



# KPMG Customer First Podcast Transcript

## Orchestrating Experiences

**Voiceover:** Welcome to the Customer First Podcast, from KPMG's Global Customer Center of Excellence. We work alongside the network of KPMG firms to help clients deliver profitable growth by putting their customers at the heart of their business.

The Customer First Podcast brings you the latest thoughts and market examples from KPMG professionals and guests on how today's businesses are becoming more and more customer-centric. Today, we're talking about this year's Customer Experience Excellence Report and orchestrating experiences, with host Julio Hernandez.

**Julio:** Hello, my name is Julio Hernandez and I'm the Global Service Line Lead for our Customer and Operations practice here at KPMG.

Today, during our episode of Customer First, we're going to be talking about orchestrating experiences and KPMG's newly launched global Customer Experience Excellence Report for 2021. Before, during and after the pandemic, companies recognized the importance of customer experience. We also saw a continued shifting of customer needs, changing expectations, rapidly evolving technology and organizational fragmentation that started to really create significant levels of complexity.

We also believe to design and deliver compelling customer experience there needs to be a high degree of orchestration across the business. And this orchestration requires breaking down complexity, and aligning the business around the customer or the citizen, based on a deep understanding of the customer, the citizen and their stakeholders, and their needs, the marketplace and your organization.

So, what are the key trends for this year's research and who are the companies leading the way? Joining me today to discuss this is Jenny Roche, a partner for KPMG Australia, and Peter Liddell, the Global Head of Operations and a partner at KPMG. I'm very excited to have them join me today.

Jenny, what are you seeing as key trends around customer experience and meeting the needs of the citizen and/or the customer? And how is that orchestration really taking place across the front office, as folks are engaging the marketplace?

**Jenny:** Yeah, thanks, Julio. I think you're spot on when you say that through the pandemic things changed and they changed markedly. Customers, their expectations grew exponentially through COVID, and they continue to grow. They are expecting organizations to just know—to know who they are, to be able to interact with them.

Personalization expectations have just gone through the roof and that's become really complex for companies. They've had to turn on a dime through COVID; they've had to galvanize their businesses to meet those needs. And that has not come without a huge amount of effort and focus. And when you use the word orchestration, I think it's really accurate in describing what companies are having to do. They need to really pull back and say, 'We can't afford to do everything. We can't afford to not be really clear about who we are and what we're trying to deliver for our customers.' So, they have had to orchestrate really clearly around the things that are meaningful to them and to their brands and to their customers, and make sure that their front office, their middle office and their back office is really lined up to deliver that.


And there's just been very little behavioral allowance from customers to let organizations stray from that. If you're dealing with a company online and it's too slow to load, or you can't find what you want, you're just going to load up a new site and look for something somewhere else. And, so, companies have had to really be on their form to capture every single possible client interaction.

**Julio:** And, Peter, what are you seeing from your perspective, in terms of just being able to deliver on that experience? And clearly operations plays a central and critical role in that.

**Peter:** Yeah, thanks Julio. It certainly does. And there's probably two really big trends we've seen over the last 12 months where leading organizations are aiming to really enhance the customer experience. I'd say the first one's around returns. We know that whether it's the B2B or B2C channel, organizations have made it very easy to deal with the front office, to make the ordering a real simplified process.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2021 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved. KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit our website.



But the problem with returns when there's been inaccurate deliveries or, unfortunately, damaged goods, or the wrong product shipped to the customer, the impetus has always been on the customer to find the right way to return the good back to the company. So, to enhance the customer experience, we've seen leading organizations now really focus on simplifying the process, making it easy to return and ensuring that that responsibility for the return is now taken away from the customer and that the whole transaction is far more simplified and that they get the credit, the rebate, in that same single transaction. And again, best-in-class organizations are optimizing their outbound fulfillment with their returns pickup. And they're making sure that when they're correcting those returns, they're picking up the return, they're making sure that the customer is getting the right product at the same time. So, that's probably one big trend.

And I'd say the second one we're also seeing is there's a lot of focus now around segmentation. A lot of organizations have realized that one supply chain doesn't fit all. And, unfortunately, those organizations that have had the supply chain for many decades, but as their customer base has moved in different markets, across different channels, that supply chain hasn't been able to support all customers through all channels. And what that's meant is, it's either cost them far too much to deliver to those customers, or they're underperforming on that fulfillment experience.

So, we've got organizations that are now really identifying those customer groups, those customer segments, and they're refining the operations to those customers in that segment, ensuring that they're getting the right product at the right time, but they're doing it in a far more cost-efficient way.

