KPMG

Customer Experience Excellence Report 2023-24

Insights of the Malaysian market

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Foreword

Today, more businesses are actively adjusting their business model and strategies to adapt to aggressive consumer purchasing behavior. These mutually beneficial relationships are maintained through an active understanding and innovative customer-centric approach as part of the services and products provided.

In adapting to the changing landscape and shifting priorities post-pandemic, this year, we observe brands continue to actively harness diverse technological innovations to enhance the customer experience. They are also exploring the expansion of their ecosystem to push boundaries and deliver heightened value, all with the overarching goal of instilling customer loyalty.

This year's Customer Experience Excellence report delves into the role of artificial intelligence (AI) in orchestrating a seamless customer experience and highlights the optimal strategies for effective AI implementation. From personalized recommendations to predictive analytics, AI has revolutionized how businesses interact with their customers. However, amid the excitement surrounding AI's capabilities, it's imperative to recognize the importance of aligning these technologies with the values and expectations of the customers they serve.

AI has been gaining traction in the business climate to enhance operational procedures and to deliver better customer shopping experience, which we will explore further in this year's report.

However, AI poses several potential risks that could jeopardize the benefits it brings to customers. Domestically, data breaches are a significant concern. The use of AI to monitor employee activity has raised ethical concerns among experts. Data protection also needs to be considered across any AI system, requiring organizations to obtain express consent from all parties involved and ensure clarity about data handling practices. Additionally, AI has raised transparency, traceability and accountability issues.

As regulation standards evolve and AI systems become more advanced, organizations will need to embed integrity and accountability into their systems – from design and programming to updating and learning.

> As we embark on this journey through the realms of AI-driven customer experience, it is essential to reflect on the profound impact these technologies have on both organizations and customers. Let us embrace innovation while balancing technology and the human touch that underpins exceptional customer experiences.

Alvin Gan
Partner, Head of Management Consulting

KPMG in Malaysia

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Government AI Readiness Index (Malaysia)[4]

#23
Global Ranking of Malaysia in the Government AI Readiness Index 2023

#2
Ranking of Malaysia amongst ASEAN nations in the Government AI Readiness Index 2023

68.71
Malaysia's Total Score in the Government AI Readiness Index

▲

43.69
Average score of upper middle-income countries

Snapshot of Malaysia

As Malaysia made its way towards economic recovery in 2023, consumers faced a challenging macroeconomic landscape influenced by the broader economic conditions. With 69% of Malaysian consumers surveyed feeling impacted by the increasing cost of living, there is a growing emphasis on cost-consciousness, with consumers looking for brands that can provide the most value for their purchases. This sentiment can be observed to be happening globally.

While companies are leveraging technology to meet customer expectations, it has become a double-edged sword. Haphazard implementation often leads to unmet expectations – as evidenced by this year's CEE survey – which shows the biggest decline in the **Expectation** pillar. AI could potentially revamp these experiences if done right. By deeply tailoring interactions along customer journeys, AI can enable organizations to scale individual personalization like never before.

Malaysia embracing the untapped potential for AI

The Malaysian government is also demonstrating its commitment and making significant strides in ensuring the readiness to embrace AI technologies. The New Industrial Master Plan 2030 outlines the country's development initiatives with a focus on establishing Malaysia as a Generative AI hub.[1] Additionally, Malaysia's National Artificial Intelligence Roadmap 2021-2025 (AI-RMAP) encompassing the government, academia, industry and society, sets the goal of becoming a high-tech nation by 2030.[2] With strong support from the local government to promote AI adoption, there is a significant opportunity for organizations to integrate AI into their commercial and operational strategies to maintain their competitive edge. The government is also poised to launch an AI governance and ethics framework (AIGE) later in 2024 – which aims to set the parameters for AI users in industries to ensure ethical and safe use of the technology.[3]

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1. New Industrial Master Plan 2030, Ministry of Investment, Trade and Industry
2. Malaysia National Artificial Intelligence Roadmap 2021-2025, Ministry of Science, Technology and Innovation
3. AIGE framework at final stage, will be launched soon – MOSTI, BERNAMA, 7 May 2024
4. Government AI Readiness Index 2023, Oxford Insights

Embracing the value-driven consumers: Malaysians prioritize transparency and ESG commitments

Malaysians continue to prioritize Integrity, mirroring findings from last year's survey. This underscores the critical importance for brands to uphold ethical standards and consistently deliver on their promises, as these factors remain paramount in fostering trust and loyalty among consumers. Brands that scored the highest in the Integrity pillar, such as Maybank and PETRONAS, resonate the most with Malaysian consumers. The former surged by four ranks to claim the top spot, while the latter maintained its second position from the previous year in this year's survey.

This emphasizes the necessity for brands to be more conscious with the way they interact with their consumers throughout each touchpoint. The survey further reveals that 61% of Malaysians surveyed are more willing to pay for brands whose values align with their own and contribute to Environmental, Social and Governance (ESG) goals. And given Malaysia's diverse cultural landscape, brands may face challenges in effectively engaging with culturally attuned consumers.

In this report, our objective is to delve into the pillars of Customer Experience Excellence by highlighting exemplary practices adopted by top Malaysian organizations. Additionally, we seek to investigate the transformative potential of AI in bridging the divide between customer expectations and organizational capabilities.
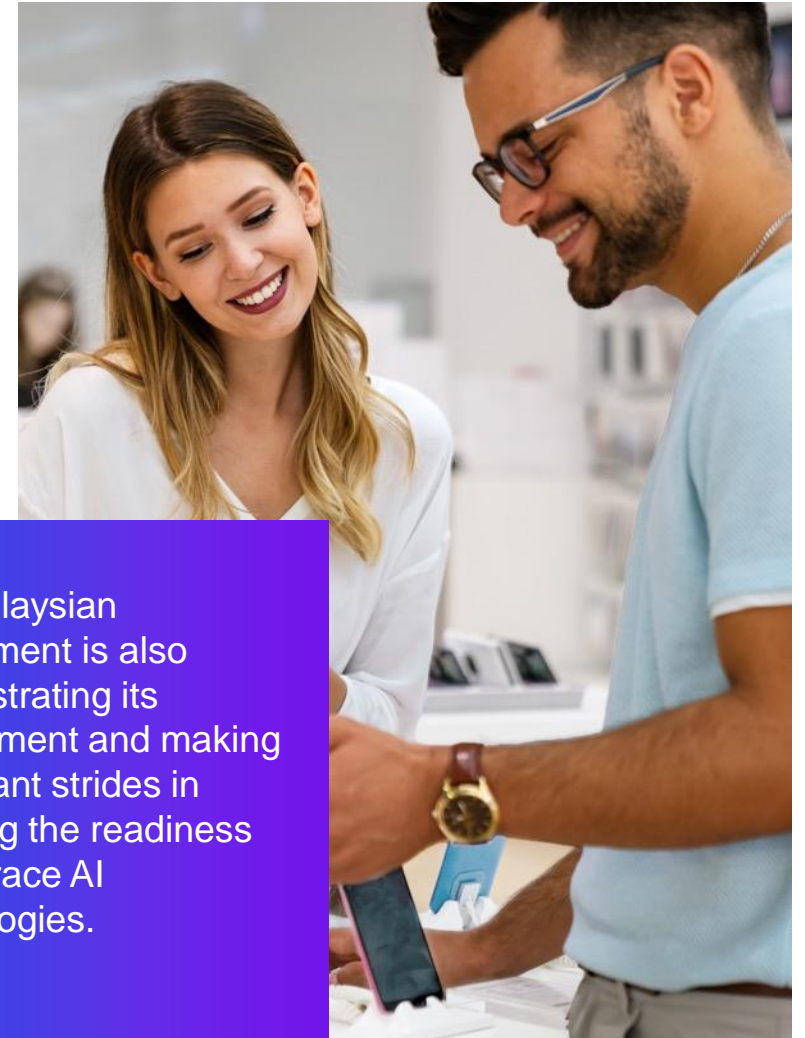
The Malaysian government is also demonstrating its commitment and making significant strides in ensuring the readiness to embrace AI technologies.

