traditional network operators that has been recognised as providing a great customer experience, as well as gaining some popularity for their humorous and unconventional responses on Twitter and other social media platforms. The supermarket-operated network also recently launched its Xtras app, giving Android users the opportunity to cut £3 off their monthly bill in exchange for viewing adverts when they unlock their phones, which has been largely well received as a cost-saving option.

It is surprising that a sector which provides technological services is so slow in its own uptake of technology and innovation to improve customer experience. Being the suppliers of arguably the most valued possession of consumers that they carry with them at all times every day, telecoms providers have more opportunity for interaction and relationship building with their customers and ultimately, their customers' data, than perhaps any other sector, yet fail to capitalise on this.

> **We are seeing a big shift towards 'trust in brand' in influencing our customers and as an organisation, we are working on trust to build this integrity.**
>
> Head of Customer Services, global telecommunications provider
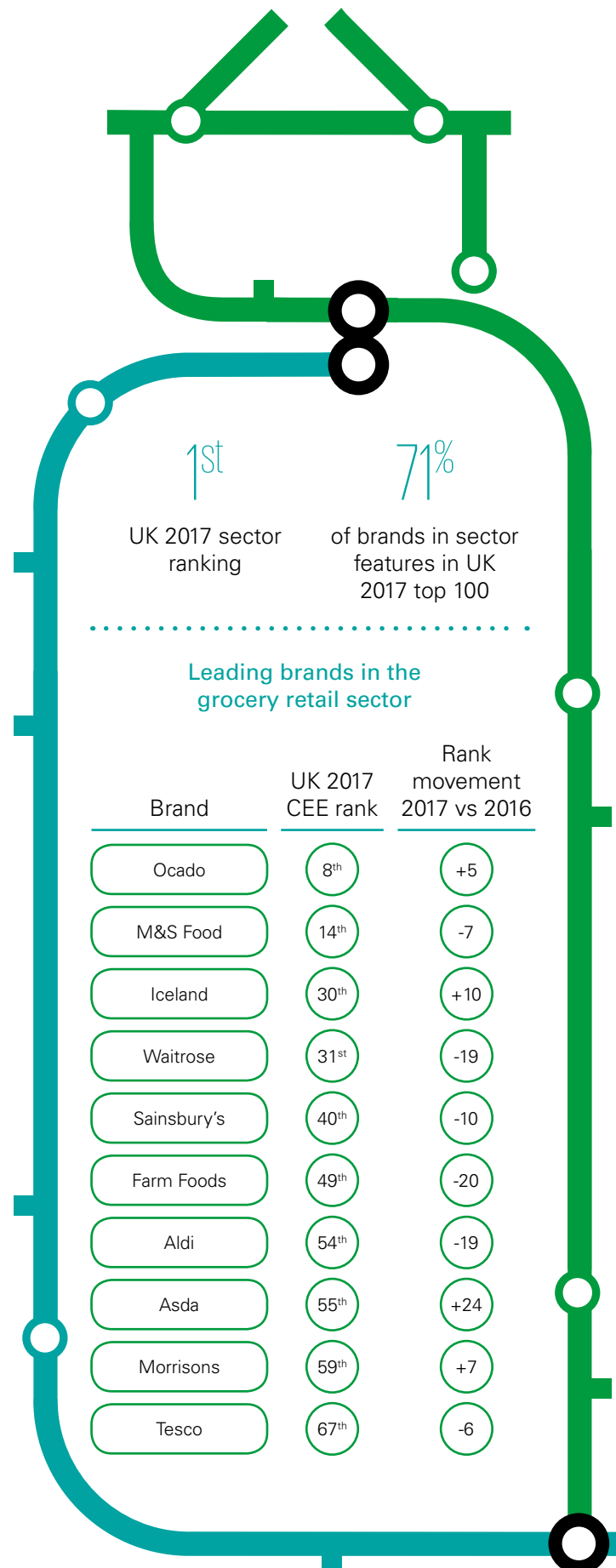
Sector highlights:
Grocery retail

The intense nature of competition in retail, allied to low barriers to entry and exit for the consumer, means that both the grocery and non-grocery retail sectors continue to lead the way in our rankings. The retail environment is rapidly changing and the sector has been one of the first to make use of technology to streamline buying and selling; and it is often the case that experience innovation within the industry is instrumental in raising customer expectations elsewhere.

Ocado are the highest placed grocery retailer and the only one in the top 10. The online-only supermarket is the UK's biggest, and has mastered the online grocery shopping experience. Ocado has a 1000+ division of developers, engineers, researchers and scientists within the Ocado Technology Division, which continually works on the infrastructure needed to optimise the customer experience. As well as a simple and easy to use shopping experience, Ocado uses machine learning to sort and manage customer feedback and complaints when anything does go wrong.

The retail environment is always rapidly changing and the sector has often been one of the first to make use of technology

The UK's legacy Big 4 supermarkets continue to innovate in the face of the continued challenge from Aldi and Lidl. Morrisons has increased shop floor staff and is deploying excess space to house Amazon lockers and Doddle parcel collection & delivery services in many stores. Asda's 'toyou' service allows customers to collect and return parcels from third party providers including Asos, FootAsylum, Fat Face and Decathlon at over 600 stores. Alongside Iceland, both Morrisons and Asda saw positive moves in the rankings this year.

.

1st

UK 2017 sector ranking

71%

of brands in sector features in UK 2017 top 100

Leading brands in the grocery retail sector

Brand	UK 2017 CEE rank	Rank movement 2017 vs 2016
Ocado	8th	+5
M&S Food	14th	-7
Iceland	30th	+10
Waitrose	31st	-19
Sainsbury's	40th	-10
Farm Foods	49th	-20
Aldi	54th	-19
Asda	55th	+24
Morrisons	59th	+7
Tesco	67th	-6

Sector highlights:
Non-grocery retail

2nd
UK 2017 sector ranking

55%
of brands in sector features in UK 2017 top 100

Leading brands in the non-grocery retail sector

Brand	UK 2017 CEE rank	Rank movement 2017 vs 2016
QVC UK	1st	+18
John Lewis	4th	-2
Lush	5th	-2
M&S	9th	+7
Amazon	10th	-5
Apple Store	13th	-4
Waterstones	20th	+20
Specsavers	22nd	+13
Next	24th	+11
Boots	27th	+6

This year's top-ranked CEE performer overall is non-grocery retailer QVC UK. The 24-hour shopping channel achieves a high score for Empathy via its conversational presenters who connect with the audience's life and family aspirations, linking products on sale to their own friends and family. It feels like a warm recommendation from a friend rather than a sales message and, once the decision to buy is made, respondents describe a frictionless purchase.

John Lewis and Lush are also consistent customer experience champions that remain in the top 5 this year. John Lewis are of course long renowned for their customer service and culture, but despite being over 150 years old, the brand has a keen focus on innovation ensuring they stay ahead of the competition. Their innovation centre JLAB is at the heart of pushing the brand's proposition forward and optimising the customer experience. Their highly rated app allows customers to access their John Lewis loyalty card via their phone to reduce fumbling at checkouts and reduce queuing, as well as featuring a digital 'kitchen drawer' to store receipts and guarantees, showing the value of truly understanding your core customers' needs via easy-to-use solutions framed in everyday concepts.

Meanwhile Lush, with their uniquely sensory store experience and extraordinarily helpful staff, also have innovation as a key part of their culture; creating new products faster than almost any cosmetic brand, and sharing the process with customers. Having historically relied on minimal marketing, relying on customer word of mouth to tell the stories of memorable experiences in store, Lush have for the past two years invited customers to the Lush Creative showcase, an annual festival of all things Lush. Upcoming developments recently showcased include the Lush Lens, a visual tool that allows customers to search for product information

by taking a photograph even without packaging, and Lush Concierge, a virtual assistant which allows users to search for particular items or even ingredients in store simply by voice. These features are set to be integrated into the Lush app, which already includes the ability to browse products by favourite scent and 'feeling'. And of course the brand remains as staunchly committed as ever to its values of environmentally friendly products and packaging and prevention of animal cruelty – a key driver of integrity that the business spends time and resource to really make a difference.

Another ethically motivated retailer is M&S, which rises 7 places in the rankings this year. The brand, has increased its focus on innovation driven by its 'Plan A 2020' aimed at becoming the most sustainable major retailer in the world, minimising environmental impact, 'because there is no plan B'. M&S has phased out PVC and polystyrene from its products as well as creating their 'most sustainable' suits and sofas so far, showing again that traditional brands can keep up with consumer culture and changing demands.

Technology-based innovation within the retail sector continues to accelerate and customer expectations are increasing as a result. Tech-focused disruptors like Amazon will continue to break convention and raise the bar, and the rest of the industry will be forced to keep up.

The success of John Lewis and M&S in the rankings illustrates the importance of knowing your customers, anticipating their needs and utilising technology and innovation to fix customer problems.

> **Lush is by far one of the best retail stores that has ever lived! It's great on so many levels from the products to the customer service and helpfulness. It's also cruelty free and always consistent. The seasonal stock is the best and its fresh ideas are brilliant. I never take into consideration the price as the product is so good – I don't care.**
>
> UK 2017 respondent

Understanding excellence: Lush

A consistent feature of the top 10 for the last six years, Lush continues to provide a lesson in customer experience best practice. Its values, culture and people ensure a connected experience that lies at the centre of the brand's success.

