



Enabling profound customer experience

Customer Experience Excellence (CEE)
report 2022: Malaysia edition

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KPMG in Malaysia



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Foreword

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As a result of global events such as the sudden emergence of the COVID-19 pandemic, many industries have been disrupted by emerging technologies and inflationary pressures across markets. Business leaders have been left to rethink their approach to address the evolving demands of today's consumers. This dilemma is further exacerbated with economic and political challenges that have transpired in Malaysia. In response, businesses are continuously exploring new and unique methods to retain long-term and mutually beneficial relationships with their customers. They actively seek to understand and adopt innovative, customer-centric approaches as part of their core service offerings.

Looking at the restrictions posed to address the pandemic for instance, there has been a surge in request for digital services that are quick, consistent and reliable, which are also accessible online. Additionally, economic factors ultimately influence customers' purchasing decisions to ensure that acquired services or solutions provide the best value against cost. The constant reliance on the internet has caused personal data sharing and accessibility to be vigorous – resulting in demands for an increased transparency of data utilization by businesses.

These situations have altered the way companies across local sectors and regions conduct their businesses to remain competitive, whilst addressing the evolving business and consumer landscape. Disruptive technologies such as

big data analytics and automation have been widely incorporated in corporations modelling across the globe to enhance operational and service efficiency. As a result, businesses were able to deliver seamless and efficient experiences to customers, which ultimately led to business growth across markets.

KPMG's latest Customer Experience survey took in the views of more than 89,000 consumers across 25 markets, and identified organizations that are leading the way forward. Out of Malaysia, over 1,000 consumers and 75 brands were surveyed and evaluated according to the Six Pillars of Customer Experience: Integrity, Resolution, Time and Effort, Expectations, Personalization and Empathy.

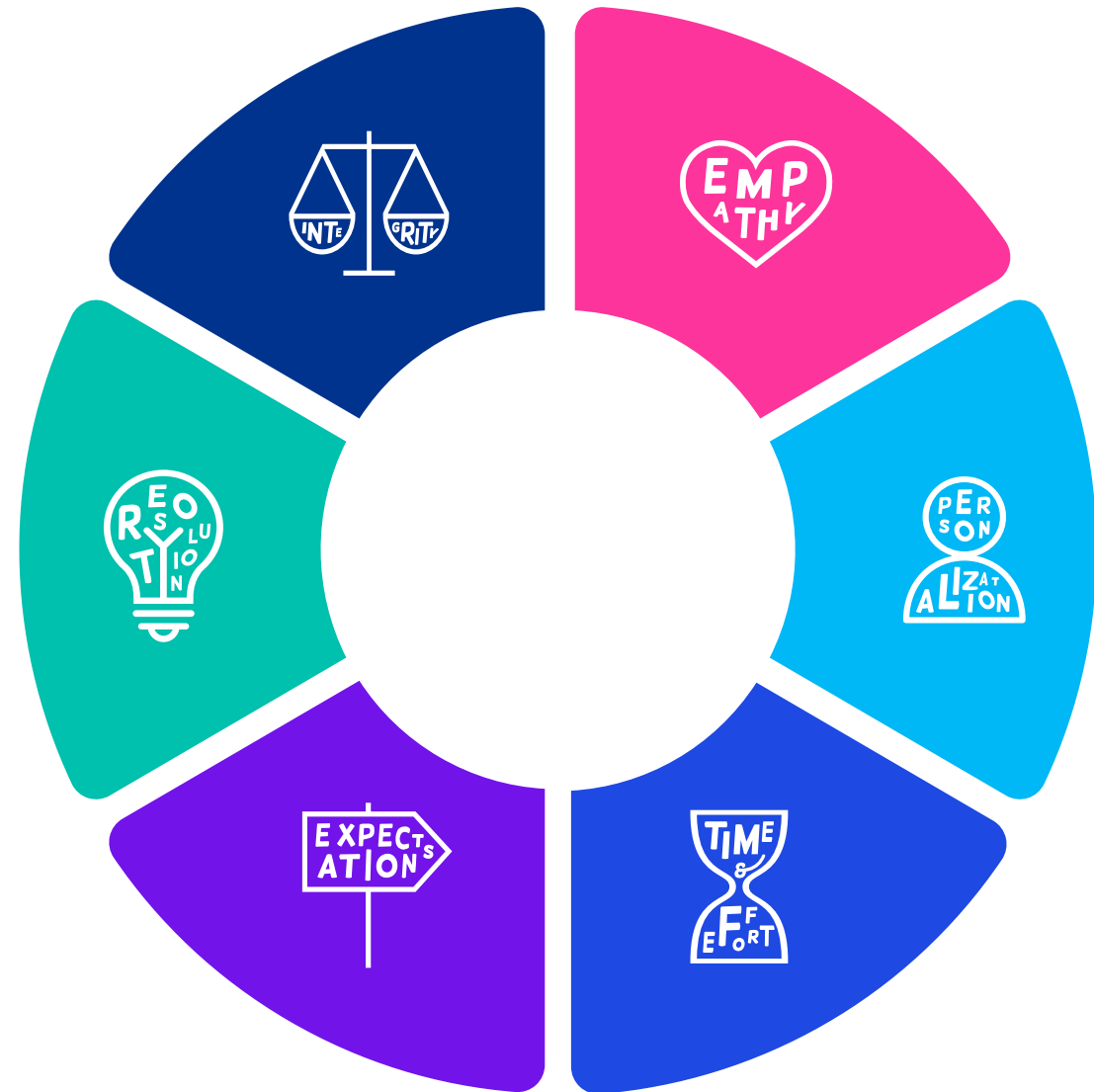
Our study reveals that local sectors are progressively embracing evolving consumer demands through these pillars of excellence. Some brands are also placing more emphasis on specific pillars to meet market demands, challenges and trends of the local sectors.

This Malaysia-specific report aims to provide a comprehensive view on how brands and sectors are enhancing their customer experience distinctively. We hope these insights will equip you with the right intuitions to amplify and charter your ideal customer experience journey.

