

Becoming a Customer Champion

Luxembourg's customer base is highly diverse, as touched on earlier in this analysis. This requires LUX brands to have a certain level of cultural awareness, empathy and to promote a spirit of inclusion to deliver outstanding experiences.

What more can your brand do to really delight customers? How can you foster loyalty and encourage customers to shop more and for longer? Much will depend on where your brand sits on the CX maturity scale, i.e. how mature you already are in adopting a customer-centric mindset and practices.

At KPMG, we have identified certain specific dimensions that can help you define your brand's CX maturity level and turn customer experience vision into reality. These dimensions are:

1. Understanding the multidimensional customer

What really drives customers and opens their wallets?

2. Getting connected and aligned

How can you embed customer-centricity at every level of your organisation?

3. Mastering digital enablers

How can you build emotional connections with customers in a digital world?

4. Excelling at the economics

What are the best customer initiative investment avenues?

5. Transforming with focus

How can you accelerate the pace of positive change?

1. Understanding the multidimensional customer

Many organisations still subscribe to the dated belief that their primary competition is a rival company in the same industry – while their only true competitor is the customer wallet.

Indeed, we are all subject to finite income flows and certain unavoidable fixed costs that must be factored into our spending calculations. Yet, irrespective of income and demographics, interplays between customer motivation and wallet also include the time that customers are prepared to devote to purchasing decisions and the shopping process more generally.

Take the example of a family with young children. This family has a limited budget for groceries and other necessities, meaning that cost is a primary driver in their consumer interactions. However, their young children also mean that they are more willing to trade off and pay for premium on-demand and delivery services that bring speed, ease and convenience to shopping and meal times.

This example demonstrates that customers know what they want and need from their shopping interactions, and expect businesses to meet those needs. They also want to be treated as individuals. To compete and deliver outstanding customer experience, firms need a broader, more connected understanding of their customers' lives both off- and online: where they go and when, what they buy, what they look at or "like", what they watch, and who their connections are.

In this way, companies need to evolve from marketing or "pushing" products they hoped would attract buyers to "pulling" customers into new ways of experiencing a personalised offering. Now, the challenge - and the opportunity - for brands is "predicting" where the customer is going next, and then getting there first.

To do that, companies need to know what drives their customers and what opens their wallets. Understanding customers in this way means viewing them through a multi-dimensional lens. To this end, KPMG has developed the "Five Mys", which identify and explore the complex forces, reasoning processes and trade-offs governing how real people make real choices.

01 My motivation Trust, authenticity and social values are critical but intangible motivators behind the choices today's consumers make.

02 My attention The fight for consumer attention has never been more intense, exacerbated by unprecedented volumes of content at our fingertips.

03 My connection Today's technology connects humans to information and to each other 24/7, driving shifts in our social interactions and behaviour.

04 My watch Companies that can understand time constraints and anticipate how these change across life stages and pivotal life events are best placed to engage customers in the moments of greatest impact and to meet their needs head on.

05 My wallet Consumers' adjustments to share of wallet across life stages and events are changing, creating a ripple effect across all of the categories to which they allocate their money.

For customers, the Five Mys are both interconnected and constantly evolving. If a company looks at any of these fundamental consumer choice drivers in isolation, or from the perspective of a specific industry or single life stage, they will fail to appreciate the richer story of customers' unmet needs and their trade-offs between time and money.

Instead, we urge companies to understand the reach of these five decision-influencing forces and how they interlink; to explore all aspects of their customers' lives, rather than just the category they serve.

The Five Mys framework is designed to help identify the real drivers of customer behaviour, along with the critical trade-offs on purchasing decisions across the customer wallet. Effective identification of these factors should result in more targeted and contextualised experiences, products and services that create value for both the consumer and the company.



My motivation

Show me that you understand me, what drives me, what motivates me.



My attention

Break through the noise to build a relationship with me.



My connection

Recognise how I interact digitally with others and help me offload jobs to technology.



My watch

Help me balance the constraints of time and make the most of this resource.



My wallet

Understand how I make trade-offs between time and money.



Business impacts

Knowing what customers really value in an experience and what's setting the benchmark can help eliminate wasted efforts and focus on the ones that make a difference.



Business impacts

Knowing how to get customers' attention can help target investment at the moments that matter, maximising return on investment.



Business impacts

Getting smarter about customers through their connections contextualises big data and generates actionable insights.



Business impacts

Identifying the pockets before life events yields new opportunities to build customer loyalty and stickiness.



Business impacts

Understanding the trade-offs customers make between time and money can help identify the best future customers and expectations.