The AI advantage

The role of AI in achieving customer excellence

The ethics of AI

New technology necessitates a thoughtful approach to ethical data use, prioritizing transparency and customer privacy in line with the Personal Data Protection Act (PDPA).

AI-powered customer service

AI can be a utilized to automate handling of customer inquiries without the need for direct human intervention.

Managing customer expectations with AI

Organizations need transparent, consistent communication across touchpoints while upholding product/service standards.

AI-powered empathy

Organizations should avoid appearing overly mechanical and instead humanize interactions by incorporating empathy and understanding of customer needs.

Tailoring experiences with AI

With the multi-cultural landscape of Malaysia, a personalized consumer experience is crucial to ensure brand neutrality.

Streamlining processes with AI

To meet customer demand for faster query resolution, AI can streamline processes and automate tasks, ensuring a swift and seamless experience.

Even in a world fueled by technology, the KPMG Six Pillars of Customer Experience Excellence still define the elements of great experiences. They act as design principles providing guidance on how to incorporate best practices into creating world-class customer journeys.

By incorporating AI technologies into each pillar, organizations can unlock new opportunities to deliver seamless, personalized and empathetic experiences that drive customer satisfaction and loyalty. However, it's essential to humanize the experience to ensure that customers feel valued and understood throughout their journey.
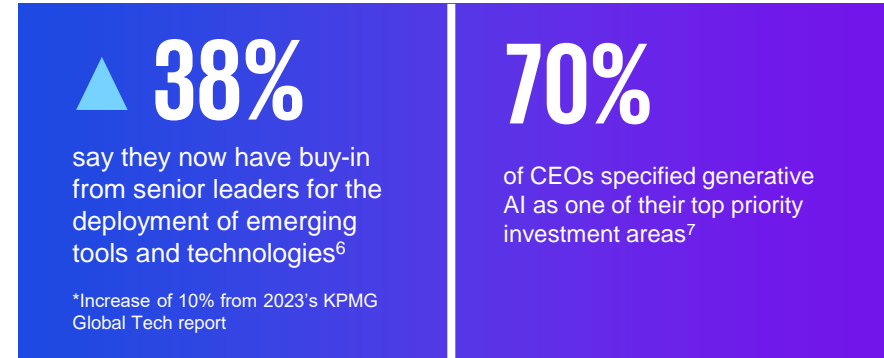
This Malaysia-focused report should not be read in isolation from the KPMG Global Customer Experience Excellence 2023-2024 report.

Access the global report **here**.

AI is a catch-all phrase that covers a multitude of different technologies with different capabilities. Currently, there is much excitement around AI and its ability to create content.

AI was widely used among Malaysian brands as highlighted by the top-ranking organizations in Malaysia – with generative AI leading the way for emerging technologies implementation in the customer journey. Our leading organizations have discovered that successful implementation of AI requires an enterprise-wide approach – one rooted in the continuous creation of value as shown by our leading organizations such as PETRONAS's AI Centre of Excellence.[5] With AI rising to become the key focus with increasing investments from the top management, it would be imperative for organizations to scale up the usage of AI and deliver the utmost value to customers.

▲ **38%**

say they now have buy-in from senior leaders for the deployment of emerging tools and technologies[6]

*Increase of 10% from 2023's KPMG Global Tech report

70%

of CEOs specified generative AI as one of their top priority investment areas[7]

AI use cases for an orchestrated customer experience

Content generators

Generates content, such as blogs, emails, social media posts, images, web copy and ads based on specific instructions.

Spotlight:
Telekom Malaysia - AIDENTITI™ KITA[8]

Robo-Advisors

Automate and optimize investment decision-making processes.

Spotlight:
Maybank - Hyper-Customized Discretionary Portfolio Mandate (DPM)[9]

Smart chatbots

Interacts with customers in a conversational way to reply customer queries.

Spotlight:
PETRONAS – SetelGPT[10]

Local Language NLP

Train AI through NLP to understand the local language.

Spotlight:
Employees Provident Fund (EPF) – Elya Chatbot[11]

Gamification

Integration of AI gaming elements to encourage engagement with users.

Spotlight:
Touch 'n Go eWallet – CNY Money Packet[12]

5. PETRONAS Establishes AI Centre of Excellence Through Collaboration with Global Partners, PETRONAS, 3 November 2022.
6. KPMG Global Tech Report 2023, KPMG International, September 2023.
7. KPMG CEO Outlook 2023, KPMG International, 15 September 2023.
8. TM AIDENTITI™ KITA , Telekom Malaysia, August 2023;
9. Maybank Asset Management Launches AI-powered, Shariah-compliant Discretionary Portfolio Mandate with Arabesque AI, Maybank, 1 November 2023;

10. Setel paves the way to inclusive mobility for all, PETRONAS, 6 July 2023
11. ELYA: The bilingual virtual assistant of the Employees Provident Fund, ISSA, 2020
12. Money Packet, Touch 'n Go, 2023

Survey at a glance: The Malaysia Customer Experience Excellence 2023

Demography of the Malaysia survey

71 local brands evaluated

**7** local sectors analyzed

1,114 customers

10,781 customer responses received

The Malaysia Customer Experience Excellence 2023

The **KPMG Six Pillars of Customer Experience Excellence** demonstrates what customers are looking for when interacting with organizations. Compared to 2022, the survey indicates that customers have responded to their favored brands with an emphasis on the Integrity, Personalization and Empathy pillars, resulting in a significant leap for these pillars in 2023.

Resolution	Time & Effort	Integrity	personalization	Expectation	Empathy
7.48	7.66	7.69	7.57	7.44	7.32
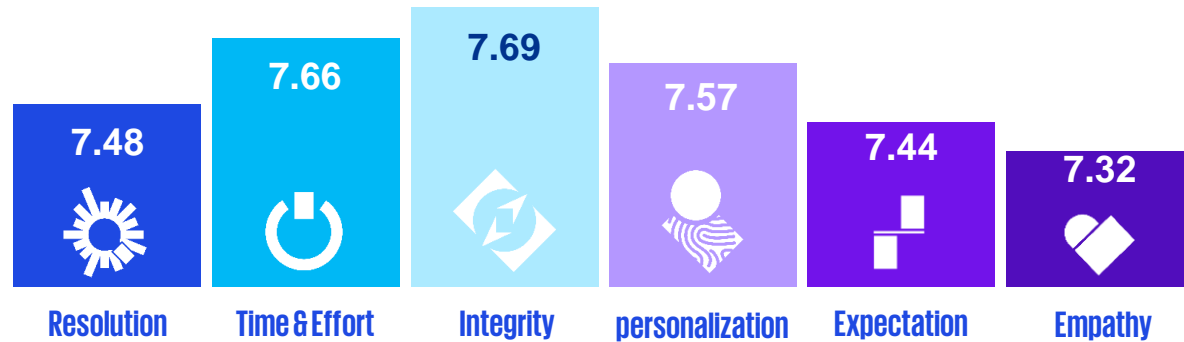
Time & Effort, **Integrity** and **Empathy** pillars demonstrated exceptional resilience by experiencing the least decline compared to their scoring in 2022, highlighting businesses' steadfast **commitment to stability and continuous improvement in customer experience.**

Time & Effort   Integrity   Empathy

Integrity

Integrity remains the most important pillar, illustrating businesses' commitment to **ensure the privacy of customer data** and provide protection measures to **uphold customer trust.**

61% of respondents have expressed their willingness to spend on the **brands that exhibit ethical practices** or contribute to the society.