People

"At Lush, we put our customers at the heart of our business. We have the highest standards and expectations, and strive to ensure our customers have the very best experiences. We employ teams who are genuinely passionate about people, animals and the environment. People who want to work with us, and who share the same values and ethics of our business.

What drives our customer experience success is the fully informed and friendly staff we have. Our teams work hard to ensure that our customers receive not just great customer service, but a great Lush customer experience, which is genuine, exciting and includes our beautiful fresh handmade products. It is important to us that each customer leaves our store happy with their experience, and with trust in our staff's knowledge and product recommendations to suit their personal needs. Our stores are designed to accentuate the experience and immerse our customers in the world of Lush.

Empathy and Integrity

Lush's strong performance in the pillars of Empathy and Integrity is a reflection of our own beliefs and values and we don't know any other way to do business. We want to offer our customers the highest quality, most effective product, with minimal to no packaging with outstanding customer service. We want our customers to feel happy in that we are doing something worthwhile with their money –

- we are continuing to fight against animal testing;
- we are constantly inventing new solid products that don't require packaging or preservatives, along with innovating ways to remove the minimal amounts of safe preservatives we do use so we can offer more self-preserving products;
- we actively encourage the use of environmentally friendly gift ideas that can be reused;
- we are striving for a regenerative business model – where we are more than sustainable, we are putting more back into the earth than we take;
- we actively campaign with partner groups and charities in the areas of animal protection, human rights and environmental preservation in an attempt to stop these things happening in the first place and not just fix the symptom;
- we donate money through Charity Pot hand and body lotion to small grassroots organisations who are working in these areas.

Innovation

Innovation is key at Lush - it's integral to all we do, from how we source ingredients and work directly with local farmers on permaculture projects, to how we invent naked products that are self-preserving. Our handmade manufacturing process is innovative in the industry, as is our digital Kitchen, where customers can watch their products being handmade, and our approach to training. We are innovating new technology and digital practices, as well as spa treatments like no other, with bespoke music merging bird song, poetry, folk music and sea shanties. Innovation isn't something we have to necessarily 'drive' at Lush, it's just something in our blood.

We've put large investments into our technology in recent years and this is now paying off as we're able to innovate much quicker and deliver ideas from a prototype to fully working product. We embrace customer needs first and foremost, however we look ahead at ideas that customers and staff alike could use to really enhance their experience when they come into contact with Lush.

One example would be a digital assistant, so something you can talk to and get quick responses in a Lush tone of voice - this aids (not replaces) some of our customer service. We've also recently prototyped, and plan to roll out in the New Year, a 'Lens' feature for mobile phones, which will recognise an unpackaged Lush product just by pointing a camera at it - this aligns with our environmental approach to packaging, as we're aiming to remove it as much as possible and go completely naked, as well as giving our customers really rich information on benefits of products and ingredient information.

As the digital services section of Lush has grown over the years and become much more than simply online web sales, it became clear that this area of the business should be an entity in its own right and have room to grow. So as of July 1st 2017, Lush Digital Ltd became a separate division of the business, with functions such as developing new store technology, as well as ethical e-commerce hardware; launching new publishing channels; even a Film Fund - which aims to support independent or sustainable filmmakers whose ethics align with Lush's.

Employee engagement and ownership

We have also been looking at ways to bring an element of employee ownership to the business. One of our key objectives is the long term stability of the business and that it maintains its independence so that our strategy is not disrupted. Through an Employee Benefit Trust we believe that we can provide staff members with a more formalised voice on important matters, such as changes in ethics and ownership, while at the same time raise their level of engagement to maintain the business performance in uncertain times. As such, we are committed to setting up such a Trust which will initially purchase 10% of newly issued shares in Lush Cosmetics Limited."

Case study provided by Lush

Lush: Six Pillar performance

5th

rank in 2017 of 295 brands

⌄ 2

places from 2016

The Six Pillars: scores vs. industry average

Personalisation

+8%

Integrity

+11%

Expectations

+10%

Resolution

+8%

Time and Effort

+7%

Empathy

+15%

Sector highlights:

Utilities

Historically a sector that has struggled in terms of customer experience, utilities ranks 8th among the ten main sectors, now without a single brand in the top 100. Like telecoms, major utilities providers can suffer from legacy infrastructures that make it difficult to adapt to modern customer needs. However, utility companies have an enormous opportunity to build deep relationships with customers around some of the services that are most important in their lives.

In our 2017 US CEE report, utilities providers were among our most positive movers, with 8 in the top 100, despite having to face much greater geographical and weather related challenges than UK utility companies. Southern Company ranked 5th overall thanks to its strong culture of ensuring every customer and employee feels valued, and an emphasis on internal innovation. Its subsidiary Georgia Power ranked 37th, with a focus on highly personalised services and communications with customers across their preferred channels. Meanwhile Florida Power and Light, and Southern California Edison are examples of US utility providers with a focus on technology, environmental and social impacts, earning the trust of their customers at the same time.

Smart meters give customers more awareness and understanding of their energy usage while smart thermostats like Nest can even "learn" how and to adjust temperatures in the house automatically based on the movements of the occupants. This is just the start of the introduction of energy management technology into homes, which has a huge potential for connectivity with other smart devices like Alexa and collection of data, with tech companies likely to find growing opportunities in these areas. Clever partnerships between utilities providers and tech developers could be key to creating a differentiated customer experience in future.

In the UK water sector, Northumbria Water Group recently held their first Innovation Festival, collaborating with IBM and Microsoft over five days to discuss and address some of the biggest challenges faced today such as the environment, flooding and social inclusion. The UK this year deregulated the non-domestic water market, enabling businesses shop for their water provider across regional suppliers for the first time. The 'Open Water' program may well lead to similar change for consumers in future, facilitating the sort of choice they already have over energy providers; increasing the importance of offering the best value and experience possible.

Utilities remains behind other sectors in terms of customer experience, but expectations are continuing to increase based on experiences elsewhere. There are significant changes to come in the utilities sector those suppliers that can anticipate change, innovate and differentiate will stand the best chance of success.

> **Utility companies have an enormous opportunity to build deep relationships with customers around some of the services that are most important in their lives.**

Sector highlights:
Financial services

Financial services is traditionally one of the hardest sectors in which to 'break the mould', with regulation and risk-aversion impeding the pace of change relative to other industries. In a climate in which managing consumer relationships can be difficult, and mishaps can be damaging to a financial institution's reputation, many favour a slow and steady approach to improvement. As consumer demands for slicker processes and immediate gratification increase, customers will increasingly look towards simpler, speedier financial services.

New entrant to the rankings in 2nd place, John Lewis Finance provides insurance, credit cards and foreign currency. The John Lewis Partnership Card rewards customers' spending with points that contribute towards vouchers for John Lewis and Waitrose, with double points for spending in those stores, incentivising loyalty. Vouchers are automatically sent out three times a year based on points earned, providing a simple and consistent alternative to the more cumbersome rewards and redemptions processes offered by other credit cards.

Second in the sector is first direct, who continue to set the standards for customer experience across the industry.

Some of the strongest movers in financial services this year are insurers and include LV=, Churchill and Standard Life. Insurance providers are recognising that a strong customer experience will be a key differentiator. Designing onboarding, claims and renewals processes to be as simple and efficient as possible; maximising the positive impact of key experiences over the customer lifecycle, is increasingly pivotal to retaining existing customers and attracting new ones. The product that customers buy from their insurance provider is no longer simply the policy, but also the process and the experience.
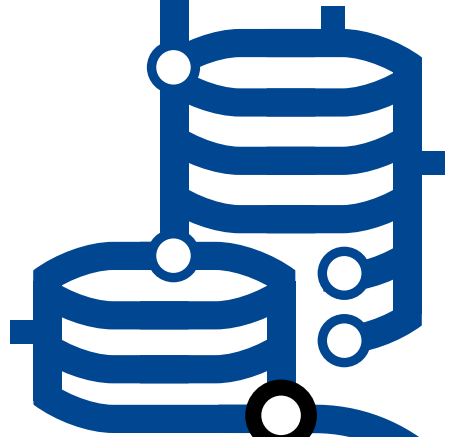
3rd
UK 2017 sector ranking

40%
of brands in sector features in UK 2017 top 100

Leading brands in the financial services sector

Brand	UK 2017 CEE rank	Rank movement 2017 vs 2016
John Lewis Finance	2nd	New
first direct	3rd	-2
Skipton Building Society	7th	+26
Nationwide Building Society	11th	-2
Hargreaves Lansdown	16th	+11
Coventry Building Society	21st	-10
American Express	29th	-9
LV=	32nd	+68
Standard Life	33rd	+100
PayPal	35th	-22

Understanding excellence:
LV=

LV= is one of the biggest movers in 2017, moving up 68 places in the last year to now rank 32nd.

Richard Rowney, CEO at LV= has highlighted the key investments that have driven the organisation's customer experience success:

"Over the last 2 years we have invested in developing a more customer-centric culture, together with a range of systems, process and supply chain changes that have been designed to put customer needs at their heart.

As such, the 3 biggest drivers of our improved CEE performance have been:

- A cultural shift, with much more focus on what matters most to the customer, and investment in training and empowering our people to meet those needs
- Focusing on customer needs right at the start of every customer conversation through customer-centric processes and employee training
- Totally re-engineering the claims journey (systems thinking) around the customer's priorities.