The Six Pillars in 2022

The Six Pillars of Customer Excellence was derived with the intent to showcase enterprise and businesses with the emotional outcomes that is closely linked to delivering exceptional customer experiences. Successful organizations across the globe are essentially leveraging on these pillars as metric to gather insights on the quality of services provided to consumers across channels.

- Integrity
- Empathy
- Resolution
- Personalization
- Expectations
- Time and Effort









What it means for businesses and brands

Six Pillars of Excellence

Defining the **right** customer experience

To ensure that the pillars of excellence can be visualized on how they could derive value for businesses, this illustration depicts the **defined characteristics of each pillar and its foreseeable impact on the customer(s)**.

	Pillar characteristics	Brand and customer impact
“Human” differentiators		
	<ul style="list-style-type: none"> Human and empathetic cues Evokes emotions 	<ul style="list-style-type: none"> Customers are engaged in a way that empathizes with their mental mode
	<ul style="list-style-type: none"> Deliver services/solutions that are relevant Reflects customer and brand relationship 	<ul style="list-style-type: none"> Customers are viewed as part of a relationship, not just transactional in nature
“Digital basics”		
	<ul style="list-style-type: none"> Simple and clear Supports rapid task achievement Removes unwanted service delivery hurdles 	<ul style="list-style-type: none"> Deliver efficient, timely and consistent service delivery
	<ul style="list-style-type: none"> Delivers what is promised, with the right quality Intuitive – in-line with the user’s mental model 	<ul style="list-style-type: none"> Constantly meet or exceed customer demands in services delivered
	<ul style="list-style-type: none"> Rapid resolution and efficient issue back up support Meaningful and easy to follow the remedy Quick and consistent follow through 	<ul style="list-style-type: none"> Resolves customer issues or inquiries in a timely and consistent manner
	<ul style="list-style-type: none"> Increases the integrity of the brand promise Protects customer safety and data Commitment to transparency in service delivery 	<ul style="list-style-type: none"> Cultivates the culture and image of maintaining the highest levels of trust



Integrity

The **Integrity** pillar – corporate integrity and its outcome as well as trust – continues to be a focus for leading companies. Reengaging with purpose, validation of values and moving corporate social responsibility (CSR) to the forefront of the brand have been key areas for organizations. The global findings show that data security and privacy remain important to consumers. As we move closer to data economy, customers today are willing to share more personal data in exchange for an improved personalized experience. Businesses will now need to consider a cautious approach to maximizing the value of the customer data that they are permitted to have in the most responsible way.

On that account, the management of the data must be given priority by Malaysian businesses. Additionally, as consumers become more sustainable-conscious, organizations are now scrutinized more than ever on their sustainability credentials. Malaysian consumers are observed to shop with businesses that are more aligned with their personal values, as 59% of Malaysians surveyed indicated that they are more willing to engage with ethical companies. This pillar is ranked the highest in terms of importance for Malaysian consumers in this year's CEE.



Time and Effort

Effort and loyalty are inextricably connected: the easier an experience is, the less physical, emotional and cognitive effort it takes hence the more likely a customer is to continue purchasing. Businesses are now looking at the complexities that customers have to deal with and addressing them to make things quicker and more convenient.

In Malaysia, **Time and Effort** is ranked the second highest pillar. Malaysian consumers today are used to how things have changed during the pandemic, and they are now expecting the same flexibility, agility and a certain level of convenience to continue to be provided by the businesses that they interact with. It is observed that brands that operate petrol stations perform highest in this pillar. Customers appreciate the digital technologies being deployed to improve convenience in procuring their services, limiting human interactions whilst maintaining the safety of consumers during the pandemic.



Personalization

Personalization is one of the most valuable components of customer experience, ranking as the third most important pillar in Malaysia. Advances in technology, data and analytics are enabling companies to create a greater personal and ‘human experience’ across moments, channels and buying stages. However, personalization is immeasurably more than just technology and should be advantageous for both the organization and the customer. Organizations should endeavor to deliver the right blend of communications, recommendations and promotions at the right time and place – tailored to the customer. Consumers in Malaysia ranked this pillar particularly vital for services in the financial and retail sectors.



Expectations

It has been observed that there is a shift in consumer expectations and demands over the years i.e., customers expect their best experience with a company to be replicated elsewhere. This has become more evident in 2022 as customers embrace a raft of new technologies. Businesses are rapidly increasing the pace of innovation and development to keep up, driving improvement across all aspects of their businesses. Customers have ranked the **Expectations** pillar the highest for financial services and retail sectors.



Resolution

For the **Resolution** pillar, we observed that finding solutions for customers has moved beyond just addressing issues that a business may cause as it is now focused on solving customers' lifetime problems – both as a source of innovation and a mechanism for extending a trusted relationship. Being able to detect, resolve and eliminate customers' pain points is now a prerequisite quality of excellent customer service. Organizations now look both internally and externally to understand their customers better as well as create processes to further improve the end-to-end customer journey to be as frictionless as possible. Applications and digital solutions are rapidly being rolled out to address the totality of customer problem-solving.

In Malaysia, it is observed that selected organizations within the financial services sector have implemented key technologies that have positively impacted operations and service quality e.g., artificial intelligence (AI)-enabled chatbots and self-service portals to support their customer interactions and services. These technologies have set the base for organizations to further explore advanced predictive and prescriptive technologies which can assist in mitigating customers' problems before they occur.



Empathy

As **Empathy** becomes a core competence when it comes to user experience design and improvement, organizations are beginning to operationalize this pillar. For instance, anthropology and ethnography techniques are now utilized by experience designers. As more technologies are being deployed across the value chain to serve customers efficiently, there is a need for businesses to balance speed and convenience while also building trust and relationships with their customers.

For Malaysian customers, human interaction and trust remain crucial. In providing customer experience excellence, it is imperative for businesses to fully understand how the experience makes customers feel. This may require enterprise-wide empathy – identifying with and understanding the customer's situation, feelings and motives. It is worth highlighting that with the recent announcement of digital banking winners, and licensing for new digital insurers and takaful operators (DITOs), these fully digitally-operated organizations should consider investing in the right technology and strategy to create the brand's unique personality throughout the customer journey to fulfill the **Empathy** pillar.