Personalization

Plays a crucial role in motivating customers to advocate for and remain loyal to a brand. Personalization pillar scored the highest among all the six pillars in both customer advocacy and loyalty in Malaysia with a score of 18.5% and 18.3% respectively. It is found that the data has shown a positive trend with an increase of 0.3% in customer advocacy from the previous year, indicating better interactions to build a stronger relationship with customers.

Advocacy

14.8%
17.3%
16.7%
16.6%
16.0%
18.5%

Loyalty

13.7%
16.4%
16.9%
16.7%
18.0%
18.3%
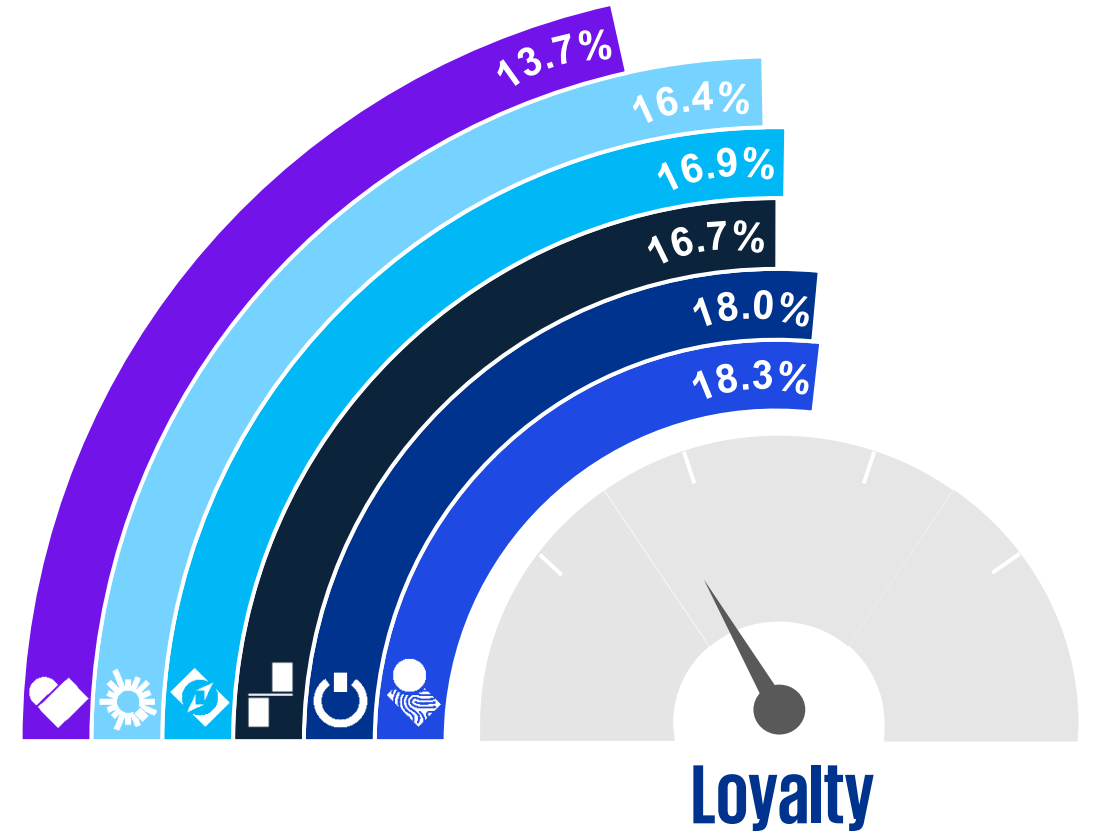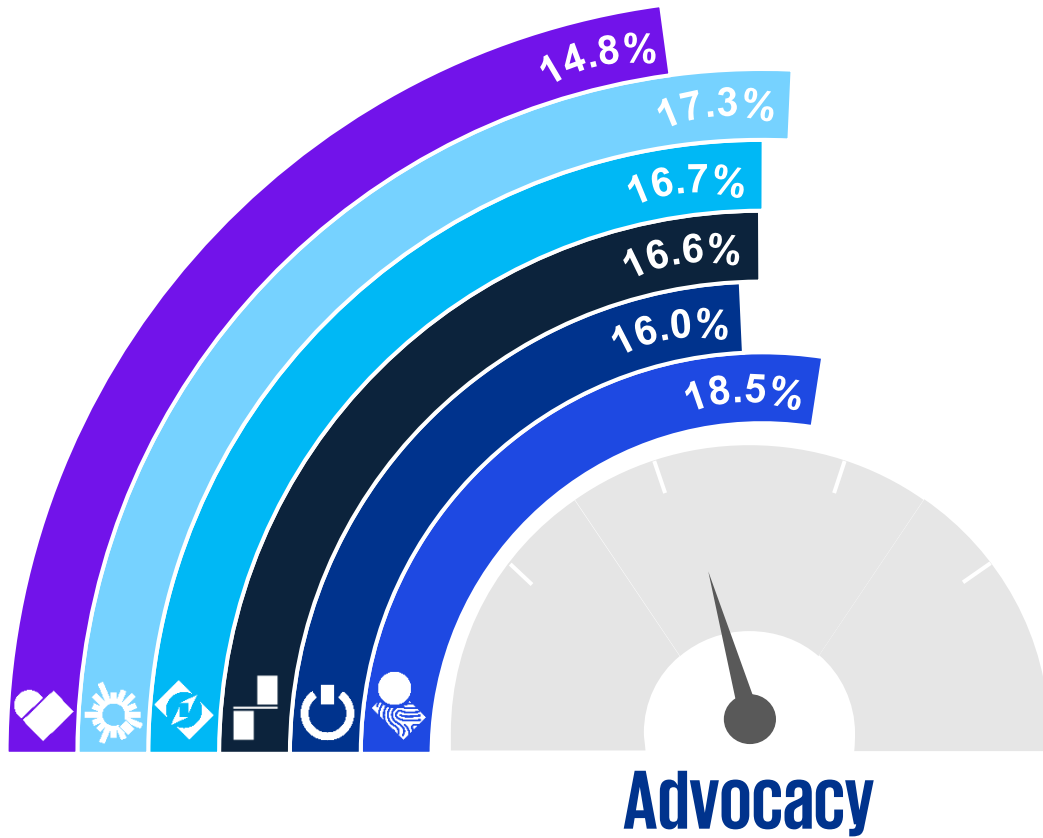
Key highlights

Our survey identifies leading practices by top Malaysian brands while exploring the transformation value of AI in bridging the gap between customer expectations and brand capabilities.