People and culture

Two years ago LV= appointed Katie Wadey to its executive team as Chief Customer Officer. A number of functions including Marketing, Communications, Brand and Insight are now aligned within a Customer & Member area to ensure our customers are at the forefront of decision making within LV=.

A key investment during the past year has been the revised purpose and values of LV=, engaging all of our people (5,500+ employees) in the vision for the future through a series of workshops. We call it our Blueprint and we believe it is the best way to move forward at pace to maintain and grow our business. Our vision is to help customers to 'Live Confident' and for us this means helping them by:

- Being proactive about preventing things going wrong, not just fixing them when they do
- Fighting for better and leading the way in doing things that are in our customers' best interests
- Being transparent, well-intentioned and absolutely honest in all that we do.

Focusing on customer needs right at the start

Our Sales & Service areas engage customers in 'magic minute' conversations in order to understand customer needs at the start of the contact rather than taking them through a predefined process. This helps us to resolve the issues that matter and focuses on each customers' unique situation.

Re-engineering the customer journey for claims

Claims are a key point in our relationship with customers where we can show them we really care about their needs. A process called 'systems thinking' has been rolled out in our claims areas to focus on settling claims more quickly and effectively by focusing on what matters most to the customer right from the start. Initial results show great improvements for customers, reducing the proportion of customers that experience delays and seeing an increase in perceptions of making the claims process easier.

Innovation

A fundamental part of the new LV= Blueprint is creating the LV= of the future. We aim to harness the latest technologies, evolve how we operate and bring in the new talent needed to ensure that we lead the industry today and into the future.

Our investment in Wealth Wizards, with whom we developed the LV= Retirement Wizard, our online retirement advice service, was the first online full retirement advice service in the market. We continue to build on Wealth Wizards' expertise in this area.

With our new Protection product customers are offered a digital app based service called LV= Doctor Services. This combines 3 services, a remote GP which gives access to practising UK doctors to talk through medical concerns, a prescription service linked to this and a Second Opinion Service which helps clarify unanswered questions around a diagnosis. This will benefit customers who struggle to find the time to go to the doctors' surgery, and those who have limited mobility.

In order to embrace new technology and develop the organisation of the future, we have created a dedicated business area. LV= Tomorrow operates as part of the overall group and scans the horizon for new opportunities. It strives to identify and bring to market great new products and services that help LV= customers to Live Confident.

Our people are empowered to make a difference. They are encouraged to share their ideas on improvements to enhance customer experiences through our internal

'Innovate!' system and front line employees see the customer feedback relating to the changes made. So far over 3,400 ideas have been submitted, with 263 being taken forward by the business.

The future

We know that the insurance industry is facing a big transformation with new business models, Fintech, investment in big data and start-ups resulting in shifting customer expectations. It is with this in mind that we developed our new vision and Blueprint.

Customers will come to expect the level of service they receive from market leaders such as first direct to become universal and all businesses will be judged by the same benchmark. We will strive to deliver this expected service.

Service expectations will be for immediate service through the customer's channel of choice, 24/7 whenever they need assistance.

New technology including automated features on vehicles will change consumer needs for cover. Insurance cover that reflects the needs arising from the sharing economy may also be required.

Many innovations require customers to share their personal data and habits. Whilst there may be a growing acceptance of this, currently many have security concerns regarding their personal information.

Providing solutions to customers that meet all of these needs, in a way that leaves them confident that their data is safe, is a key challenge we are addressing through our innovation work.

I am delighted that our vision to be Britain's Best Loved insurer continues to pay dividends. At the heart of this transformation has been a cultural change programme targeted at helping our people understand the subtle differences between great customer satisfaction (aka best service for a traditional-style business) versus true customer centricity (aka giving our customers exactly what they want)."

Richard Rowney, CEO, LV=

LV=: Six Pillar performance

32nd
rank in 2017 of 295 brands

68
places from 2016

The Six Pillars: scores vs. industry average

Personalisation
+2%

Integrity
+3%

Expectations
+4%

Resolution
+3%

Time and Effort
+5%

Empathy
+6%

Sector highlights:
Travel and hotels

Customers are demanding simplicity, flexibility and, increasingly, a minimal human interaction. For the travel and hotels sector this means that every human to human interaction needs to be outstanding.

Airlines

Middle Eastern airline Emirates continue to top the travel sector and lead the way in terms of service delivery, raising the bar of expectations across the airline industry. It's not just their exceptional service that sets them apart; their inflight entertainment system Ice features 2,500 entertainment channels, box sets, games and music, in up to 36 languages to provide a huge range of choice to ensure all customers are entertained.

When it comes to customer-facing technology innovations in the airline sector, KLM was among the first to market with the rollout of their Messenger-based chatbot service. Customers are asked when booking whether they'd like to receive Messenger updates for their flight. If requested, they'll receive their booking confirmation, travel details, check-in reminders, boarding pass, flight status updates and more direct to their mobile phones when they need them, as well as being able to ask any questions or make any changes to their booking direct through the app. KLM has seen its scores for Personalisation and Empathy improve dramatically, climbing over 80 places as a result.

One example of the customer tech arms race is inflight Wi-Fi. A handful of airlines including Norwegian have already launched and marketed free internet connectivity inflight. The current technical limitations mean that connectivity flying over the Atlantic generally isn't the same as at the local coffee shop, but customers will nonetheless expect it to be.

6th UK 2017 sector ranking

28% of brands in sector features in UK 2017 top 100

Leading brands in the travel and hotels sector

Brand	UK 2017 CEE rank	Rank movement 2017 vs 2016
Emirates	6th	-2
Center Parcs	12th	+54
Premier Inn	15th	+5
Virgin Atlantic	18th	+7
Virgin Holidays	23rd	-8
Travel Republic	25th	+57
Hilton Hotels and Resorts	26th	+19
Holiday Inn Express	41st	+88
Marriott	44th	-14
KLM	46th	+83

Rail

Rail transport continues to lag airlines and hotels, with not a single representative in the top 100 this year. The internet and smartphones mean that customers have the ability to track disruptions and find out information often before it is announced across trains. But the customer experience – and cost – of rail travel tends to fall short of customer's increased awareness and expectations. The significant investment rail firms are making in modernising and upgrading rolling stock should improve the quality of the experience.

Hotels

Expectations are also key to the customer experience in the hotels sector. Premier Inn remains the top ranked hotel, climbing a further 5 places in the overall CX ranking to 15th. The brand strikes a balance between value and quality; low prices but a highly consistent experience, exemplified by their 'good night's sleep' guarantee.

Holiday Inn Express also shows strong performance this year, rising 88 places into 41st in the rankings. The 'express' hotel, offering limited services performs strongly, clearly demonstrating the importance of their value positioning to the customer.

Hilton Hotels and Resorts, climbed 19 places to 26th. Hilton has remained ahead of the game by anticipating customer needs. Having already introduced the technology in the US, the hotel chain has just started to rollout the 'digital key' in the UK, allowing guests to unlock their rooms with their smartphone. Hilton Honors members will soon be able to manage all aspects of their hotel experience through their phone including booking, check-in, choosing and ordering things to their rooms.

A new entrant to our survey in at 47, Novotel offers interactive touchscreens, 'Play' tables in many receptions, with a suite of games and puzzles available for kids and grown-ups to enjoy either together or solo; as well as screens offering a 'virtual concierge' service with information about hotel and local amenities, directions, events, activities, weather and more.

Technology is increasingly being implemented to help simplify and enhance the hotel experience. As some of the key innovations in the airline and hotel sectors show, it is possible to bring fresh perspectives and new approaches to traditional travel experiences. As the pace of change increases across industries, those who fail to keep up might suffer.

When we stayed at Premier Inn we could not have been better welcomed. The staff were lovely, the hotel and rooms were clean and modern. We were greeted with a smile every time we entered the hotel.

UK 2017 respondent

Sub-sector comparison

Sub-sector	CEE Metric 2017
Airlines	7.14
Hotels	7.46
Package Holiday Companies	7.15
Rail Providers	6.38

Understanding excellence: Hilton Hotels and Resorts

> ## As a member of Hilton Honors I am always greeted by name on arrival and always receive excellent customer service, using the app makes my stay that much easier.

UK 2017 respondent

Hilton Hotels and Resorts has moved up 19 places this year, ranking at 26th place. The brand aims to "inspire a new, healthier mind-set, encouraging people to seek out the unfamiliar appreciate a different point of view and learn from travel moments and everyday experiences". (Source: Hilton website) Their success is down to anticipating the needs of tomorrow's customer by investing in technology, knowing customer profiles and empowering employees.

The Hilton corporation portfolio contains fourteen brands, more than 5,000 properties and 169,000 team members globally.

The game-changing Hilton Honors app characterises the focus on digital technology to make their guests' lives easier. The app connects everything a guest needs for their stay, enabling them to choose and book a preferred room, open the door, book an uber and see what is worth visiting in the area to name a few and has currently been rolled out in a large number of Hilton Hotels globally.

Feedback is encouraged and used to improve the service through the app. For example, users of the app fed back that they loved the feature of being able to pick their own room, but it would be great to see the view from the room. Hilton acted upon this and partnered with Google Maps to improve the feature.