2. Getting connected and aligned

High-performing organisations recognise that to become truly customer-centric - and deliver experiences that create value for both the customer and the company - they need to get connected. That means connecting with their customers to offer compelling value propositions, opportunities, and interactions. It also means connecting their front, middle and back offices to execute the customer growth agenda effectively and efficiently while also connecting and aligning with their channel and business partners to jointly deliver on commitments to customers. Lastly, it means staying connected to market dynamics and digital signals.

The link between the employee experience and the customer experience is the beating heart of alignment for leading organisations. Aligned companies do not make a distinction between brand values and internal values: the culture is the brand and the brand is the culture. The customer experience is rooted in the employee behaviours that emerge from that culture.

Top-performing brands in Luxembourg have developed a highly personalised customer experience strategy that treats shoppers as individuals.

Employees take the time to engage with customers and to clearly identify their needs. This allows them to guide customers towards the most appropriate products and services for them.

Employees drawn from different cultural backgrounds can interact with Luxembourg's diverse customer base in a more meaningful and culturally intelligent way. This goes beyond simply speaking the customer's mother tongue: more meaningful interaction helps customers to feel more welcome and valued, turning a potentially run-of-the-mill shopping trip into a more socially-focused and positive event.

By using individualised attention to drive an emotional connection, employees meet the following customer needs:

1. Greet me

2. Show me you know me

3. Recognise our history together

4. Make me competent

5. Surprise me with something relevant

6. Understand my needs and circumstances

The connected experience



3. Mastering digital enablers

If we look at this year's Customer Champions in Luxembourg, we can see that they are also performing strongly across different channels.

IoT, robotics, cognitive, AI, self-driving vehicles, bitcoin, blockchain, cyber security, virtual reality, augmented reality, and ambient intelligence - the list is as impressive as it is long. These technology-based disruptions usually share a single purpose: enhanced customer experience.

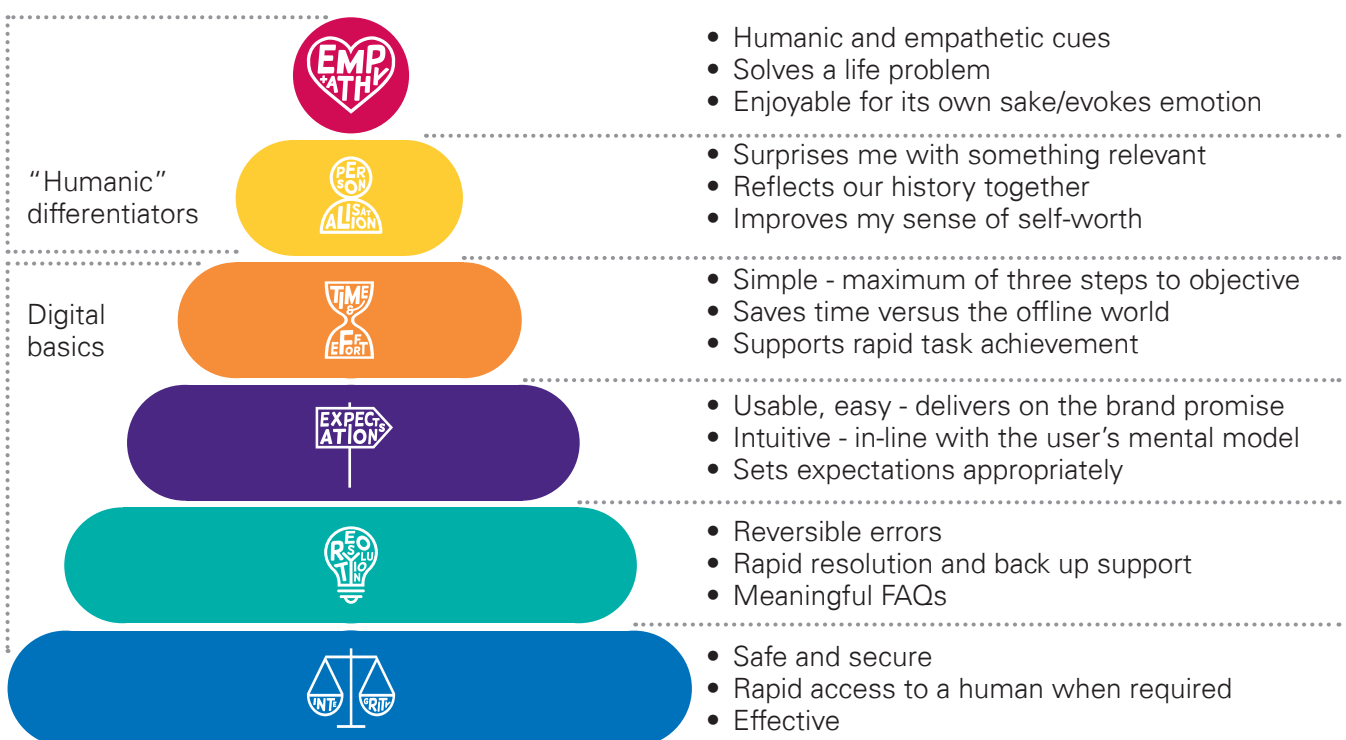
Better interfaces and usability features are applied to foster ever-deeper human-computer interaction. Empathetic organisations go one step further in their almost unconscious application of emotional design, ensuring that digital experiences deliver enjoyment, an emotional connection, and a human touch.