Global trends that will drive the customer experience



Insights

How well do enterprises understand their customers and sector markets



Trade off decisions

How are resources optimized to maximize service quality and value for customers and consumers alike



Orchestration

How are the front, middle and back offices interconnected to drive operational excellence



KPMG's Global CEE 2022 report
The report provide broader insights from 25 nations, 3,077 brands and 89,000 consumer responses.



The customer experience survey



Malaysia's summary



9

sectors surveyed



75

brands evaluated



1,052

consumers

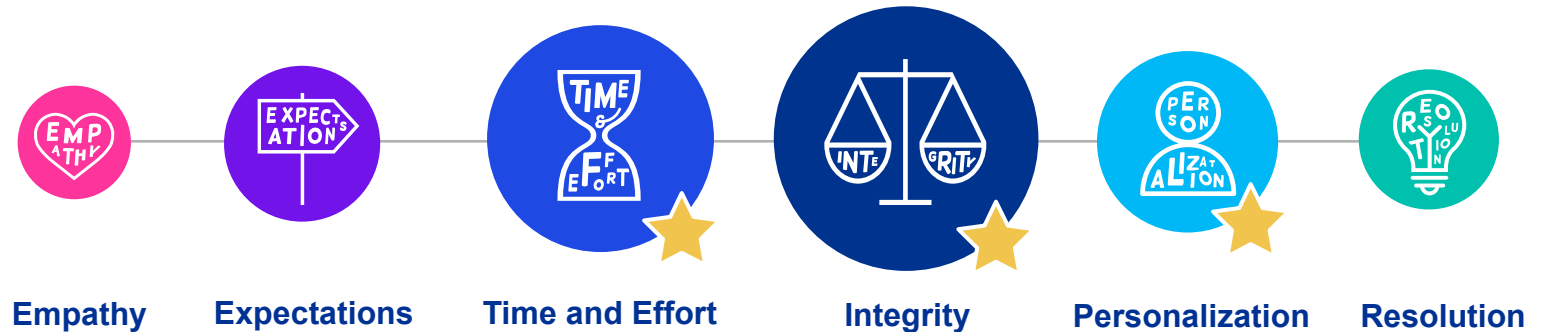


10,570

total responses received

The **Six Pillars of Customer Experience Excellence (CEE)** demonstrate what customers look for when interacting with organizations in 2022.

Note: Circle sizes represent the level of importance highlighted by customers in this year's results.



The most improved pillars (vs. 2021)

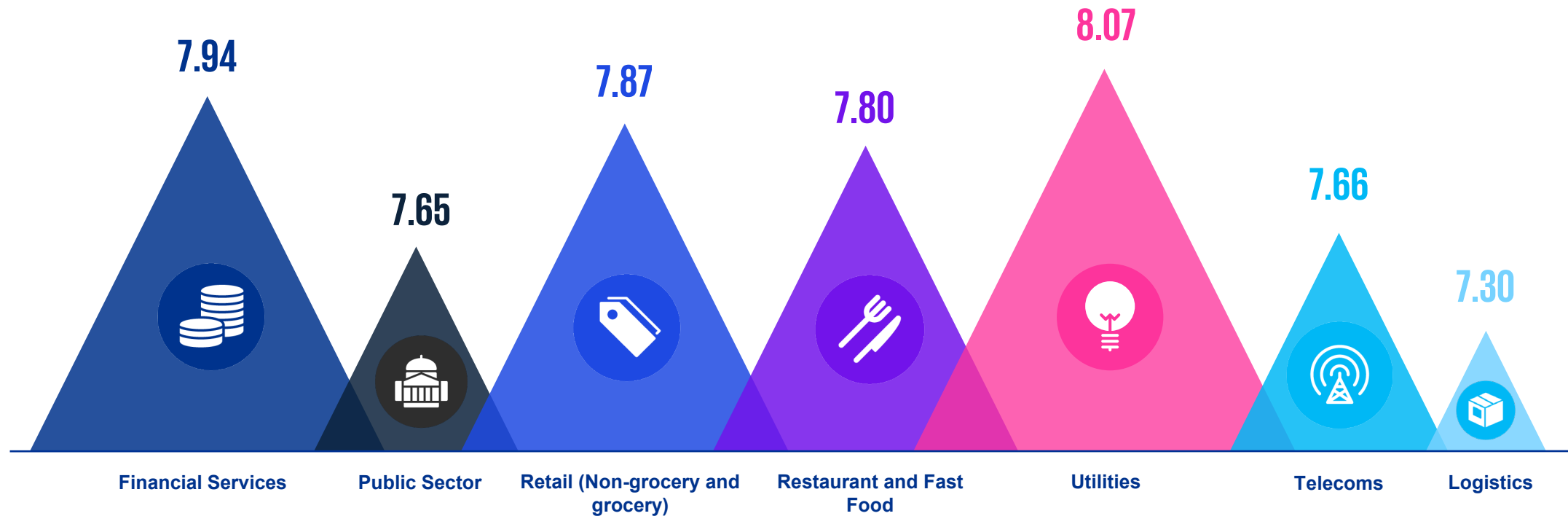
Compared with 2021, the survey indicates that businesses have put more emphasis on the **Resolution**, **Time and Effort** and **Empathy** pillars, resulting in a significant leap for these pillars in 2022.



Malaysia's summary (Cont.)