The brand recognise that before surprising and delighting their guests, a consistent service must be delivered. They provide this through their employees, who put customer experience at the heart of every role and ensure that every

Hilton Hotels and Resorts: Six Pillar performance

26th
rank in 2017 of 295 brands

⌃19
places from 2016

The Six Pillars: scores vs. industry average

Personalisation
+9%

Integrity
+9%

Expectations
+12%

Resolution
+12%

Time and Effort
+10%

Empathy
+13%

touch point help guests have a great experience, from the employee bringing the guest towels, to the bartender.

Hilton understand that every traveller is different, the world is moving quickly and there are always unforeseen circumstances. So they give parameters to guide staff but really inspire their staff to understand the needs of the guest and feel empowered to do what's right to make the situation better.

Hilton Hotels and Resorts succeed at surprise and delight by providing 'money can't buy' experiences. Gathering all data they have from a customer through the app, social media, and the contact centre, they're able to deliver champagne to a couple that have just got engaged, or see that a guest's flight has been delayed so change their reservation and book them a stay near the airport.

Hilton are proud about how connected their functions are. All functions make decisions together from the CX and marketing teams through to the contact centre to resolve and predict the customer needs and exceed expectations. The brand's Expectations score ranks 12% above the industry average.

Sector highlights:

Logistics

> **My friendly delivery driver was driving away from trying to deliver my parcel just as I was driving to my house. He recognised the car and turned around – I was very grateful.**

UK 2017 respondent

Customers have fairly clear expectations when it comes to receiving their parcels; they expect them to turn up where they want, when they want and in one piece. There's perhaps more opportunity for things to go wrong for delivery services than there is to impress, which may explain the logistics sector's ranking, 9th out of the 10 main sectors in our analysis. But customers are becoming more demanding – less accepting of any failure to meet their ever-increasing expectations – and logistics sees the biggest decline in performance of any sector in our study this year as a result.

Customers are used to smooth shopping experiences in store and online and expect their delivery experience to match. They expect simplicity and flexibility in all aspects of their consumer life and traditional vague and inflexible delivery services appear increasingly archaic. Receiving a package should be a simple experience – the customer shouldn't really have to "do" anything – so it's alarming that Time and Effort is the pillar on which logistics trails the study average by the greatest distance (8% below average).

The logistics industry relies heavily on technology behind the scenes and the precision of IT systems to coordinate the movement of goods around the world and against the clock. The industry has continually developed in this regard to improve movements on the larger scale and services to businesses. But such innovation has been slower to improve the end-customer experience. Logistics companies on the whole are successfully transporting vast quantities of goods all over the globe, but the customer only cares about one – their parcel – and it is the recognition of this end-customer that is really needed.

The Time and Effort expended by customers can be exacerbated by the lack of certainty it commonly entails. Taking an afternoon or even a day off work to receive a delivery within a broad time slot feels like an affront to modern living. Having to re-arrange or go somewhere else to collect if a delivery is missed - or chase updates when a parcel is delayed or possibly lost - feels like an ordeal, and call centres often fail to demonstrate appropriate Empathy at these times.

Expectation management is clearly essential to the delivery experience. It is uncertainty that typically causes customers the most frustration. Modern online services and apps have improved the experience, but have their failings. Parcels' whereabouts are typically updated by their labels being scanned at various stages of their journey; some go missing due to failure to scan when labels are obscured or damaged, only to reappear later and arrive safely. RFID (Radio-frequency identification) tags provide a potential alternative to traditional barcodes as they do not require line-of-sight scanning. These are already used to track larger-scale logistics and could help reduce those moments of panic for customers if implemented for personal deliveries.

But customers do not just want to be told exactly when to expect their parcel, they want to be able to choose exactly what they want for themselves.

Customers are used to smooth shopping experiences in store and online and expect their delivery experience to match.

ASOS is one retailer that has partnered with carrier DPD to enable customers to choose the exact time of delivery at any time in the next seven days through their Precise service. ASOS and DPD have previously partnered to introduce the Follow My Parcel tracking solution as well as a service that enabled customers to change their mind about where their parcel should be delivered as late as the night before arrival. Location is often as critical as time, and interlinked; delivering to customers wherever they are makes things easier for them. To that end, direct-to-car delivery has been piloted by John Lewis and Amazon, in partnership with Jaguar Land Rover and Audi respectively, with manufacturers providing temporary codes for delivery drivers to drop parcels straight into customers' car boots.

Ocado and Dominos have trialled self-driving delivery vehicles. Autonomous vehicles could become increasingly common on our roads in the not too distant future and could provide 24-hour delivery services.

Innovation

"Disrupt or be disrupted"; "innovate or die", the rhetoric behind customer experience success has never been so urgent.

From robotics to analytics, from innovation to transformation the prescriptions are many and varied and all have their place.

But how do you go about CX innovation? Where should organisations look for inspiration and opportunity? And how can leading innovation practices be weaponised by others?

Innovation is a major priority for businesses but also a source of frustration. Most organisations state its importance but few firms feel they are driving innovation in a market changing way. Most organisations would agree that the vast majority of innovations fall far short of ambitions.

For many companies the burning question when focusing on innovation is where to start? Increasingly the excellent CX companies are identifying events in their customers' lives that will drive innovation and enable needs anticipation, and, in so doing, they are perfecting the art of creatively meeting customer needs before the customer even realises they have a need.

A quiet night in, the arrival of a new baby, the events vary in relevance by industry, but these events drive overt needs and their analysis surfaces unmet customer needs. So leading companies like Netflix, QVC, Hilton and first direct are architecting experiences around them.

An event is something of importance that occurs in a customer's life and provides a trigger for customers to undertake a journey to achieve an objective. An event gives rise to problems a customer will need to solve in a given circumstance. Some events are predictable, many are not.

The event influences the customer's mind-set and what they are looking for in terms of psychological and physical satisfactions. A customer who rushes to a DIY store to fix a burst pipe, is in a very different mind-set to the same person who returns a week later to browse garden furniture.

Most industries have evolved an understanding of the relevance of events, but few companies take advantage of them to architect experiences. Those that do are exceptional performers in our index.

The leading organisations observe how customers are trying to accomplish these jobs from end to end, identify how they define successful completion and then identifying the barriers and obstacles that get in their way.

Finally they undertake an analysis of how these customers are being served with the current array of products and services at their disposal: Are they being underserved? Are the existing products inadequate? If so then there are opportunities for innovation.

The industry descriptions of events vary, but there is a common thread, that they are all aspects of life:

Non-grocery retail
Purchasing occasions

Financial services
Life events (first home, new baby, retirement)

Healthcare
Episodes (incidences of illness)

Insurance
Moments of anxiety (e.g. burglary, car accident)

Asset managers
Critical life decision points (where their customer needs to reconsider how and what they invest in)

Utilities
Seasons, address change (e.g. preparing for winter, moving to a new home)

Telecoms, high tech
Use cases

Examples of organisations developing event-based experiences

QVC
Mums' "me time", night out with the girls, birthdays.

M&S Food
Evening meal, dine in meal for two, meal of the day.

first direct
Life events, birthdays, anniversary of joining first direct.

Premier Inn
Business trip, family away for the weekend.

Lush
Bath time, me time.

Netflix
Setting up watching profiles, night in with the lads, family time etc.

Emirates
Business trip, life experience, family adventure.

Publix (US)
Evening meal of the day (the ingredients are all placed together and you watch a staff member prepare it).

Understanding excellence: Netflix

Serving each subscriber a personalised experience using ever evolving algorithms has earnt Netflix a place in the top 20, ranking 19 with a high personalisation score of 8.13. Netflix has revolutionised the way we watch our favourite movies and TV shows. Their journey started with DVD rental subscriptions (in 1997 by the CEO Reed Hastings) and has evolved into the streaming service and production company that circa 100 million subscribers worldwide enjoy today.

Netflix has changed the mental model of consumers. From being drip fed one episode a week to being accustomed to watching the whole series at once, creating the 'binge watch' boxset culture and re-wiring the way a consumer thinks of watching TV.

By listening to customer needs, Netflix is at the forefront of innovation. The brand is recognised as one of the top five most innovative companies in the world due to industry leading personalisation breakthroughs as well as innovations like the recent launch of Interactive TV shows. Enabling viewers to 'choose their own adventure' and make decisions for their favourite character (Source: Forbes website). This feature is aimed mainly at children, as the brand recognised that roughly 54% of households engage with kids and family programming and sought to enhance the experience for this demographic.

Listening to its customers is a significant characteristic of successful CX companies and Netflix are constantly listening to their subscribers as they seek to contiuously improve the watching experience.

They responded rapidly to subscriber feedback when they sought offline viewing and now this feature can be found on their latest apps. "Whilst many members enjoy watching Netflix at home, we've often heard they also want to continue their 'Stranger Things' binge while on airplanes and other places where internet is expensive or limited," Eddy Wu, Netflix's director of product innovation, wrote in a blog post announcing the feature.

Recognising that when a consumer thinks of turning on their TV, they think of "things being loud and happening" Chris Jaffe, VP of user interface innovation, but when they would open Netflix, the user would not have that experience, and would find themselves tediously browsing on what to watch. This led to the December 2016 update, which came with a better way to browse on your TV. Preview videos automatically play while a user searches, giving a better idea for what's in store whilst also enabling subscribers to discover serendipitously, browse less and watch more.