Overall performance of brands

There is a significant increase in **positive rank advancements** among evaluated brands, rising from 18% in 2022 to **46%** this year.

Most prominent sector

Retail sector dominates the list of top 10 with six top-performing brands.

Most improved brand

Unifi spearheads the list of best-improved brands from the year 2022.

Best performing brand

Maybank leads across sectors as the best-performing brand with a focus on the **Integrity**, **Personalization** & **Resolution** pillars.

Key customer challenges

Evolving customer behavior, **Data Privacy** concerns and **economic pressures** have influenced consumer purchasing decisions across all sectors.

Malaysia brands and sectors insights
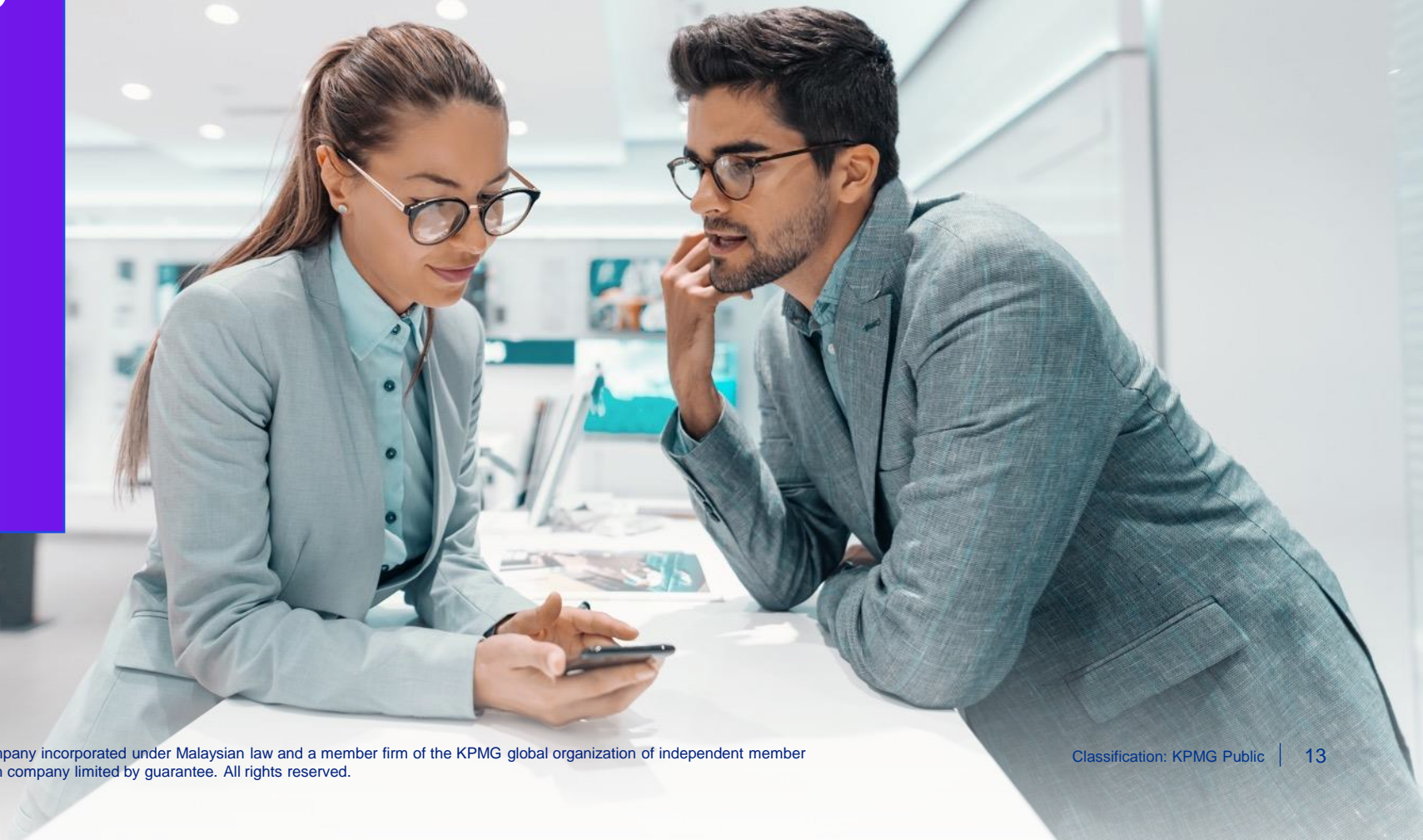
Malaysia's top 10 brands of 2023

Rank	Brand name	Industry	Best scoring pillar	Movement since 2022
1	Maybank	Financial services	Integrity	⌃
2	PETRONAS	Utilities	Time & Effort	▬
3	Watsons	Retail	Time & Effort	⌃
4	McDonald's	Retail	Time & Effort	⌃
5	Shopee	Retail	Time & Effort	⌃
6	MR.DIY	Retail	Time & Effort	⌃
7	Shell	Utilities	Time & Effort	⌃
8	Petron	Utilities	Time & Effort	⌃
9	Mydin	Retail	Personalization	⌃
10	GrabFood	Retail	Time & Effort	⌃

Legend: ⌃ Up versus 2022   ⌄ Down versus 2022   ▬ Non-mover

Maybank: Pioneering Integrity excellence

01 💰 **Maybank**

Industry: Financial Services

⬆ **04** Places from 2022	**CEE Score:** **8.06**
Highest performing pillar:	◆ **Integrity**

Corporate background

Malayan Banking Berhad (Maybank) is Malaysia's first local bank and the largest bank by market capitalization. It is also one of the largest banks in Southeast Asia. Their services range from investment banking and advisory services to retail and institutional securities & multi-asset broking, equity financing, research, derivatives and prime brokerage.

13. Maybank launches cross-border QR payment service for Malaysians travelling abroad, Maybank, 30 May 2023;
14. Maybank plans to invest up to RM4.5 billion over five years as part of its M25+ strategy, The Sun, 20 June 2023;
15. Maybank mobilizes RM34.37bil in sustainable finance, The Star, 25 April 2023

Initiatives contributing to customer experience growth

- **MAE**: Maybank's MAE e-wallet offers budgeting, spending, and payment management tools. It provides virtual or physical debit cards for local and international transactions, including cross-border QR payment services, giving customers an all-inclusive super-app.[13]

- **M25+ Strategy**: Maybank plans to invest up to RM4.5 billion over five years as part of its M25+ strategy to accelerate the development of new capabilities in technology and talent, including regionalizing digital platforms, all underscored by customer-centricity and sustainability-first practices.[14]

- **Maybank Foundation:** 871,200 households throughout ASEAN were offered affordable and accessible insurance options to lower-income individuals, providing financial inclusion solutions to vulnerable communities, and small and micro businesses.[15]

- **Maybank Home2u:** Malaysia's first-ever digital home financing solution where approval can be obtained within 10 seconds of completing an application, saving customers time.

- **Contactless ATM**: Maybank introduced the first contactless ATM cash withdrawal service in Malaysia, providing customers the convenience of withdrawing money through the MAE app.