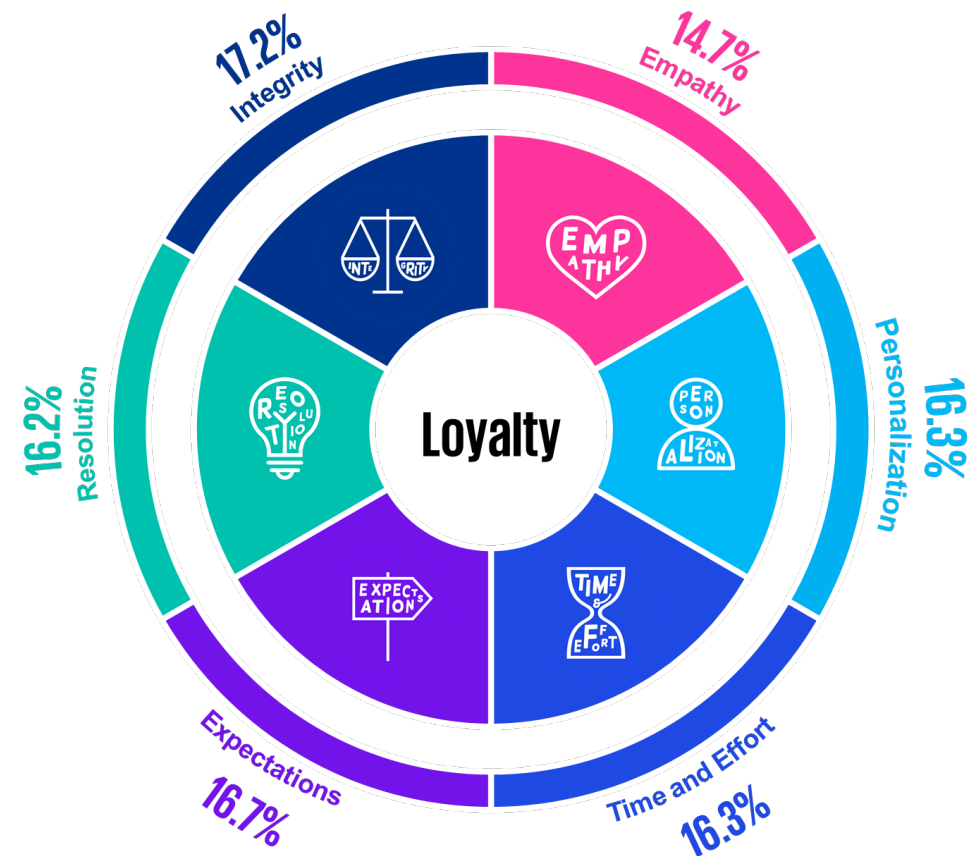
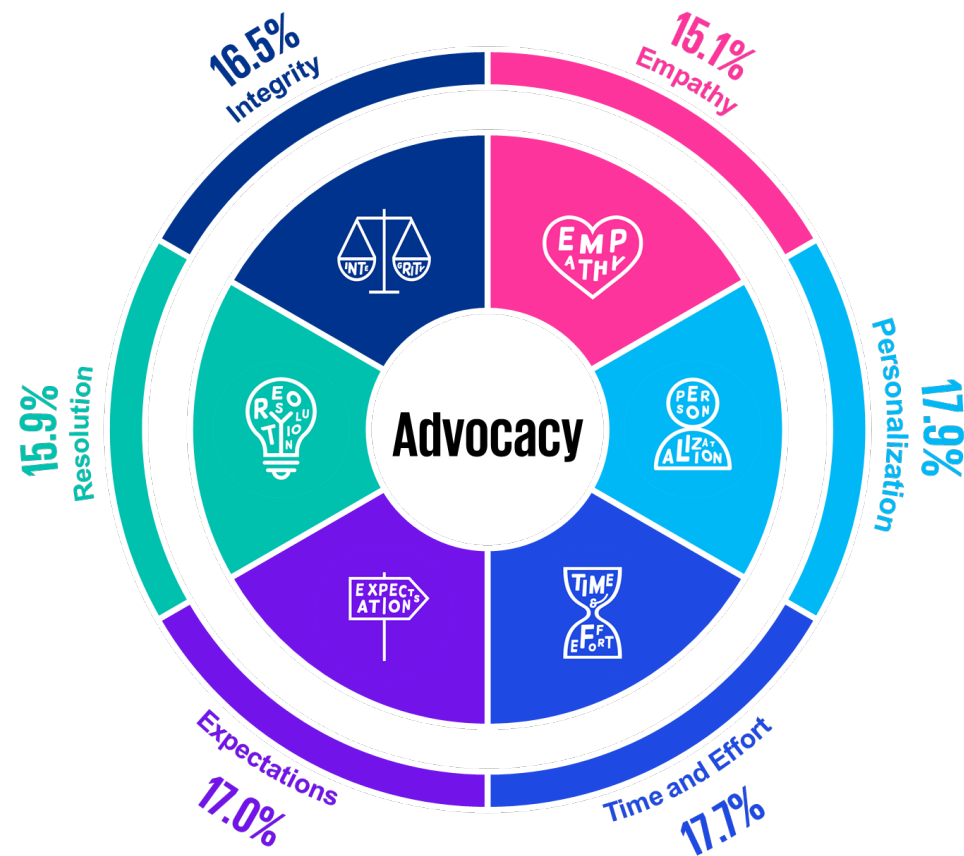
CEE metric score by sector

Top 3 best performing sectors in 2022 are **Utilities**, **Financial Services** and **Retail**.



The driving pillars of influence towards customer advocacy and loyalty

Personalization is the most influential pillar (17.9%) for customer advocacy, whilst **Integrity** is the most important pillar for customer loyalty (17.2%).



Highlights out of Malaysia

Best performing brand

Bank Islam Malaysia Berhad leads across sectors as the best performing brand, with **increased focus on the integrity, personalization and resolution** pillars.

Most improved brand

Zalora spearheads the list of best improved brand from year 21'.

Key customer challenges in 2022

Evolving customer expectations, data privacy concerns and economic pressures have influenced consumer decisions the most across all sectors.

Most prominent sector

Financial Services brands appear to dominate the list of top 10 performing brands (6 out of 10 brands).