Original content is really paying off for Netflix. Some of the most popular series prove that the brand really know they're creating what content subscribers want and with five out of ten searches being Netflix originals last year. The brand aims to double its original content from last year and invest $6billion in 2017 in creating 1000 hours of content (Source: The Independent, Oct 2016). Netflix is evolving into more than just a streaming service, "For many millions of consumers around the world, Netflix has already become television," says Tony Gunnarsson, a television analyst with Ovum.

An innovation culture has helped the brand grow to become an entertainment industry juggernaut.

The brand are famous for publicising their corporate policy for all to see, and have just released a major update that can be found on their website. Throughout this document it informs potential employees and partners alike that their core

philosophy is people over process, they give employees autonomy and share information openly and broadly. Integrity is taken very seriously at Netflix, they perform 12% above the industry average in the 2017 UK analysis.

"Our version of the great workplace is not comprised of sushi lunches, great gyms, big offices, or frequent parties. Our version of the great workplace is a dream team in pursuit of ambitious common goals, for which we spend heavily." (Source: Netflix website)

66

Netflix is always good. It has replaced normal television for me, the content available is great. I also really like that they notify you of new content that I might be interested in based on previously watched shows.

UK 2017 respondent

Netflix: Six Pillar performance

19th
rank in 2017 of 295 brands

⌃42
places from 2016

The Six Pillars: scores vs. industry average

Personalisation
+11%

Integrity
+12%

Expectations
+10%

Resolution
+8%

Time and Effort
+9%

Empathy
+7%

"Jobs to be done": The fuel of innovative experience design

We have known for a long time that events in people's lives are highly indicative of future behaviour. Increasingly organisations are focusing on events, moments, in a customer's life that create a series of tasks, a "to do list", or as Clayton Christensen describes it, "jobs to be done". Often these jobs are to alleviate a problematic situation. Solving these problems is the key to innovation. Great organisations focus on where existing products and services are inadequate, or where the customer needs are underserved and identify where a new approach creates value for the customer.

In financial services, life events are the trigger for a series of purchase decisions. Recognised in our previous US CEE analysis as the world's most customer centric organisation, USAA are a financial institution that, in the main, focus on members of the US military and their families. They have organised around key events in its customer's lives and, in the process of solving the customer problems that arise as a result of these events, has lead customer experience delivery across the US banking industry through ground breaking innovation.

Their approach drives both Personalisation, Empathy and anticipation.

Take for example their car buying service:

Buying a new car – jobs to be done

- Decide on car
- Decide when to buy
- Find dealer
- Negotiate discount
- Fund purchase
- Apply grants or government discounts
- Extend warranty
- Tax
- Insure (reduce premiums when on active service)
- Share on social media

> **Companies that target their products at the circumstances in which customers find themselves, rather than at the customers themselves, are those that can launch predictably successful products. Put another way, the critical unit of analysis is the circumstance and not the customer.**

Clayton M. Christensen
"The Innovator's Solution" 2003

Or their process for dealing with bereavement: the death of a family member is both difficult emotionally and arduous rationally. Arising from this circumstance are a range of "jobs to be done". USAA has looked at all of these tasks and made conscious decisions as to the jobs they will take on, on the customer's behalf, and those jobs where they will signpost a solution. Underpinning the entire approach is an event guide that provides a systematic route map for the customer to help them manage through the entirety of the event.

The process is run by a "Survivors Relationship Team", highly trained and emotionally intelligent individuals that can provide counselling and support during this difficult period.

The following illustrates how USAA help with the "jobs to be done", where they draw the line around what they will do and where they provide a signpost.

- Notify registrar of birth, deaths and marriage
- Stop direct mail
- Stop cold calling
- Inform government
- Notify banks, utilities, etc.
- Claim on life insurance
- Pensions and benefits
- Will executorship
- Estate management

A UK Life Insurer, when analysing their approach to Life Policy Claims identified that they could help with the jobs to be done, not only providing an empathetic and supportive environment with the provision of bereavement counselling for their customers but also taking on notifying the registrar and the preference services.

Case study

Hilton Hotels, when looking to launch a new app, examined in the minutest detail the checking in event. What they uncovered were a range of different needs depending on the customer's circumstances. In focusing on the business customer they identified the following needs:

- A desire to have access to the room outside of the 3pm check in, 11am checkout

- The need to manage loyalty points and redemption

- An unwillingness to spend time in queues at reception

- A series of additional "jobs to be done", such as finding the room, organising a late check out, booking meals, navigating around the hotel.

The Hilton response was to create an app that completely bypassed the traditional hotel check in process. The room could be booked online, the status of a room could be checked to see whether it was free before 3pm or after 11am, a favourite room could be booked, loyalty points could be accumulated and redeemed, the app provided navigation around the hotel and to the room and, finally, the app provided an electronic key to open the door.

Understanding excellence: Nationwide Building Society

Recognised as one of the CX leaders in the CEE rankings, Nationwide Building Society is ranked 11th in 2017 and has been a regular feature among the leading brands since the study began.

"Customer experience is becoming increasingly important for all companies, not just in the financial services sector. Our customers not only compare us to our high street peers, but also to brands such as Lush and John Lewis. As a mutual we are owned by our members which means our focus is on providing products and services to meet our members' needs and a high level of service, not chasing profits for shareholders. To ensure we remain ahead of the pack we have initiatives that challenge everyone in the business to consider how they can improve customer service and share stories of best practice.

It's clear that good service costs less for any organisation and we've focused on root cause of complaints and feedback for some time. More recently, we've been focusing on simplifying member journeys and ensuring they are 'right first time' which drives efficiency as well as great experiences for our members.

This focus on offering competitive products backed up by exceptional service has meant the Society has become the UK's top choice for current accounts, accounting for one in five of all switchers.

Developments since 2016

We held a society wide engagement project over 8 months which included opportunities for every colleague to take part in discussions about our service and the future of the Society. All colleagues were invited to a day's event to launch our new strategy and to immerse themselves as members of Nationwide. These events stressed the importance of excellent service to all employees and not just those in branch, contact centre and operations.

Service Excellence has been a key theme in the last 12 months. We worked closely with KPMG looking at exemplar organisations and carrying out research to gain insight and benchmark our performance. As a result we developed and delivered a new set of principles to express our service ambition - "Legendary service for all our members that is Heartfelt, Easy, Lifelong, and Personal."

Driving innovation

We stand for innovation that delivers business benefit, drawing on internal and external capabilities to deliver member value. We do not innovate for innovation's sake, working directly with members to deliver simple to use tools that make their financial lives easier, today and tomorrow. We are not disruptors but collaborators, working across the Society and beyond to imagine and scope innovative solutions to our most important member and business challenges. Drawing on the latest insights, trends and technologies to imagine and create what our members need now (and a little of what they don't know they need yet). Our ever-changing network of external parties, with brilliant minds and the set-up to deliver, give us the capability to realise benefits at pace across disciplines and specialisms. We apply new technologies to solve old (and new) problems, and to deliver a more seamless experience for our members whenever and however they meet us. Everything we do is grounded in member value and research.

Digital innovation plays a big part in the service we offer. Our aim is to provide members with choice and convenience in how they manage their money. Over the last few years we've introduced helpful and convenient services such as Quick Balance, Impulse Saver, Contactless Credit and Debit cards, Apple Pay, Samsung Pay and Android Pay and most recently an updated Mobile Banking app. Members love the chat pilot where they are kept up to date with the progress of their home move and we are testing a number of services to help families manage their money. Nationwide was also the first financial services provider to offer 24/7 Twitter support. Our customers want to be able to do business with us at a time and through a channel that suits them day or night.

While digital provides convenience, it is people who offer service. That's why, as a mutual, we passionately believe in the future of branches and the people in them who have a fundamental role in providing support and advice to the millions of consumers who actively choose to use them every day.

Knowing the importance of branches for our members, we've invested in a fresh new design over the last 12 months and have started to roll it out across the

country. Following great feedback, we have started to mirror the member-facing environment in our central offices as well.

Organising around customer life events

As a building society, our heritage is helping people to save and have a home of their own. So whether it's moving out as a student, renting for the first time, buying, improving, moving or helping me stay in my home, we understand the needs of each of these unique events for our members and support them to find a place called home.

We also support members with cancer or other life-limiting conditions such as mental health issues or chronic illnesses through our Specialist Support Service, which aims to give choice, control and independence to those living with cancer or another life limiting condition. While money should be the last thing on our members' minds in these circumstances, they are often burdened by financial strain due absence from work or the cost of treatment visits. The service gives our members a single point of contact to discuss their financial affairs with the Society and any extra support they may need, such a payment holiday on their mortgage or credit card or help claiming on a critical illness policy. The Society has continued to evolve this service based on member feedback and also rolled out training to support members with non-visible conditions, such as those with mental capacity issues.

The future

The needs of our members will continue to evolve over the next 10 years and expectations will inevitably rise. Members will expect frictionless, personalised services, tailored to their needs. Many will value the evolution of digital services and shared data through open banking solutions, while others will continue to value the expertise of the human touch provided by a local branch or video linked advice. Younger members will require innovative ways to help manage their money with employment options and income increasingly uncertain. The ageing population will require different services, with a focus on access, simplification and third party support arrangements."