> " **The cash withdrawal service at the counter is very satisfactory. Online banking is also very neat and easy to use. Most stores give priority to Maybank users for in-store payments.**
>
> Maybank customer

Six Pillars scores

◗	Empathy **7.91**
▢	Expectation **7.94**
⟳	Integrity **8.21**
☝	Personalization **8.14**
⏻	Time & Effort **8.20**
✹	Resolution **7.94**

PETRONAS: Leading the way in Time & Effort pillar

02 💡 PETRONAS

Industry: Utilities

⊖ **0** Places from 2022	**CEE Score:** **8.05**
Highest performing pillar:	⏻ **Time & Effort**

Corporate background

National Petroleum Limited (PETRONAS) is a dynamic global energy group with a presence in over 100 countries. PETRONAS' portfolio includes oil and gas, renewable sources and a ready range of advanced products and adaptive solutions.

16.   Malaysia's Petronas launches clean energy firm to lead carbon-free push, Reuters, 16 June 2022

Initiatives contributing to customer experience growth

- **SetelGPT:** A tailor-made for the Setel app to respond to customer questions 24/7 and generate marketing blogs.

- **Setel mobile app:** An app that makes use of location intelligence where it will be updated to the customer's current petrol station location as soon as the customer enters the premise.

- **Setel Lite mobile app:** The Lite version of the Setel app optimizes vehicle refueling, consuming less space and mobile data, making it ideal for users with limited phone storage.

- **Gentari:** PETRONAS supports Gentari, seeking financing for growth and exploring emerging energy technologies. Gentari Go is an app that provides users access to electric vehicle (EV) charge points across the country. Gentari also activated a roaming network with JomCharge and chargEV which covers access to approximately 60% of EV charging points across Malaysia. This allows EV drivers to access charging stations, activate and pay from any partner platform with ease, offering enhanced convenience and peace of mind.[16]

> **PETRONAS is located wherever I go, for example across my residential area or on the highway. It's very helpful as I can fill up the car or buy snacks/drinks.**
>
> PETRONAS customer

Six Pillars scores

Pillar	Score
Empathy	7.84
Expectation	7.92
Integrity	8.24
Personalization	8.10
Time & Effort	8.31
Resolution	7.83

Watsons: pioneering Time & Effort excellence

03 Watsons

Industry: Retail

⬆ **08** Places from 2022

CEE Score: **7.93**

Highest performing pillar: ⭮ **Time & Effort**

Corporate background

Watsons is part of the A.S. Watson Group, the world's largest international health and beauty retailer. Watsons Malaysia is the leading health and beauty retailer with more than 550 Watsons stores. Watsons is the most known for their O+O (Offline + Online) technology-enabled platforms.

17. Innovates AI-Powered Skincare Solutions with L'Oréal's ModiFace in Asia, AS Watson, 7 October 2022;
18. A.S. Watson launches 'Skinfie Lab' to deliver O+O customer experience, Marketing-Interactive, 10 October 2022;
19. Watsons Technology Partnership Accelerates O+O Retail, Watsons Asia, 3 January 2021;
20. Green is the New Beautiful, 7 June 2022, Watsons Asia

Initiatives contributing to customer experience growth

- **ColourMe:** By using technologies such as AI and augmented reality (AR), Watsons offers customers a unique experience to discover and enjoy virtual makeup try-on service with 300 makeup products from various beauty brands through their mobile app.[17]

- **Skinfie Lab:** Utilizing AI to analyze customers' skin and creating a highly tailored skincare regimen for them, Skinfie Lab stands as a collaborative endeavor by AS Watson and ModiFace, L'Oréal's AI and AR company.[18] This initiative aligns with the Personalization pillar.

- **Offline plus online ("O+O") shopping:** Watsons introduced a drive-through lifestyle store concept, allowing customers to purchase items via the Mobile App and collect them within 4 hours.[19] This reduces customers' time spent looking for items in-store.

- **"Green is the New Beautiful" campaign:** Watsons promotes sustainable living by offering eco-friendly products and ingredients and enhancing recycling and reuse through more refill stations and recycling booths in their stores. Customers are driven to be more sustainable through this initiative. [20]

> **Watsons is an innovative brand, carrying products for family and personal needs. This brand sells high quality goods and always have promotions.**
>
> Watsons customer

Six Pillars scores

Empathy **7.67**

Expectation **7.73**

Integrity **8.08**

Personalization **8.02**

Time & Effort **8.23**

Resolution **7.80**

The Integrity pillar: The catalyst for remarkable growth in top brands

The following two brands have shown remarkable growth this year, in comparison to their CEE ranking in 2022:

Unifi

#21 ↑ 31
Places from 2022

Unifi is a premier brand under Telekom Malaysia Berhad (TM), which has four technology-leading products – unifi Home, unifi Mobile, unifi TV and unifi Wi-Fi, for residential and business customers. Unifi is also the main ISP in Malaysia.

Unifi customers are empowered with the features of self-diagnostics, troubleshooting, choice of transactions and appointment setting for installations, restorations and service checks through the MyUnifi app. Customers can schedule appointments at their convenience.

"Using the unifi mobile app to make bill payments makes the process easy without any interruptions" – Unifi customer

Integrity
Highest ranked pillar for Unifi and TNG eWallet

TNG eWallet

#13 ↑ 30
Places from 2022

Touch 'n Go eWallet is an electronic wallet (e-Wallet) that holds electronic money (e-money). This service via mobile application is offered by TNG Digital Sdn. Bhd.

TNG eWallet invests heavily in cybersecurity, using AI and ML technology to learn user usage patterns and detect unusual activities, with human interaction ensuring AI doesn't misidentify anything outside predefined parameters. This provides users with a secure environment for financial transactions and a trustworthy experience within the TNG eWallet ecosystem.

"TNG eWallet is widely accepted in Malaysia. It can be used to pay different types of bills, services, food and etc.. Topping up is also very convenient." – TNG eWallet customer

Revolutionizing brands through customer experience focus

These five brands have shown significant growth compared to the 2022 ranking while scoring the highest on time **Time & Effort** pillar:

foodpanda	KFC	Guardian	99 Speedmart	Lotus's
2023 Position	2023 Position	2023 Position	2023 Position	2023 Position
28	**14**	**12**	**26**	**20**
2022 Position **54**	2022 Position **40**	2022 Position **36**	2022 Position **50**	2022 Position **41**

Highest ranked pillar:	Highest ranked pillar:	Highest ranked pillar:	Highest ranked pillar:	Highest ranked pillar:
Time & Effort	**Time & Effort**	**Time & Effort**	**Time & Effort**	**Time & Effort**
Key initiative: The foodpanda app uses location intelligence to analyze vast and complex datasets and recommends users restaurants that are within their vicinity.	**Key initiative:** KFC's mobile app uses location intelligence to recommend customers to the nearest KFC restaurant. This saves time for customers to search for restaurants manually.	**Key initiative:** Glam AR is a feature in the Guardian mobile app which allows users to analyze their skin type and receive personalized recommendations through AR/ VR technology.	**Key initiative:** The Rahmah campaign held in early 2023 gave customers discounts of up to 5%-30% on over 150 products.[21] This initiative aligns with the Empathy pillar.	**Key initiative:** Lotus's Scan & Shop app allows customers to self-scan items in-store, tracking spending and budgeting, with dedicated lanes for fast checkout and reduced queuing time.

