

In this Issue

China Market Overview:
Outlook & Challenges

Achieving Customer
Centricity

Current Barriers to
Customer Centricity

Typical Benefits Associated
with Customer Centricity



China Market Overview: Outlook & Challenges

Business Intelligence (BI) is a broad discipline involving strategy and technology and it is designed to provide different groups of stakeholders within organisations across all industry sectors with the right information at the right time to support the right decision.

The advent of new technology and its fast adoption has changed the way companies interact with customers, design, sell and distribute their products

Well executed BI implementations are business driven initiatives that align, on an on-going basis, to a company's strategy and that involve all functions within a business. Only a holistic approach to BI will yield the desired benefits.

This would typically include:

- Information strategy alignment
- Information delivery strategy
- Governance operating model
- Data and Solution architecture

In today's turbulent and unpredictable conditions, business strategies need to rely more and more on precise, timely and insightful information to succeed in such a competitive environment. The advent of new technology and its fast adoption has changed the way companies interact with customers, design, sell and distribute their products. Unless a more customer centric approach is adopted, companies will lack the agility and flexibility to compete.

Since BI plays a key role in the attainment of customer centricity, this QBU we will explore:

- Main drivers for the achievement of customer centricity
- Typical barriers we have observed in across the market place
- Potential benefits brought by customer centricity

As well as an increase in market share, a shift to a customer-centric approach will reduce costs through more targeted marketing and will increase profit through enhanced cross-selling activities.

Achieving Customer Centricity

The concept of customer centricity relates to an organisation's ability to link all data points present within the different functional areas of the business and extract the necessary insight about:

- Customer interactions
- Spending patterns
- Channels preferences
- Products
- Service & support.

As such, companies need to align their strategies to increase market share by understanding this new, more complex and evolving customer segment.

As well as an increase in market share, a shift to a customer-centric approach will reduce costs through

more targeted marketing and will increase profit through enhanced cross-selling activities.

Whilst many companies are inundated with large volumes of data, problems such as a lack of coordination, under-investment and inappropriate business intelligence implementations have hindered their ability to effectively extract valuable customer information and insights.

With the increase of available data and the expansion of less traditional sales channels such as internet and mobile technology, it is evident that in order to truly understand customers, companies across all industries need to move from a product-centric approach to a customer-centric approach. This is also reflected in the current unbalanced emphasis in investment push vs. true market demand.

KPMG - Business Intelligence Expertise

If you would like continue to receive these updates or have any questions regarding the information provided, please contact:

Herrman Cheung

Partner
Consulting



herrman.cheung@kpmg.com
+86 (10) 8508 5402

Alessio Marinelli

Senior Manager
Consulting



alessio.marinelli@kpmg.com
+852 2847 5175

Current Barriers to Customer Centricity

Achieving true customer centricity requires a significant shift in mindset that involves changes to the operating model, processes, information and technology. Slow progress in achieving this can be attributed to the following factors:

Customer insight:

Ability to link and analyse all customer attributes and data points from different functional areas of the business is a key driver for customer centricity. So far, this has been hindered by internal barriers that have limited the ability to share information and subject matter expertise within the business

Missed interactions:

Despite the large amount of data available, companies continue to miss the opportunity to build a rich picture of the interactions that different customer segments have with the organisation as whole, and instead, only capturing separate events occurring with different functional areas. The failure to understand these interactions has a negative impact on the ability of a company to truly understand their customer needs and satisfy them through innovative products, customised services or simply through more targeted cross-selling activities.

Product design and route to market:

Products are often designed in isolation and cater for a target population covering multiple customer segments. Route to market and product design approaches that are not customer-centric often lead to duplicated efforts, low returns and increased distribution costs.

Technology:

While businesses are becoming increasingly complex, there is still a reliance on traditional technology, such as spreadsheets, for business-critical processes. Increasing business complexity creates the prospect of spreadsheet proliferation. Material errors and manual reconciliation steps are almost inevitable. Many companies have too many unmanageable Key Performance Indicators (sometimes the Key Risk Indicators) standing in isolation, often created to support individual functions rather than serving a broader set of stakeholders.

Typical Benefits Associated with Customer Centricity

Our experience indicates that benefits associated with the attainment of customer centricity include:

- Increased growth in revenues through a more targeted approach and enhanced cross-selling and up-selling opportunities
- Enhanced innovation and productivity through greater collaboration and sharing of information within the business
- Increased efficiency through rationalisation and elimination of redundant products and re-alignment of product portfolios.

Many organisations are daunted by the scale of change required. This is mainly due to the fact that many companies do not have holistic information and technology roadmap that can assist them. We have seen many organisations deploy various tools and technological infrastructure in order to effectively manage customer relationships.

Whilst many of these organisations own sophisticated data warehouses, obtaining the right information on time is still a concern. The key factors, based on experiences of successful organisations, are that customer centricity requires a high degree of integration of their business processes, data and technology, whilst in the past, the predominant focus was on technologies rather than how and where technology could help.