Overall performance of brands

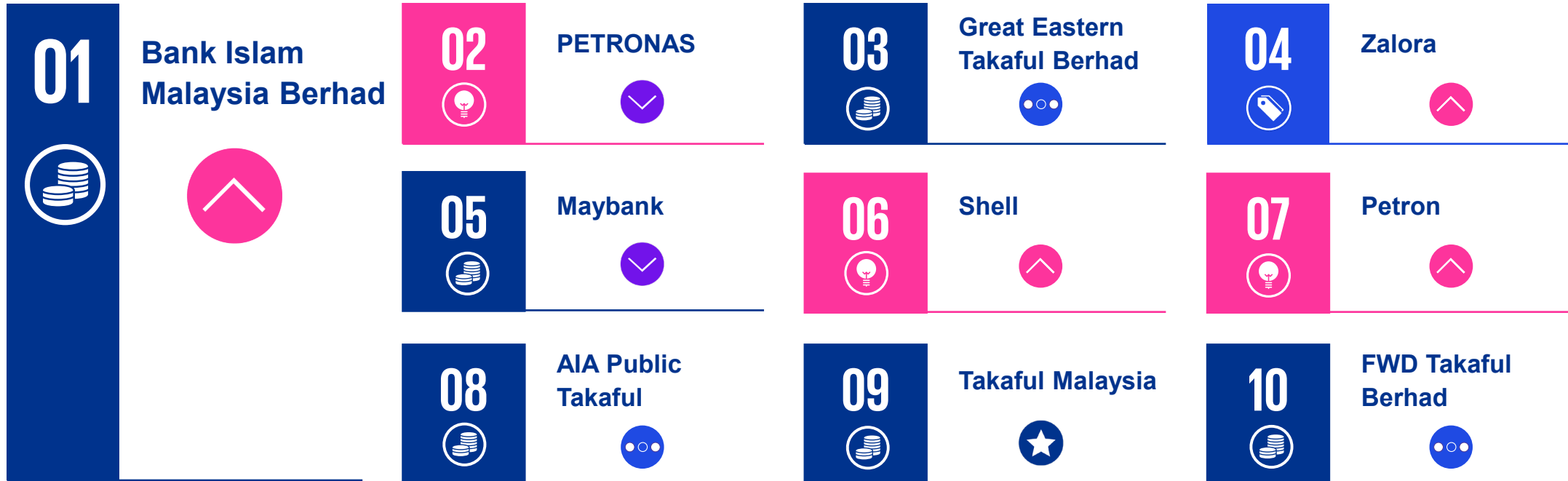
10 out of 75 brands surveyed this year managed to **maintain** their CEE Metric at the score of 8 or higher for both 2021 and 2022.

Brand insights: Six Pillars of Excellence



Brand leaders: CX pioneers across sectors

The illustration below highlights the **top performing brands for the year 2022** based on the survey conducted. These brands 'set the bar' in defining the agility required to address key consumer demands and concerns. As the market continues to evolve, we expect these efforts to amplify well into 2023 and beyond.



Additionally, the survey identifies the **Most Improved Brands** that are deemed to have made **significant progress in enabling profound customer experience through their products and services**. Details of the improvements made are illustrated further in this report.

Key: Financial services Utilities Retail Up versus 2021 Down versus 2021 New to analysis Not ranked in 2021

Brand spotlight: Malaysia



Bank Islam Malaysia Berhad
#1 in Customer Experience Excellence (CEE)



Best Scoring
Pillar

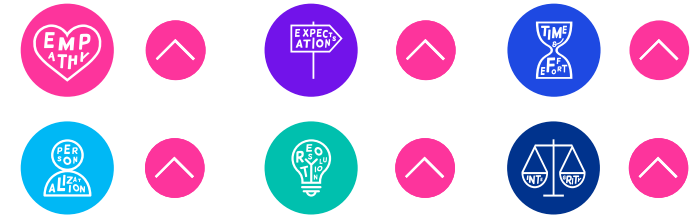
What they did right

Bank Islam Malaysia Berhad (BIMB) is the first Islamic bank to be established in Malaysia and Southeast Asia. It has a presence nationwide, with over 141 branches. The past year has seen the bank focusing its efforts on implementing initiatives under its LEAP25 Strategy.

With the aspiration to become the “champion in offering Shariah Environmental, Social and Governance (Shariah ESG) total financial solutions and to establish its leadership in social finance and digital banking” – enhancement efforts had focused on digital transformation and ESG. For example, in pursuing new customer segments (non-muslim/non-bumiputera consumers), the bank leveraged digital channels for customer lead generation and virtual engagements to expand reach and improve convenience. The bank has also heightened its cybersecurity measures to improve integrity of its systems and protect customers’ data.

With regard to its ESG efforts, in addition to expanding its Green Financing Portfolio, the bank had recently launched its Be U mobile app – contributing to the financial inclusion goals of the nation. The App, which is considered the first digital bank in Malaysia is built and runs fully on cloud. It is targeted to “digital-first younger generation”, and offers a savings account that allows zero balance, fund transfer capabilities, and a “nest” feature that helps the user save for specific goals. With Be U, BIMB seeks to offer convenience for users to bank without visiting any branches. For this purpose and its wider digital transformation agenda, the bank chose Amazon Web Services (AWS) as its cloud provider. On this development, AWS mentioned that BIMB “...is building Be U through its Centre of Digital Experience, an independent division that is developing new banking services on AWS to transform customer experiences. As part of the survey, Bank Islam ranked up to 1st in CEE ranking, from 4th rank in the previous year.

Growth of CX Pillars



Consumer insights

“ BIMB offers good customer service and has provided detailed steps to follow. Services provided adhere to strict security measures and controls, that safeguard customer interests.

“ The online website has proven to be convenient for users to make payment transaction seamlessly without any service interruptions.