Mandy Griffin, Director of Membership Proposition, Nationwide Building Society

Nationwide Building Society: Six Pillar performance

11th
rank in 2017 of 295 brands

∨ **2**
places from 2016

The Six Pillars:
scores vs. industry average

Personalisation
+6%

Integrity
+8%

Expectations
+7%

Resolution
+7%

Time and Effort
+6%

Empathy
+9%

Six Pillar innovation

It is the retail, high technology and travel firms that are driving innovation and designing new solutions to life problems and, in the process, learning how to stay ahead of rising customer expectations.

Expectations

We are exposed daily to innovations that exceed our expectations. Many from start-up tech firms. Companies such as Apple, Amazon and Tesla are integrating revolutionary technologies into the fabric of our lives. For these firms the focus is on fixing problems. With Apple it is a constant stream of ever improving solutions, Amazon, with Alexa and Echo is making the personal assistant the central hub of bringing order and control to our busy lives. For Tesla it is about solving problems with some of the limitations in today's technology. Cars that not only will find charging points on a long journey but will tell you how many of those charging points are currently in use. In the UK, HSBC and first direct are using biometric technologies to enable rapid access to technology.

Personalisation

Retailers are utilising beacon and messaging technologies to personalise instore shopping experiences. Firms like Barneys in New York delivering personalised shopping recommendations, welcome messages, designer videos and look books. All part of individualised location based shopping experiences.

Uniqlo, in Australia, literally reads your mind and produces T-shirt designs that match your mood. In Dubai the Pharma Café reads your DNA and delivers a bespoke drink exclusively for you as an individual.

Time and Effort

The internet of things is bringing a range of domestic devices where connectivity with computing power and apps brings a whole new dimension to problem solving. Smart devices such as tooth brushes that spot emerging cavities and dental problems before they are detectable by their owners. Hair brushes that monitor the success of different hair care regimes and a whole slew of wearable devices that monitor body functions and health.

Integrity

Hotels are not responsible for many of the issues that affect their guests, lost bags, disruption and weather problems. However they realise that such situations are an opportunity to build trust and confidence in the brand. Companies such as Marriott and Hilton are looking at problems that emerge across the

end to end journey and finding creative ways of helping their guests fix them.

Using advanced data tools they are able to provide guests with access to information that helps them take greater control of their travel journeys.

Resolution

The move here is from problem recovery to prevention. TFL are fast becoming the most customer-centric public body. Notifying regular travellers of problems on their usual routes with suggestions for how to avoid them. Contactless access to the tube network with charges financially optimised for the time of day and the route you have chosen.

Disruption is the key problem for travellers and there are a range of apps that highlight travel problems and make alternative route suggestions. In Sweden predictive analytics is being used to notify travellers of potential problems two hours before they actively occur with machine learning technologies being used to look for the combination of factors and tell-tale cues that indicate potential travel and connectivity issues.

Empathy

In Japan, a significant ageing population and falling birth rate is driving innovation to solve problems for the elderly in particular the development of companion robots. For these to be successful they need to mimic the human characteristic of empathy. This requires not just a response to human empathy cues, but the

ability to intuit the mental state of another. This may be a little time away, but already these robots are exhibiting an ability to guess the mental state of their owners and adapt their responses accordingly.

It is only a matter of time before empathy features in chat bots and service AI apps.

Understanding excellence: Emirates

The brand's unwavering commitment to providing an outstanding customer experience has kept Emirates in the top 10 for another year, ranking 6th place and the leading airline in 2017.

Every stage of the journey is perfectly executed to make the experience memorable for the passenger. First and business class customers are encouraged to use a chauffeur service; dining on board is like dining in one of the finest restaurants, served with proper cutlery and paired with fine wines. Even the lights have been designed to try and combat jetlag.

Employees are key to delivering the Emirates experience, therefore recruitment, training and retention are a key focus for the business. Employees go through seven and a half weeks of comprehensive training, where they are taught everything from safety and emergency procedures to fitness and nutrition. E-learning is available to employees throughout their career and Emirates encourage and fund relevant degrees. One respondent said "Just after I sat down an air hostess gave me a whiskey as she realised I was stressed at nearly missing the flight. I thought it was a really nice touch and proves how attentive they are".

Emirates is a clear example of a brand that that delivers continuous improvement to meet the needs of their customers' ever-escalating expectations. Their Silicon Valley and Oxford University Innovation labs have been concentrating on transforming Emirates into a customer-centric, technology-enabled travel experience enterprise, by using big data and real time analytics. Learning how to integrate all of the data they have on an individual will create a more personalised experience than ever before and will help Emirates understand what passengers want in real time. "The vision is that all business processes of the future will be underpinned by real time artificial intelligence." Neetan Chopra, Senior Vice President - IT strategic services at Emirates said. "That's the future."

Emirates has a clear vision as to what the future of flying looks like for their customer and the airline has been recognised in the Future Travel Experience's Airline Passenger Experience Power List 2017. They will not offer what they have, instead they will offer what the customer doesn't even know they need yet.

In 2017 Emirates performs 12% above the industry average for Personalisation, but Emirates aspire to take the personalisation of products to another level, driven by innovations, digital intelligence and how functions within the business operate.

The sharing of customer data is a key step in digital maturity in the industry, and where Emirates see themselves developing their personalised service. A customer understands that a brand collects data from them. As a result, the customer has subconsciously adopted a high expectation for the data to be used to make an experience tailored. For example, they want the airline to have access to their Netflix and Spotify profiles, so the airline can serve the customer with a tailored playlist on board, or know which meal they would order as a regular flyer.

Another way the airline plans to achieve an enhanced personalised experience in the future is by abandoning the convention of today's transportation classes, instead offering a 'pick and mix' travel option. For example, a passenger might purposely book an economy seat as they're travelling on a day flight and so do not need the lie down option business class brings, however they wish to enjoy a nice meal and so can choose a business class meal along with fast track security and access to the flight lounge.

Currently the business operates within separate functions, each function has an equal say and an equal amount of capital expenditure. However, recognising that this slows down decision making, the future of Emirates in the digitalised world sees the organisation split in teams of teams.

These will be smaller groups of empowered people made up from a mixed group of roles i.e. commercial, HR, marketing, IT, operations etc. These employees can work collaboratively on a project to create superior, more connected resolutions for a customer. Empowerment of employees and training people in the digital world will also be a key focus.

"

I had an injury and travelled with them through three airports on the same journey. They looked after me extremely well, made sure I was comfortable and there was assistance waiting at every airport for me.

UK 2017 respondent

Emirates: Six Pillar performance

6th
rank in 2017 of 295 brands

⌄2
places from 2016

The Six Pillars: scores vs. industry average

Personalisation
+12%

Integrity
+17%

Expectations
+19%

Resolution
+17%

Time and Effort
+10%

Empathy
+19%

The transformation brands of 2017

CX transformation takes time. In the last year, only one brand of the 295 analysed in the UK achieved a clear improvement over 12 months (a clear improvement being +5%). That brand was this year's number one, QVC UK.

Looking across the globe to the US, the leaders in CX excellence, the transformation picture is not much more encouraging - in the last year, just 13% of brands across the UK and US as a whole were able to deliver a clear improvement in their customer experience.

It is therefore very evident that there is no silver bullet to success, no quick win to excel overnight, but that a three-to-five year transformation plan, at a minimum, is the reality.

From financial analysis, the leading transformation brands achieved four times the revenue growth of the rest of the top 100 brands, reinforcing the link between customer experience excellence and commercial success.

In the last year, just 13% of brands across the UK and US as a whole were able to deliver a clear improvement in their customer experience.

Analysis of the last five years of CEE data demonstrates it is possible to transform in that time frame.

38

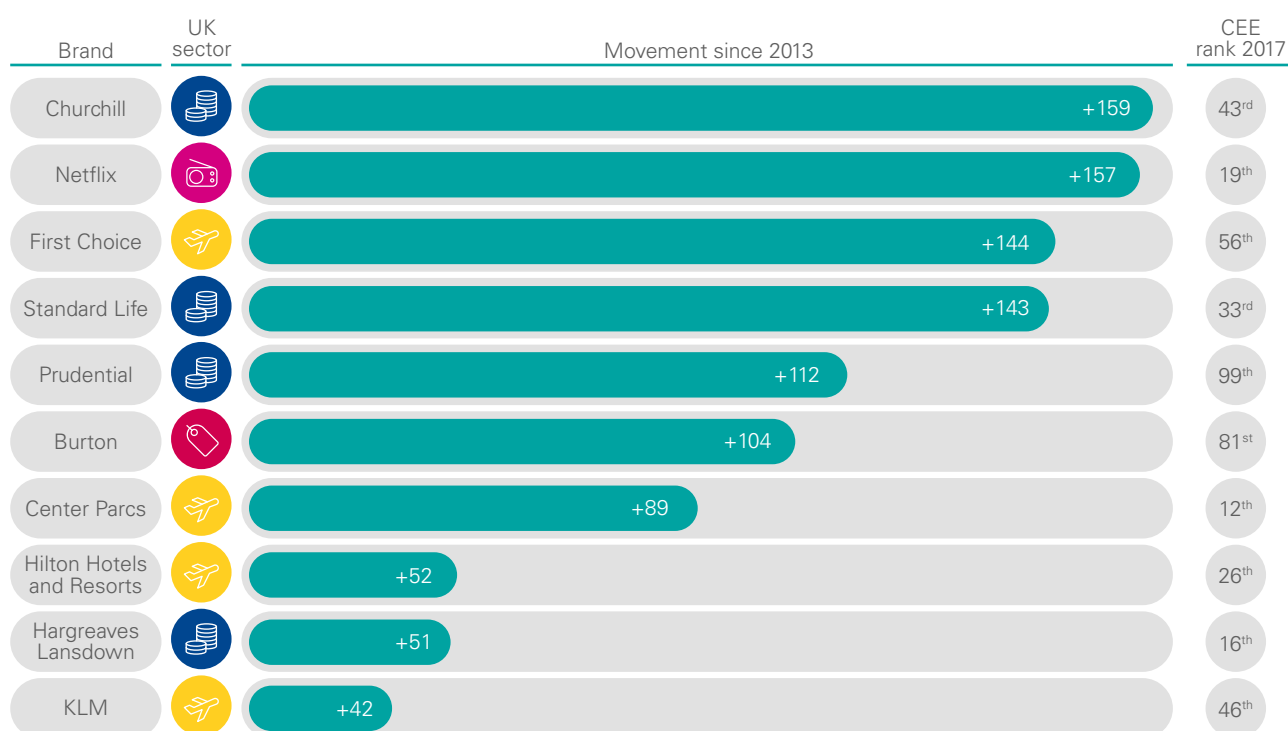brands in the 2017 top 100 have made positive moves up the rankings in the last 5 years (from 2013).