21.   Majlis Perasmian Kempen Jualan Rahmah, 99 Speedmart, 23 March 2023

Companies may identify the pain points in their customer journey where technology can be leveraged to simplify processes. Investing in intuitive and user-friendly interfaces or features for websites, mobile apps, and other digital platforms makes it easier for customers to navigate and complete tasks their seamlessly.

How did different sectors perform in 2023?

This table illustrates the overall growth and performance for each of the sectors evaluated according to its rank, including their metric score and current best performing pillar.

Sector	CEE Rank	CEE Metric	Best Performing Pillar in 2022		Best Performing Pillar in 2023
Utilities	1st	7.68	Integrity	→	Personalization
Retail	2nd	7.63	Time & Effort	→	Time & Effort
Financial Services	3rd	7.52	Integrity	→	Integrity
Telecommunication	4th	7.49	Time & Effort	→	Personalization
Public Sector	5th	7.38	Integrity	→	Integrity
Travel & Hotels	6th	7.33	Personalization	→	Integrity
Logistics	7th	7.25	Integrity	→	Time & Effort

Legend: ◈ Integrity ● Personalization ⏻ Time & Effort

Sectors keeping their promises and sticking with customers' value build the customer's trust.

With more sectors have shift to Integrity pillar, ensuring appropriate data safeguards are in place and clearly communicated to customers.

Utilities sector

Legend: ★ Most prominent pillar

Average score of CEE metrics across the 6 pillars

Personalization
7.86 ★

Time & Effort
7.85

Resolution
7.52

Expectation
7.58

Empathy
7.37

Integrity
7.83

Overall score
7.68/10

The utilities sector has taken the lead in Customer Experience Excellence, largely due to its focus on the **Personalization** pillar. Conventional utility providers have been driven to **innovate by advanced technologies**, leading to the adoption of customer-centric business models. With a growing interest from customers in monitoring their energy usage, it is observed that there is a rising demand for **user-friendly smart energy monitoring devices.**[22]

For subsectors such as oil and gas retail services, industry players have taken measures to drive innovation and deliver exceptional experiences through **collaboration across sectors in establishing an Artificial Intelligence Center of Excellence (CoE),** [23] development of dedicated teams to streamline organizational processes, omnichannel digital payment, as well as deployment of **AI-powered chatbots** for prompt resolution of customer inquiries.

Market players are vigorously competing to offer the finest customer experience by embracing the latest technologies, integrating AI technology in unifying their organizational workflows to enhance their operational efficiency, as well as delivering remarkable products or services to the customers. By connecting back-end systems and data insights, players can create more compelling customer experiences while supporting greater efficiencies and lower costs. In tandem, digital capabilities and infrastructure play a vital role in supporting these efforts, ensuring that businesses can cater to the evolving needs of customers in today's digital landscape.

22. Integrated Annual Report, TNB, 10 April 2023
23. PETRONAS Establishes AI Centre of Excellence Through Collaboration with Global Partners, PETRONAS, 3 November 2022

Case studies

01 **Develop smart products with intelligent system**

- **Smart energy monitoring devices** allow consumers to track their energy usage in real time. TNB's Smart Meter, for instance, records electricity usage and communicates it via radio waves for monitoring and billing. By sharing the data with its myTNB app, customers are able to **track energy consumption and make payments easily.**

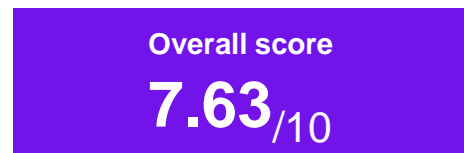**02** **Innovative collaboration across sectors**

- Shell Malaysia and Touch 'n Go (TnG) have **collaborated on RFID Fueling that** enables customers to pay for fuel without a card. Payments are deducted from the TNG eWallet when a vehicle is parked at designated refueling bays.

- To embrace emerging technologies, Shell has developed its own data science team with a focus on AI, ML, Internet of Things (IoT) and more to deploy data-driven decision-making and optimize operational processes through its Shell.ai network.

Among the brands featured in the KPMG CEE 2023 Survey:
PETRONAS, Tenaga Nasional Berhad, Indah Water Konsortium, Petron, Shell.

Retail sector

Legend: ★ Most prominent pillar

Average score of CEE metrics across the 6 pillars

Personalization
7.66

Time & Effort
7.85 ★

Resolution
7.57

Expectation
7.73

Empathy
7.57

Integrity
7.39

Overall score
7.63/10

Dominating as the second top sector in the Customer Excellence Experience, retail has a strong emphasis on the **Time and Effort** pillar. Customer in this sector goes beyond mere transactions – it focuses on **creating an efficient and enjoyable shopping experience**. Customers often prioritize **convenience, product knowledge** and **swift service**.

Retailers are continuously enhancing their service delivery by **bridging the gap between tradition and digital approaches**. Research sponsored by KPMG found that over 75% of consumers expect retailers to offer the same cross-channel flexibility seen during the pandemic.[24] Additionally, 60% of businesses feel they are competitively positioned in the sector due to their technology investments, facilitating digital commerce. Both businesses and consumers have embraced the potential of technology, signaling a permanent shift in expectations.

AI technology empowers retailers with advanced data and insights, which can be leveraged to enhance retail operations and discover new business opportunities. On top of that, notable ESG trends have influenced consumers' willingness to choose services from retailers. According to KPMG's Malaysia CEE 2023 Survey, more than 56% of consumers state that a firm's environmental and social practices affect their purchasing decisions. As awareness of ESG concepts and impacts increases in the market, businesses in the sector are concentrating on innovating solutions using technology to consistently meet consumer demands while advancing the enterprise's social objectives.

Case studies

01 Implementation of mobile app models powered by AI

- Mobile app powered by AI capable of analyzing historical data to predict user preferences, optimize app performance and suggest personalized actions.

- For instance, Shopee collates data on shopper's past browsing and that information is used to push relevant products through Shopee's Feed and Daily Discover features.

02 Sustainability synergy between industry players

- Grab Malaysia has partnered with industry leaders like KLEAN, F&N and MRANTI to introduce AI-powered Reverse Vending Machines (RVMs).[25]

- These machines are designed to encourage recycling of single-use of plastics, supporting Grab's commitment in achieving zero packaging waste and promoting sustainable change.

Among the brands featured in the KPMG CEE 2023 Survey:
Watsons, McDonald's, Shopee, MR.DIY, MYDIN, GrabFood, Guardian.

24. The Malaysia Retail Report 2022, KPMG in Malaysia, July 2022
25. Grab Malaysia Partners with industry leaders KLEAN, F&N and MRANTI to launch AI-driven Reverse Vending Machines (RVMs) in Klang Valley, Grab, 31 October 2023

Financial services sector

Legend: ★ Most prominent pillar

Average score of CEE metrics across the 6 pillars

Personalization
7.53

Time & Effort
7.61

Resolution
7.48

Expectation
7.43

Empathy
7.35

Integrity
7.72 ★

Overall score
7.52/10

A significant driver of change in the financial sector is the government's efforts to accelerate digitalization through regulations and policies, which led to the entry of new competitors **offering innovative technologies that complement conventional financial services**. The rise of digital banks has enhanced the value provided by traditional banks by leveraging technology to offer convenient and personalized services to consumers. The digital banking ecosystem aims to promote financial inclusion by **addressing credit challenges, improving financial literacy** and **increasing accessibility to banking services for underserved markets**.