Legends:



Source:

BIMB Integrated Annual Report 2021, Advancing Prosperity for All
The Edge, Bank Islam eyes over 350,000 users for ‘Be U’ digital bank in first year (July 12, 2022)
The Edge, Bank Islam picks Amazon Web Services as cloud provider (August 1, 2022)

Brand spotlight: Malaysia



PETRONAS

#2 in Customer Experience Excellence (CEE)



Best Scoring Pillar

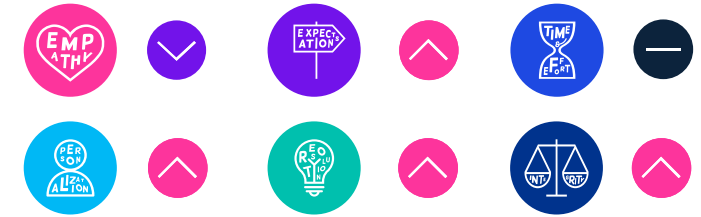
What they did right

PETRONAS is Malaysia's National Oil Company. In enhancing the convenience of customers at petrol stations, the organization had introduced a mobile app called SETEL, which since then had been expanded in functionality. Customers appreciate the convenience that the app brings – especially during the pandemic where they can make purchases from its convenience store MESRA or refuel vehicles, with limited physical interactions. In addition to encouraging its customers to have a straight-through-processing touchpoints in making purchases without having to queue, the app also functions as a platform for donations toward PETRONAS' Food Bank Programme.

PETRONAS plays an active role in the community. Leveraging on its extensive network of fuel stations, PETRONAS set up food banks in over 400 stations to help those who are impacted by the pandemic. This initiative provides an opportunity for Malaysians to help one another through the donation of food and necessities.

In recent years, PETRONAS had diligently taken steps to move from a commodity player to a more customer-centric solutions provider. It has introduced and diversified its product offerings e.g., bio-based and circular economy portfolios, such as Bio-MEG and enhanced packaging design for marketing products to use 15% less plastic. PETRONAS is determined to grow the new energy business, and as such had established a new, independent entity that focuses solely on cleaner energy solutions. The three (3) core offerings identified include renewables, hydrogen and green mobility. This move is in response to addressing customers' growing need for cleaner energy solutions and supporting the nation's aspiration for a lower carbon future. Aptly, PETRONAS had entered an MoU to deploy DC Fast EV chargers at its fuel stations in 2022. This effort is in anticipation of greater adoption of electric vehicles in the country. The CX survey indicates that PETRONAS is ranked to be in the 2nd place in CEE rankings.

Growth of CX Pillars

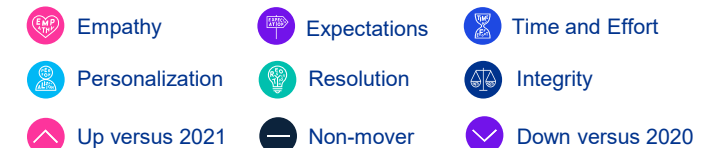


Consumer insights

PETRONAS has released the SETEL application that has successfully complemented gasoline refills by consumers to be seamless and efficient. This has vastly contributed towards my preferences of making PETRONAS as the 'go-to' petrol station.

It is convenient to find their services anywhere. With clean premises and various products that are accessible in the store. Payments are seamless for Touch 'n Go reloads and bills payments as part of the offered service over the counter.

Legends:



Source:

Petroleum Nasional Berhad (PETRONAS) Integrated Report 2021
PETRONAS Activity Outlook 2022-2024

Brand spotlight: Malaysia



Great Eastern Takaful

#3 in Customer Experience Excellence (CEE)



Best Scoring Pillar

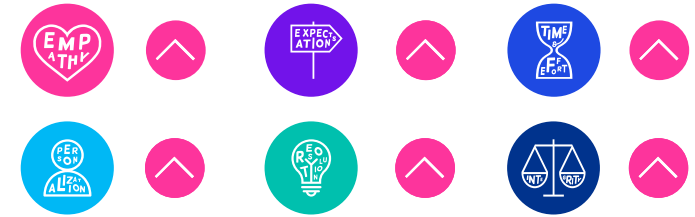
What they did right

Great Eastern Takaful Berhad (GETB) is a joint venture company between a subsidiary of Great Eastern Holdings Limited, and Koperasi Angkatan Tentera (M) Berhad (KAT). Established in 2010, it provides various takaful plans to individuals and businesses.

This past year, GETB had put more focus on its customers' experience – specifically in easing the process for customers to engage with the organization. They have enhanced their online services to include self-service portals for customers to request claims and obtain documentation. Additionally, they have also leveraged technologies such as data analytics for their product development. This allowed GETB to turn raw information into actionable strategies – resulting in its ability to offer more innovative products and expand to new customer segments.

With the effective use of social media, GETB reported that they were able to reach positive results on their digital campaigns, without any intermediaries being involved. GETB scored highest in the Empathy pillar. Customers have given positive feedback on the organization's customer service and support, as well as on their attentive and knowledgeable agents. The survey findings indicate that GETB has improved considerably and moved up to 3rd rank in delivering Customer Experience Excellence.

Growth of CX Pillars



Consumer insights

“ GETB has agents that possess in-depth knowledge on the company's insurance policies. The agents keep customers informed and are empathetic to understand concerns. Based on this, GETB appears to tailor its insurance policies that best suit the current demands.

“ GETB offers a satisfying service to the customers by responding and resolving inquiries made by consumers prompt, quick and efficient manner.

Legends:

- Empathy
- Expectations
- Time and Effort
- Personalization
- Resolution
- Integrity
- Up versus 2021
- Non-mover
- Down versus 2020

Source:

Great Eastern Takaful Berhad, Statement by the Manager and Audited Financial Information, 2021

Great Eastern Takaful Berhad, Overview | Preferred Takaful Company in Malaysia

Most improved brands of the year: Zalora

Ranked 4th from 24th

Zalora's approach to better its customer experience has resulted in the brand improving in all six pillars. Amongst others, key initiatives implemented by the brand include improvements in its customer experience and support, as well as expansion in its payment options for customers.



Zalora has made various efforts in enhancing its digital touchpoints, as well as back-end operations. Some initiatives include streamlining its customer support activities and the implementation of prioritized chat support on instant messaging and social media. These initiatives enabled Zalora to respond to customers faster while also increasing loyalty with their 'digital native' customers.