8

brands have moved up over 100 places since 2013.

12

brands have moved up over 50 places since 2013.

The most transformed brands of 2017

Brand	UK sector	Movement since 2013	CEE rank 2017
Churchill		+159	43rd
Netflix		+157	19th
First Choice		+144	56th
Standard Life		+143	33rd
Prudential		+112	99th
Burton		+104	81st
Center Parcs		+89	12th
Hilton Hotels and Resorts		+52	26th
Hargreaves Lansdown		+51	16th
KLM		+42	46th

The transformation brands have been identified based on rank progress over the last 5 years, taking into account the biggest movers between 2013 and 2017. To qualify as a current transformation brand, the brand must have achieved positive rank movement over the last year, from 2016 to 2017.

43rd

Financial services

159 movement over 5 years

Churchill

Ranking 43rd in the 2017 analysis, Churchill has achieved its best performance to date, following progress in its CEE score over the last five years. The pillar of Personalisation has been a key driver of this improvement – recording a 12% uplift over that time.

In the competitive landscape of the insurance market, Churchill is something of a household name. With a lovable character at the heart of its advertising, Churchill the dog is heralded as a dependable partner. This dependability is something its call centre staff strive to deliver on,

with respondents acknowledging strength in staff as a key aspect of its high performance. As one respondent in this year's survey stated "I had to change our car insurance from my name to my husband's, as he had not had insurance for three years and so had lost his no claim discount. The lady I spoke to was extremely helpful and explained that I could transfer my no claims discount to him, which was something I didn't know. She sorted the whole thing in minutes. She really seemed like she wanted to help, rather than rack up a higher premium for my husband's insurance."

19th

Entertainment and leisure

157 movement over 5 years

Netflix

Netflix has experienced marked progression in the CEE rankings, with a move of 157 places over five years. The brand has adapted its experience to ensure it continues to meet the demands of an ever-changing market, as customers change how they watch content. A seamless user experience compatible on numerous devices ensures that individual customer needs are met, whether that is simply watching content on the television at home, or on the go through the mobile app and downloading content.

Personalised content is something Netflix prides itself on, and Personalisation has been the most transformed pillar, improving over 13% since 2013. The recommendation engine, using AI to provide the most relevant content for each viewer based on previous selections, has become increasingly savvy, minimising any effort required on the viewer's part when deciding what content to watch next.

56th

Travel and hotels

144 movement over 5 years

First Choice

In 2011 First Choice spent £3million on a relaunch campaign to focus on and become 'the home of all inclusive'. Part of the global TUI brand, the holiday company has seen immense success as a result. Its ever popular family holiday villages are often fully booked months in advance, with customers returning year after year. The holiday company has moved up 144 places in the rankings over the last

five years, now in 56th place. It has particularly progressed in the pillar of Expectations over the five year period, with many respondents to the survey citing they will book again because their expectations were met or indeed exceeded: "Love them. It's the only company I'd use to book my main holiday each year. The service is always first class and the accommodation always just as depicted."

33rd

Financial services

143 movement over 5 years

Standard Life

Recent years have seen Standard Life transform, becoming a more customer-centric finance brand from a historically B2B focused organisation.

With a change in not only regulations but also available technology, the market shifted and more and more customers wanted to manage their own finances. As such, Standard Life recognised a cultural shift was needed for the organisation to begin to really understand its customer base.

Through customer journey mapping and the use of various digital tools to access more customer data, the organisation has built a greater understanding of its customers.

The goal is to achieve a segment of one, through data and digital techniques to enable further personalisation in the future.

99th

Financial services

112 movement over 5 years

Prudential

A major investment programme in customer experience preceded Prudential's progress in the CEE analysis.

Several years ago, Prudential began making fundamental changes in its call centre, adopting a new customer service system that has changed the reward and management of call centre staff, whilst continuing to invest heavily in staff training. The training has moved away from staff knowledge

around products, to being trained on how to handle frequently asked queries. As with a number of the leading brands in the CEE analysis, staff are no longer measured on call handling time, instead, they focus on more customer-centric measures such as first time resolution. This investment made into the back office has flowed through to the results of the CEE analysis, with Personalisation and Integrity the most improved pillars over the five-year period.

81st

Non-grocery retail

104 movement over 5 years

Burton

The menswear brand Burton has entered the top 100 for the first time in 2017, progressing over 100 places over the course of the last five years.

With over 400 stores across the UK, Burton provides quality affordable menswear and its loyal customer following has been a key reason for its success.

Continuous improvement has been made in the pillar of Expectations since 2013 – as highlighted in this report, we're seeing ever-increasing expectations, yet Burton is ensuring it continues to meet its customers' changing needs. The brand has developed an event-

based experience with formal hire providing suit hire for a groom and his groomsmen that is delivered directly to their home. Men can also get creative with colours, styles and designs to build a custom suit in Outfit Builder, which then gets sent to their home for a free trial, months before the big day. And if something doesn't fit they'll send free replacements.

"I shop at Burton regularly and have done for over 20 years, which speaks volumes about the brand. I have found the staff extremely polite and helpful rather than pushy. I never leave this store empty handed and recommend this brand highly and often."

12th ✈ Travel and hotels   ⌃ 89 movement over 5 years

Center Parcs

Now sitting in 12th place in the analysis, Center Parcs has recorded substantial progress in the rankings between 2013 and 2017, moving up 89 places over time.

The holiday company has invested heavily in lodge refurbishment across its four UK sites, meaning it's not just the higher priced accommodation that has a luxury feel now. Promoting relaxation and a break from the everyday, Center Parcs now offers young and old alike a chance to participate in around 200 different activities – no longer is the swimming pool the only focus, but now quad biking, segways and the spa are popular activities for guests.

Center Parcs has invested in technology to create a more seamless experience for guests. Their Center Parcs app enables consumers to book an activity, view their itinerary, view a map of the holiday village, capture memories and send personalised framed postcards to loved ones. A successful feature they have launched has been the wristbands that guests are provided with on their stay. These wristbands open lodge doors, lock lockers within the spa and pool, enable guests to pay through the wristband and more.

"We holiday here each year and the whole experience is geared to your enjoyment and relaxation. My daughter calls it her 'happy place' and this is evident in her total demeanour."

26th ✈ Travel and hotels   ⌃ 52 movement over 5 years

Hilton Hotels and Resorts

The game-changing Hilton Honors app characterises the focus on digital technology to make their guests' lives easier. The app connects everything a guest needs for their stay, enabling them to choose and book a preferred room, open the door, book an uber and see what popular 'things to do' are in the area, to name a few, and has currently been rolled out in a large number of Hilton Hotels globally.

Though the brand is focusing heavily on a digitalised experience, they understand that employees still have a vital part to play. Investing in and inspiring employees to feel empowered to make decisions is a key factor of its success. Hilton's functions are heavily integrated throughout the business, decisions are made together and this is reflected in the progress in the CEE rankings.

"I love staying at Hilton Hotels and Resorts, they are fantastic and very respecting of their customers – one of the best in my eyes."

16th

Financial services

51 movement over 5 years

Hargreaves Lansdown

Investment supermarket Hargreaves Lansdown has progressed 51 places in the last five years, continuing to place great emphasis on "a relentless focus on our clients" (Danny Cox, Head of Communications).

With the changing nature of the financial services market, Hargreaves Lansdown recognises that the way people interact with the brand has also changed dramatically. As a result, it has focused on embracing trends and innovating where appropriate to meet the ever escalating expectations of its consumer. In the last year alone, the brand has launched a new app, biometric logins and a number of new products have been launched ahead of the market, as a result of keeping close to their customers.

46th

Travel and hotels

42 movement over 5 years

KLM

KLM is a leader in customer-facing technology innovations within its sector. One such example is the recent rollout of a Messenger based chatbot service, enabling passengers to receive booking confirmation, boarding passes, reminders and flight updates direct to mobile phones at the time they're needed.

Also a social media champion, KLM uses social media as an end-to-end source for customer contact and solving its customers' queries. KLM started serving its customers via social as a matter of necessity. After the 2010 eruptions of the Icelandic volcano, tens of thousands of passengers were stranded. Unable to communicate via phone or other channels, they started reaching out to the company's outposts on Facebook and Twitter. A KLM volunteer team of 100 volunteers responded to customer enquiries, and a new business channel was born.