At the heart of the digital revolution is a flesh-and-blood customer, and it is the organisations that are developing digital solutions to real-world problems that are connecting most effectively with customers.

This means companies must not only prioritise digital, but couple the technological component with a deep understanding of customer needs, wants and problems, as well as focusing on the use of emotional design concepts for apps that stimulate emotions or solve problems when the customer may be in a heightened emotional state. Lastly, companies should consider the implications of the digital age for their workforce. Many companies are thinking about how to connect with their customers; today, business models cannot be taken forward without digital.

The Six Pillars play out hierarchically across the digital experience, just as they do offline. As with Maslow's hierarchy of needs, the benefits of the succeeding stage cannot be realised until the preceding stage of the hierarchy is satisfied. There is no point, for example, in focusing on Empathy before a digital platform has been made usable and intuitive.

The hierarchy of digital emotional connections



4. Excelling at the economics

It's no secret that failing to meet your customer's expectations can have serious negative consequences. However, exceeding customer expectations can also have negative consequences, particularly on profits. Sometimes, the cost of delighting customers exceeds the potential value it can generate, and in their efforts to surprise and delight customers, organisations can generate higher-than-necessary operating costs, which can also result in profit loss.

Companies must have a clear grasp of the economics of what the customer experience is going to deliver and how much the customer is going to pay. Pitching their customer experience delivery at the right level - neither too low, nor too high - is crucial.

The most successful organisations not only have a mature CX understanding, but are also able to deliver a CFO-credible business case to justify CX investments, ensuring that they neither under- nor overspend on customer experience delivery.

Companies should have a deep understanding of the economics of achieving customer experience excellence, as well as the real relationship between fixed and variable costs when it comes to delivering a superior experience.

This goes further than simply linking customer experience improvement to customer value. More specifically, it is a question of understanding the structural costs of delivering the current experience and weighing these against the structural costs of delivering the target experience.

Customer service is among the most expensive operations of an organisation. There is constant economic pressure to reduce operating costs, yet this must be balanced against the market demand to improve customer experience in order to meet rising customer demands and expectations.

Transforming customer service effectively means balancing upward pressure (outside-in) and downward pressure (inside-out) to deliver mutually realised value for both the customer and the organisation.



Make unnecessary work go away

Optimize the self-service experience



Apply sourcing strategically

Improve the effectiveness of workforce

Outside-In

Know your customers, understand what matters most to them, and consistently deliver on their needs.

Inside-Out

Manage the cost of operations in a sustainable way, while consistently delivering on customer needs.

5. Transforming with focus

The most successful customer experiences are built around a single idea; an idea so powerful and motivating that it infuses and energises all it touches. This 'controlling idea' sets the vision and anchors customer experience strategy.

Great experiences are about emotion. When our rational mind is satisfied, our feelings make the decisions. Organisations that are adept at managing customer feelings are those that generate successful, experience-driven brands.

Implementing a guiding vision to accelerate customer experience transformation also relies on doing things in the right order. There is a natural sequence that our analysis shows leading customer experience organisations master. By understanding this sequence, businesses can avoid significant costs and ensure more consistent progress.

This logical sequence starts with ad hoc customer actions, such as responding to customer feedback and addressing individual issues, and then moves on to the creation of a central customer-aware culture with a clear customer governance structure.

Ultimately, succeeding in becoming a customer champion means not only instilling and promoting a strong customer obsession across all levels, but also continuous reinforcing the brand's stated values.

The checklist on the following page will enable you to consider the sequencing of your own roadmap and how best to build related internal capabilities.

Six Pillar transformation sequence