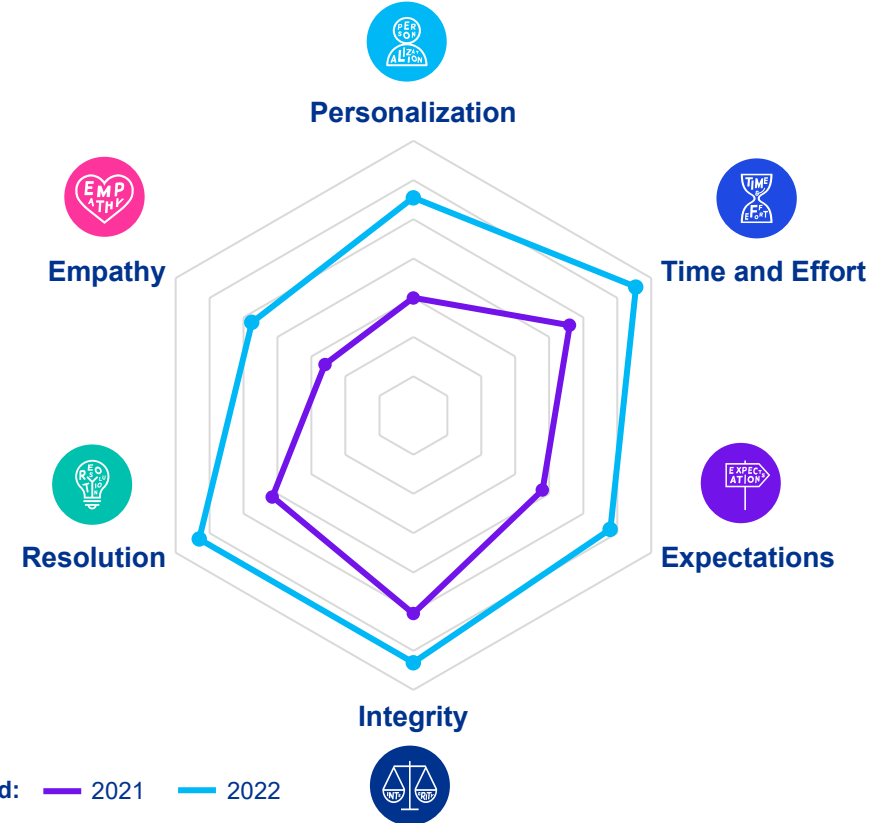


The initiatives implemented by Zalora have positively impacted its performance in the Personalization, Resolution and Empathy pillars.



There are international and local brands offered (on the platform). Purchasing is easy, and there are various payment methods available to choose from. The search system, together with the filtering capabilities allow for easy/convenient shopping.

Growth of CX Pillars (2021 vs 2022)



Legend: — 2021 — 2022

Source:
New Straits Times, #TECH: For better customer service experience , 2022
Adyen, ZALORA: Agility and adapting to shoppers' fast-changing needs, 2021

Most improved brands of the year: Watsons

Ranked 11th from 32nd

Watsons has elevated their in-store experience by incorporating interactive display stations for their customers e.g., make-up station services along with #colourme tablet – a device powered by augmented reality technology to allow customers to try on different makeup brands, as well as self-checkout counters.



Watsons improved significantly on the Time and Effort pillar by ensuring service delivery is provided efficiently to its consumers, which also uplifted its CEE Ranking for 2022.

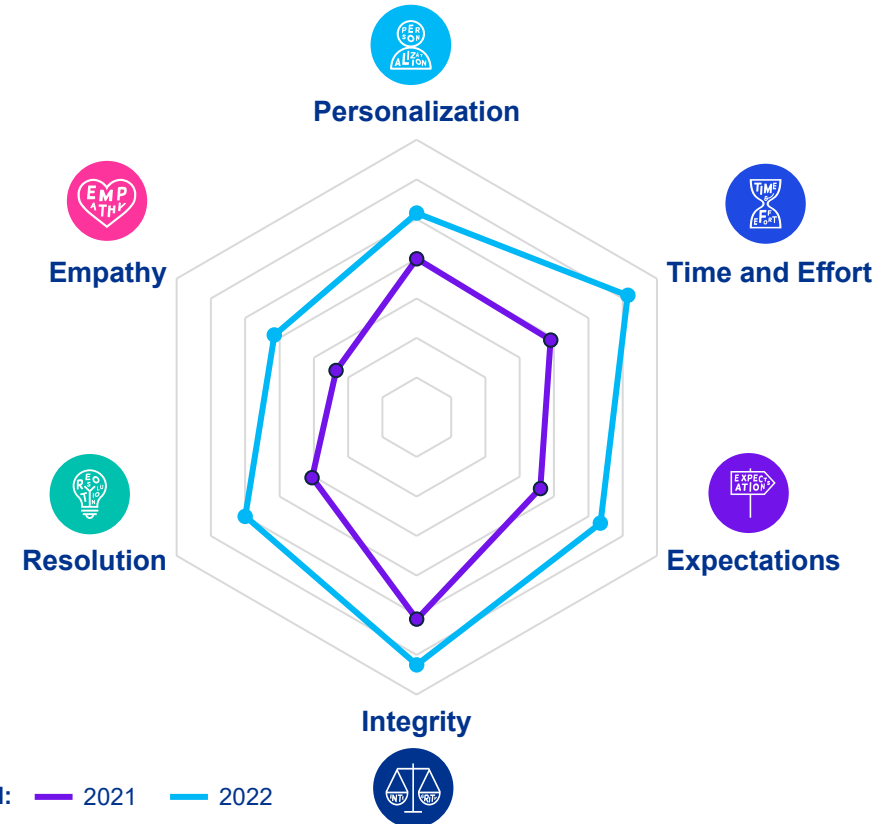


The improvements in the Resolution and Empathy pillars are trail closely, which may have been contributed to the brand's promptness in addressing consumers' concerns that arise from their digital touchpoints and stores.