In the insurance sub-sector, Bank Negara Malaysia has developed a framework for licensing new digital insurers and takaful operators (DITOs).[26] This framework, expected to be finalized by the first half of 2024, aims to address critical protection gaps, such as increasing insurance coverage among the lower-income group and providing business protection for small businesses.

With a multitude of players and more diverse services, customers are placing greater importance on data protection and security. Recognizing the trend, the players are increasingly adopting the technology to address these concerns by implementing advanced security measures such as encryption, biometric authentication and AI-powered fraud detection systems to safeguard customer data and transactions. It helps to build trust with customers, ensuring compliance with regulatory requirements.

26. Outcome of Public Consultation on Exposure Draft on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators, Bank Negara Malaysia, 5 October 2023

Case studies

**01** **Strengthening financial security system through AI**

- TnG Digital employs AI and ML to monitor and analyze all transactions, ensuring that each is tracked and unauthorized transactions are detected.

- To enhance data protection, Maybank has incorporated a 'kill switch' security feature that is available on its app to protect customers' funds.

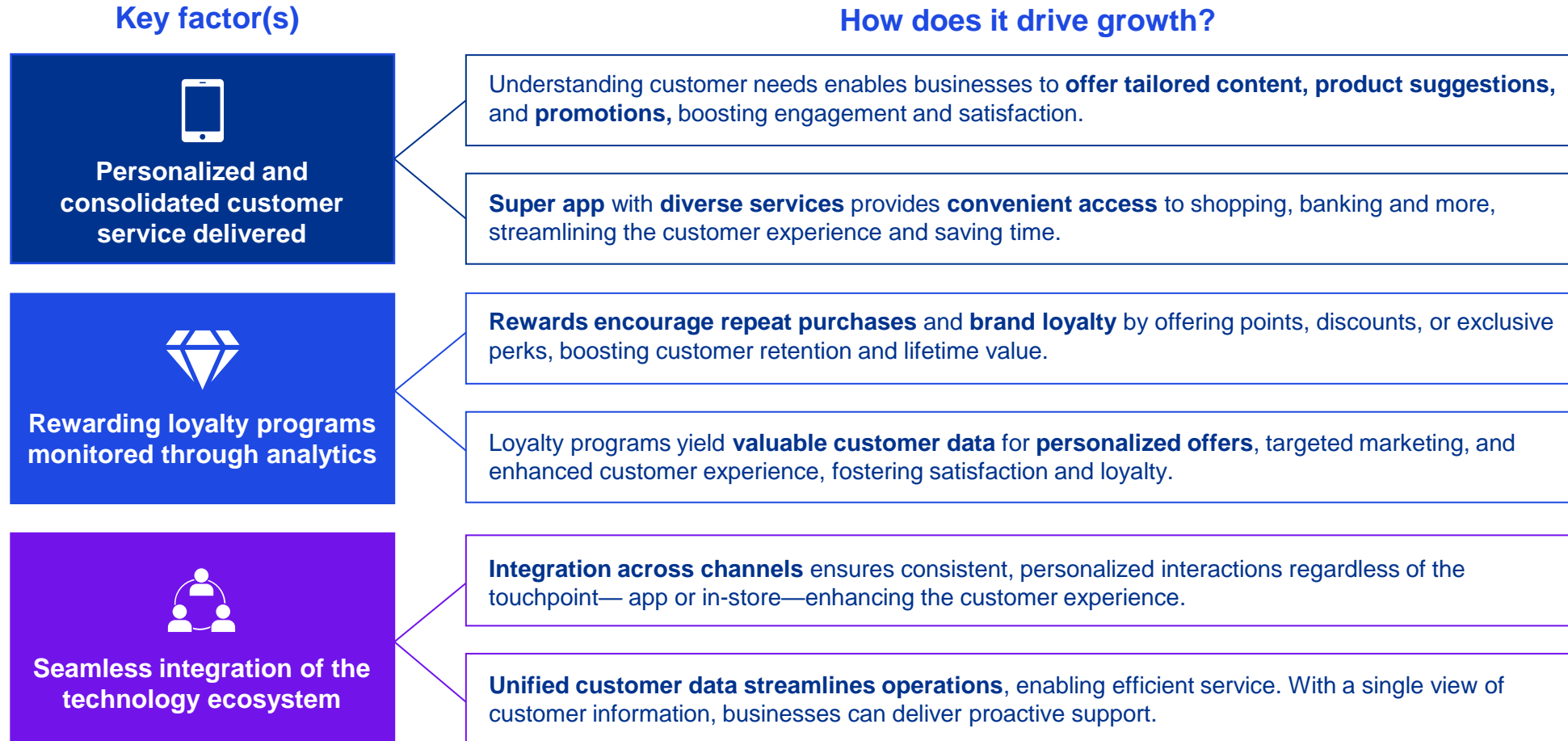**02** **Technology-focused upskilling program**

- More organizations are offering training programs to enhance employee technology literacy through technology-focused knowledge hubs to better understand customer needs and allow them to deliver services effectively.

- Maybank's AI Learning Hub, for example, enables participants to engage more deeply with analytics, statistics, data science and AI.

Among the brands featured in the KPMG CEE 2023 Survey:
Maybank, GrabPay, Prudential BSN Takaful, TNG eWallet, Etiqa.