Use of technology and social media has enabled the airline to provide the very best customer experience, with teams in various locations across the globe able to deal with a variety of queries, and able to collaborate on responses that require input from multiple teams and specialists.

The airline has moved into the top 50 in the 2017 CEE rankings, up 42 places since 2013.

The consistent thread across the brands that have successfully transformed is their resolute determination to make decisions that are customer-focused, be that through enhanced technology, better use of customer data or redesigning journeys, these organisations are demonstrating the commercial benefits of putting the customer first.

Understanding excellence: Hargreaves Lansdown

16th rank in 2017 of 295 brands

Investment supermarket Hargreaves Lansdown ranks 16th in our 2017 CEE analysis, moving up 11 places since 2016, having progressed over 50 places in the last five years.

For the organisation, this success is felt to be down to "a relentless focus on our clients. We listen to their needs and improve our service accordingly. Putting the client first is hard wired into our DNA".

Performing strongly for the pillar of Expectations in particular, Hargreaves Lansdown attributes this to "delivering on your promises, managing expectations and when you occasionally fall short, having the maturity to communicate quickly and clearly, then resolve".

Danny Cox, Head of Communications at Hargreaves Lansdown (HL) discusses the firm's investments and innovations to drive the customer experience, the impact on commercial outcomes, and considerations for the future:

Investing in customer experience

"There have been a number of investments over the last year to drive improvements in customer experience. HL clients now log into their accounts more often on mobile devices than from a desktop. We have met this trend with our new brilliant basics smartphone app launched this year which builds upon the success of the earlier versions. Biometric logins have improved investor engagement, as investors log into their accounts more frequently. We also launched our tech hub in Warsaw earlier this year to add IT development capability. Initially this will grow to 50 people to help meet the business' long-term objectives. Alongside this, we were first to launch the new Lifetime ISA ahead of all of the competition – as we knew our clients were interested in this service, despite huge negativity in the media and from other potential providers, we put our clients' needs first to deliver this.

Innovation

Innovation to us means doing things better. It is one of our core values as a business and one we live by. It is at the heart of our culture. As with most other industries, the way that people interact with financial services has changed hugely in the last 10 years alone, and it is firms like ours who have succeeded, by listening to our clients, embracing trends and change and not innovating for the sake of it.

Our most recent Innovation Day, which asks for ideas from all our people across the business, has had to close early due to the volume of ideas we have received – virtually all aiming to improve client service.

Impact

Hargreaves Lansdown has a number of KPIs that show the link between customer experience and commercial outcomes for the business: 96% of clients rate our service as good, very good or excellent. Our asset and client retention figures are around 94%. Add to this low volumes of complaints and record net new business, £6.9billion in our last full year to end of June 2017. In addition, we report a Net Promoter Score of 56, a level which is almost unheard of in financial services.

The future

The HL client of the future will expect to be able to buy and sell all of the investments they want, when they want, using the method of their choosing, whether via voice recognition or another new medium. Biometrics will play a greater part in data and account protection, and instruction giving. Paper will not quite be a thing of the past but will be optional rather than obligatory in most cases. Clients will continue to have higher expectations for service, integrity and transparency. There will remain the need for financial advice for those who

lack confidence or the time to do things themselves, though much (but not all) of the process currently fronted by humans will be replaced by machine."

Danny Cox FPFS - Head of Communications, Hargreaves Lansdown.

> **We wanted to move some pension money to a new account with them. They were doing a transfer deal which was due to expire before our bank could move the money. They extended the offer period and sent us £150 as a welcome bonus. We were so pleased and have since taken out an additional product with them.**

UK 2017 respondent

Hargreaves Lansdown: Six Pillar performance

16th
rank in 2017 of 295 brands

11
places from 2016

The Six Pillars: scores vs. industry average

Personalisation
+6%

Integrity
+6%

Expectations
+8%

Resolution
+5%

Time and Effort
+5%

Empathy
+2%

Further resources

The *Customer Experience Excellence Centre* is the world's largest CX think tank, dedicated to rapidly improving customer experience by defining what best-in-class looks like for customers around the world.

An award-winning resource that provides thought leadership, training, networking and practical project applications, with its systems, methods and outputs fast becoming a global standard for best practice.

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Introducing KPMG Customer Experience Cloud

Transform the value of your customer experience

Equip your business with the capabilities of the world leaders:

cx. excellence
Harness the voice of the customer

cx. design
Design experiences and execute change

cx. economics
Master the economics of customer experience

cx. engagement
Create a culture of customer centricity
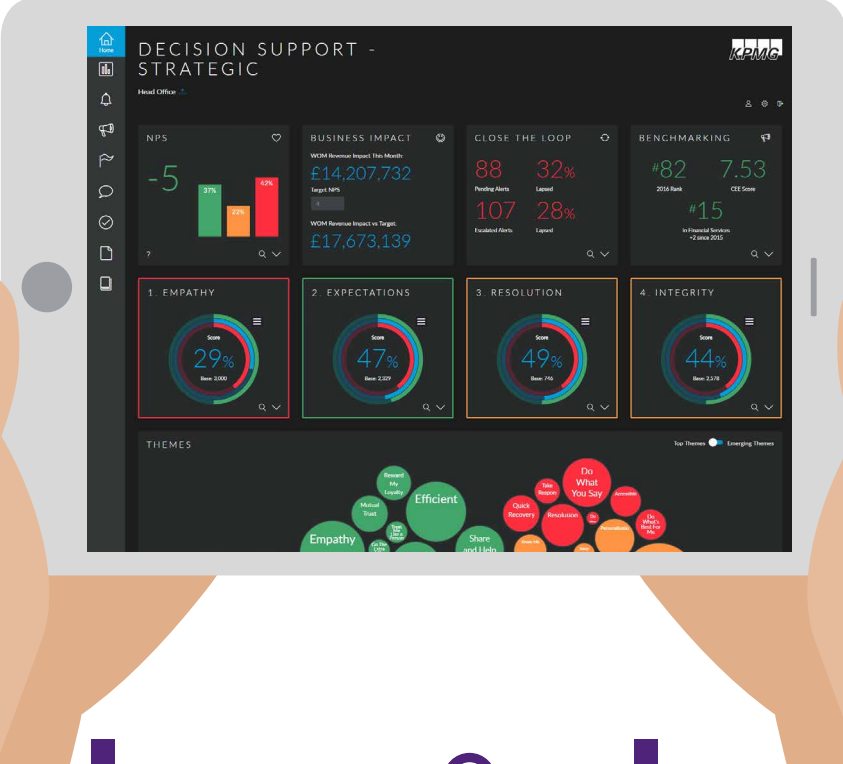
Next-generation voice of the customer system

For a demonstration or to understand how CX Cloud can connect your business please contact:

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CX Solutions Director

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KPMG nunwood

2017 UK Top 100 Results

Customer Experience Excellence Centre

Sector Key:

- Non-grocery retail
- Grocery retail
- Restaurants and fast food
- Financial services
- Telecoms
- Public sector
- Travel and hotels
- Entertainment and leisure

Change vs 2016:

- Up
- Non-mover
- Down
- New to analysis

01. QVC UK
2017 UK *Customer Experience Excellence Centre* Leader

02. John Lewis Finance

03. first direct

04. John Lewis

05. Lush

06. Emirates

07. Skipton Building Society

08. Ocado

09. M&S

10. Amazon

11. Nationwide Building Society

12. Center Parcs

13. Apple Store

14. M&S Food

15. Premier Inn

16. Hargreaves Lansdown

17. giffgaff

18. Virgin Atlantic

19. Netflix

20. Waterstones

21. Coventry Building Society

22. Specsavers

23. Virgin Holidays

24. Next

25. Travel Republic

26. Hilton Hotels and Resorts

27. Boots

28. AO.com

29. American Express

30. Iceland

31. Waitrose

32. LV=

33. Standard Life

34. Clarks

35. PayPal

36. M&S Bank

37. Millie's Cookies

38. Wilko

39. Vision Express

40. Sainsbury's

41. Holiday Inn Express

42. Debenhams

43. Churchill

44. Marriott

45. Boden

46. KLM

47. Novotel

48. wagamama

49. Farm Foods

50. Ted Baker

51. Saga

52. Tesco Mobile

53. Ikea

54. Aldi

55. Asda

56. First Choice

57. Thorntons

58. Screwfix

59. Morrisons

60. Krispy Kreme

61. Littlewoods

62. Toby Carvery

63. Argos

64. ASOS

65. TGI Fridays

66. Tesco Bank

67. Tesco

68. Green Flag

69. Thomson

70. New Look

71. TSB

72. House of Fraser

73. Lloyds Pharmacy

74. NS&I

75. The Body Shop

76. Schuh

77. eBay

78. Dunelm

79. Amazon Prime TV

80. B&M

81. Burton

82. Matalan

83. Jet2

84. Ebuyer

85. Selfridges

86. Costa Coffee

87. Yorkshire Building Society

88. Mothercare

89. NHS

90. Dorothy Perkins

91. Primark

92. Bupa

93. JD Williams

94. Byron Burger

95. Superdrug

96. Halifax

97. ASK Italian

98. RAC

99. Prudential

100. Dobbies

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