I like how there's almost everything there (in a Watson store) and the fact that Watson is basically everywhere, at almost every mall. Hence, the convenience and accessibility of the stores is a plus point.

Growth of CX Pillars (2021 vs 2022)



Legend: 2021 2022

Source:

Watsons Blog, Let's enjoy Watsons O+O shopping experience, 2021

Vulcan Post, Watsons celebrates 600th store in new mall Pavilion Bukit Jalil with exclusive deals, 2021

Most improved brands of the year: Zurich Takaful

Ranked 13th , previously unranked

Zurich Takaful, in progressing its customer-focused strategy has undertaken various initiatives such as enhancing its auto debit/credit services, online purchase of protection policy product via website as well as discontinuing cash payment and providing alternative payment methods for Life Insurance Premium and Family Takaful Contribution via e-wallet and Near Field Communications card like NEST.



Zurich Takaful's performance this year improved across four pillars, particularly in the Empathy, Time, Effort and Resolution, and Expectations pillars. The enhancements implemented by Zurich Takaful may have resonated with its customers, resulting in better overall experience with the organization.

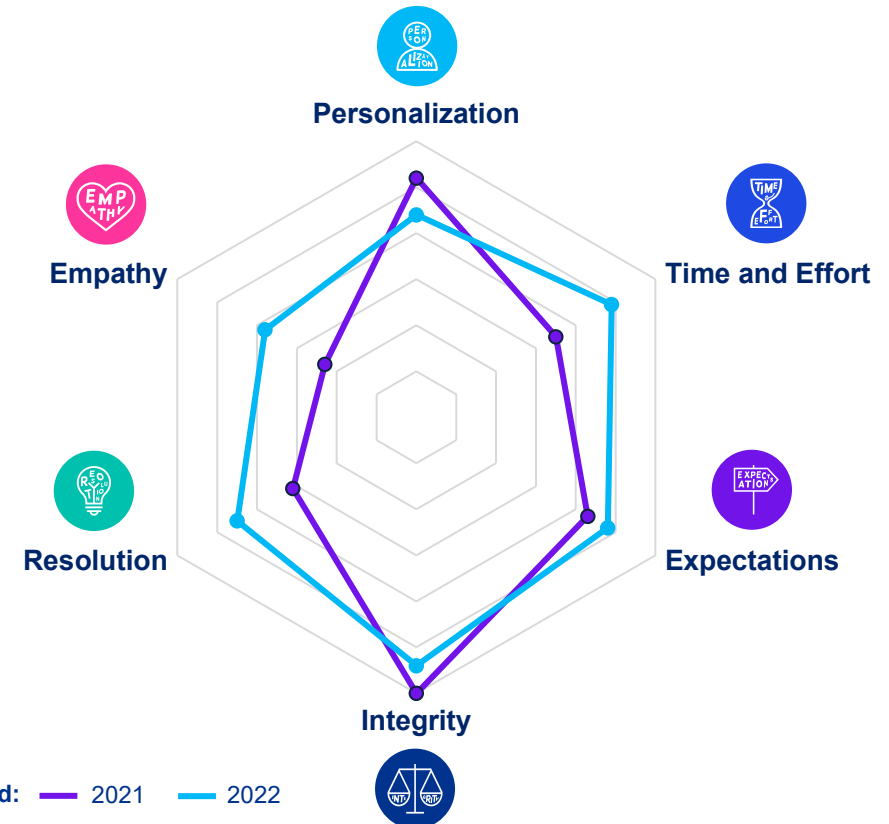


Its growth in delivering the right CX is observed to be through emphasizing empathy and simplification. These, complemented with its innovative products and services, have helped its customers interact more seamlessly with the brand in time of need.



The claim process runs smoothly via a phone call and no physical walk-in to the branches is needed. It is convenient and customer service provided through the phone call is fulfilling.

Growth of CX Pillars (2021 vs 2022)



Legend: — 2021 — 2022

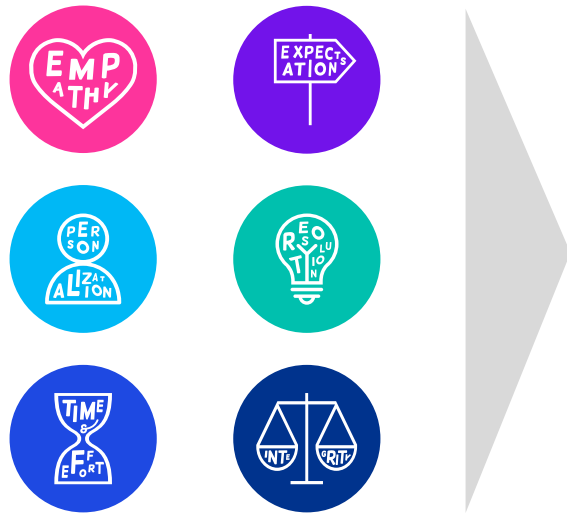
Source:
New Straits Times, Zurich Malaysia offers free personal accident coverage via collaboration with TheNoor, 2021 MyZurichLife customer portal, 2022

Embracing the future of customer experience excellence



2023 would bring forth evolving markets with new challenges for brands to tackle. Based on the survey outcome, we believe brands that are focused on effectively gauging consumer motivations, attention and the right balance to service value are the ones that would thrive.

Focus points to amplify the Customer Experience



Turn customer data into actionable insights by defining the research, analytics and visualisation aspects to maximise the service value delivered to customers.

Cultivate a digital ecosystem that revolves around enabling agile and robust capabilities to fulfil evolving customer demands.

Design and deploy holistic customer experience service and solutions across the enterprise.

Stay tuned

for the subsequent Customer Experience Report series that would provide insights on prominent sectors within the local market throughout 2022, further complementing what it means to deliver '**customer experience excellence**'....

Contact us

Reach out to KPMG for bespoke consultation.



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Designing, developing, and delivering orchestrated and connected customer experiences that lock onto customer needs, circumstances, and preferences require companies to have a deep understanding of their customer—a task more easily said than done.



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