Key takeaways
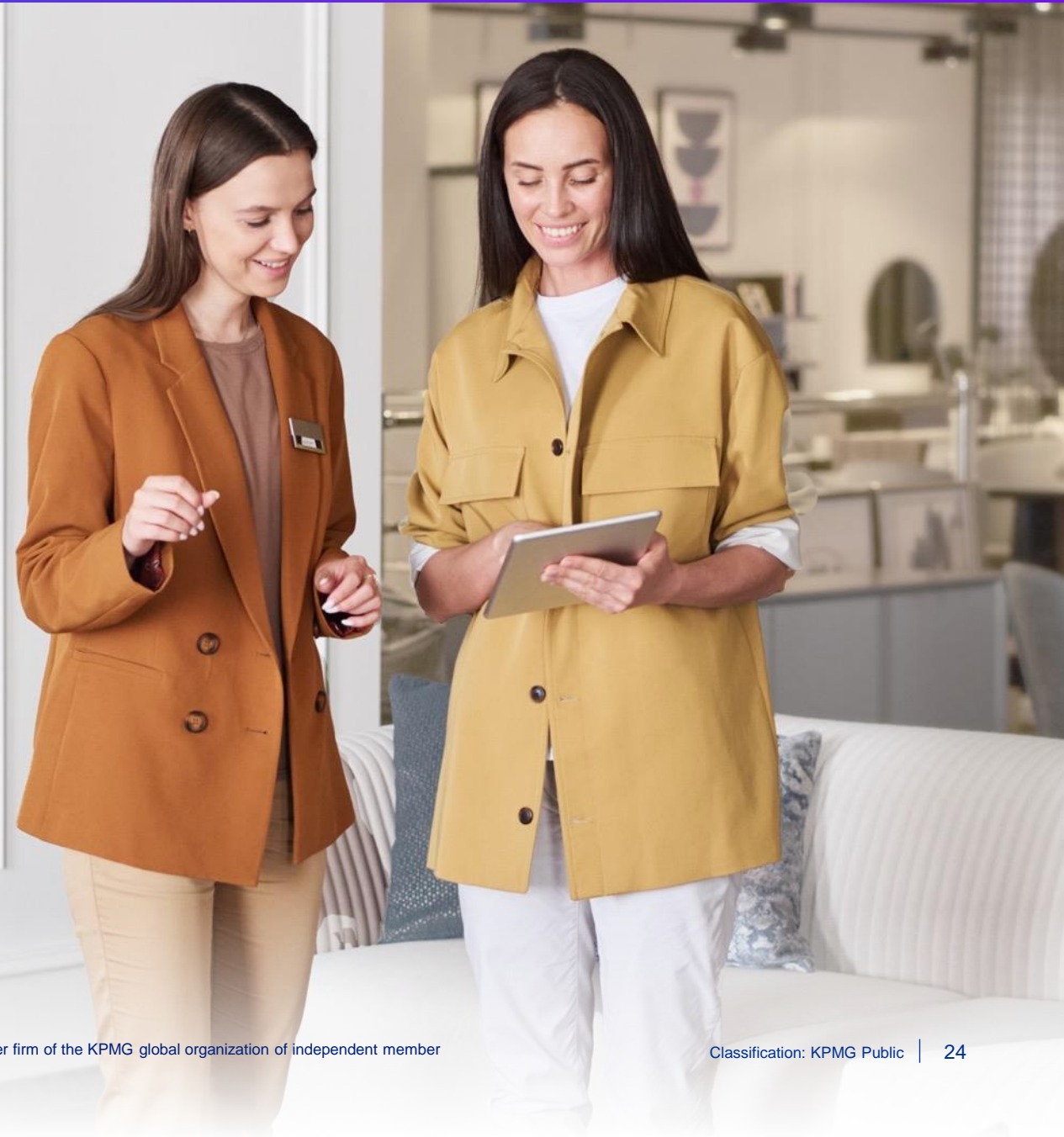
We have observed key factors and traits among brands that prioritize service quality are leveraging technology to offer more personalized, quick time to resolution and consistent services to boost customer experience and loyalty.

Key factor(s)

How does it drive growth?

Personalized and consolidated customer service delivered

Understanding customer needs enables businesses to **offer tailored content, product suggestions,** and **promotions,** boosting engagement and satisfaction.

Super app with **diverse services** provides **convenient access** to shopping, banking and more, streamlining the customer experience and saving time.

Rewarding loyalty programs monitored through analytics

Rewards encourage repeat purchases and **brand loyalty** by offering points, discounts, or exclusive perks, boosting customer retention and lifetime value.

Loyalty programs yield **valuable customer data** for **personalized offers**, targeted marketing, and enhanced customer experience, fostering satisfaction and loyalty.

Seamless integration of the technology ecosystem

Integration across channels ensures consistent, personalized interactions regardless of the touchpoint— app or in-store—enhancing the customer experience.

Unified customer data streamlines operations, enabling efficient service. With a single view of customer information, businesses can deliver proactive support.

Sector leaders are tapping into different technologies, including AI and Machine Learning to **maximize capabilities** to **deliver personalized**, **seamless**, and **consistent services** across their digital channels.

KPMG's approach to customer experience excellence

To get ahead of the competition, the key is being able to meet customer expectations and provide a valuable experience to keep them coming back for more. Organization leaders who can grasp deeper understanding of their customers' motivations and desires will take the lead when it comes to meeting their needs more quickly and efficiently. We deliver customized services within the following areas:

Customer Strategy

Using innovative approaches to design target operating models with a technology enablement layer that helps to build customer strategies that respond to digital disruption.

Customer Experience & Value Management

Defining winning customer experience strategies through CX maturity diagnosis and redesigning customer journeys to improve customer loyalty.
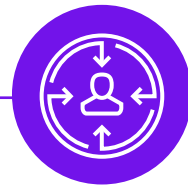
Customer-centric Organization

Seamlessly integrate people and machines, while simultaneously harnessing the technological disruption into competitive advantage.
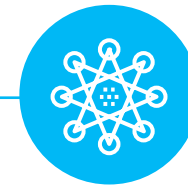
Customer Data & Analytics

Maximize customer engagement by embedding data-driven insights into decisions and actions across all elements of the customer journey.
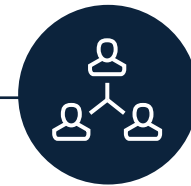
Customer Relationship Management

Design and implementation of market and customer strategies to increase efficiencies, standardize operations and achieve next-level CRM.

Classification: KPMG Public | 26

Opportunities to scale your customer experience journey with KPMG's Responsible AI Framework
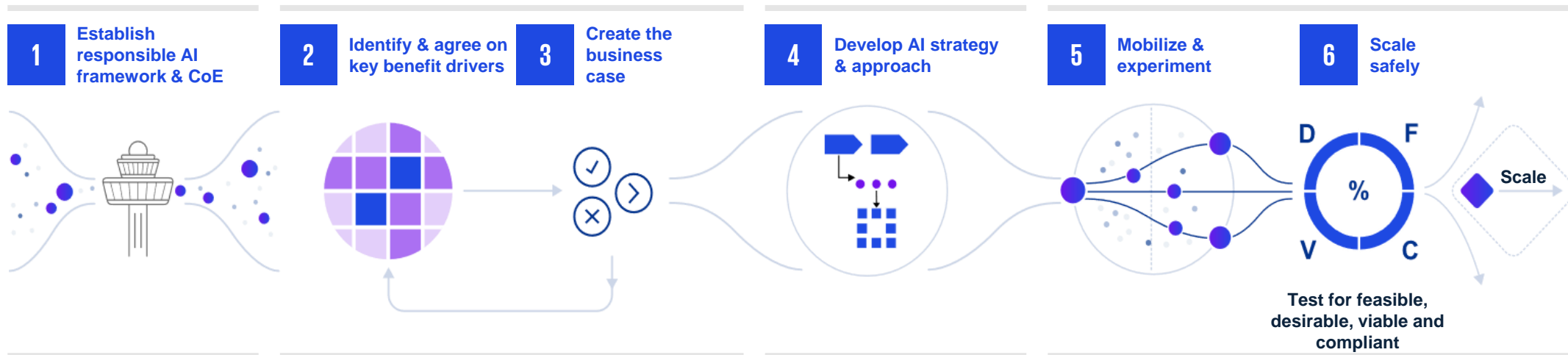
Our research has identified, analyzed and codified leading global practice. Under the key areas of Valuable, Connected and Trusted we have defined the critical success factors that will lead to beneficial commercial outcomes. These provide a useful checklist for business leaders to confirm they are on the right path.

Enterprise-led
Establishing the right enterprise model

Valuable
Identify where the value lies. Establish a foundation for growth

Connected
Create a strong core. Connect value streams, journeys and capabilities

Trusted
Branch out safely

1 Establish responsible AI framework & CoE

2 Identify & agree on key benefit drivers

3 Create the business case

4 Develop AI strategy & approach

5 Mobilize & experiment

6 Scale safely

Test for feasible, desirable, viable and compliant

Think big.   **Start small.**   **Scale fast.**

Connect with us

Reach out to KPMG's team of professionals to discover how your organization can effectively leverage on AI to orchestrate the modern customer experience.

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