**Julio:** So, Peter, there may be a chicken-and-egg situation going on here right now, especially during these last several months of COVID across the world. We're seeing two things. We're seeing inflationary pressures, right? And when I say inflationary pressures, actually we're seeing inflationary pressures in terms of the expectations that customers have for better and better experiences. They're not mitigating; they're not slowing down at all. At the same time, we're seeing inflation in terms of the input costs. Labor is more expensive. Labor doesn't want to stick around. Supplies and inputs into products and services are increasing. At the same time, we've had really significant disruption even with segmentation around supply chains.

So, how do you think, even with the segmentation schemes, companies need to be thinking about their supply chains right now, in the context of not having enough supply to actually fulfil the demand and therefore this continuous race, if you will, against these inflationary pressures? Any thoughts on that?

**Peter:** Yeah, that's a great insight, Julio, and it's certainly impacting all organizations across all industry sectors. And without doubt there's a range of strategies that are being adopted.

So, we are seeing the emergence of a greater deal of micro supply chains, where we've got organizations that are sourcing, that are adding last-mile value, a lot closer to the customer. We're seeing a greater deal of focus on supply chain resilience. So, a lot of organizations are starting to diversify the way they source, where they source from. They're having multiple strategies to ensure that. Quite often they can get access to the goods from their suppliers, but it's the global logistics capabilities that's letting them down at the moment. Either because of the unavailability of the shipping or the cost of freight that has accelerated in some cases on some routes 30 to 45 times pre-pandemic levels. So, you might get access to the goods, but the cost of shipping in and then to deliver it to customer is impacting the ability to serve the customer at the right price.


So, organizations are really redefining, redesigning their supply chains, their network flows, their strategies around where they'll store, how to fulfil to customer. And, so, what we're seeing is a lot of work, a lot of focus now on building resilience in the supply chain, redefining supply chain network flows and strategies, redesigning or identifying alternative sources of supply, with the aim being that they still deliver a high-quality product, but they're able to significantly impact the inflationary pressure that you just called out.

**Julio:** The core thematic of this year's Customer Experience Excellence study was this idea of orchestration. And I think it's clear with your response, Peter, that it's not just orchestration between the front, middle and the back office, it's with your partners and your suppliers, making sure that they are actually being orchestrated as well, so you can fulfil on the promises that you made upfront by building your business around your customers and trying to fulfil and meet their needs.

If we make that pivot, Jenny, to you, with the clients you're serving, what is their experience and how are they mitigating this labor increase, this cost increase in this hard time getting labor to basically be able to support the service promise. Meanwhile, the constituents are wanting higher levels of service. What are you seeing? How are they addressing it?

**Jenny:** So, a range of different responses to that, Julio. I am seeing some of the inflationary pressures being looked at by a number of different strategies as organizations are connecting the front and middle. And, mainly, there's a whole heap of influx in data personalization, automatic responses and automation being built into the systems, because there has to be. You can't afford to have things falling out on the floor like they used to. They have to be picked up and managed real time. And, so, I'm seeing a real focus.

As you would know, Julio, through the pandemic, you had call centers disrupted, you had all sorts of things going on in the front office that had to be addressed.



We're seeing much better routing of service opportunities to the right client or the right agent or the right digital bot. We're seeing a lot more work around, in terms of connecting omni-channel responses so that from the app, to the website, to the person, you're getting better service. And there's a lot more of those layers being built in to try and reduce the cost.

I mean, there's a cost to that in terms of technology, but the underlying experience to the customer is much stronger. What we're also seeing is – and this links to the data around the personalization – that cost to serve can be really reduced when you can carry the information from the beginning, right through to wherever it lands, whether it lands into your supply chain, but it needs to land with 'leave it at my front door' and all the information that you've collected along the way for the logistics journey. Or, if you're landing it in a contact center, where I've been, what I've looked at, all of those things need to be served up to the person who gets my call or my issue at the end.

And what we're seeing through that is that, as I said at the beginning, people are expecting companies to know where I've been. They're expecting to not have to repeat themselves. They're expecting you to know about their service history. And to Pete's point around returns, if you're ringing up about a product, they expect you to know that you bought a product and you may be ringing to talk to them about returns. They don't want you to repeat yourself. So, in terms of inflationary pressures, managing that through systematizing much better at the front office and linking that to the middle office has been really important. Managing those returns, those moments that really matter, with as minimum touch as possible, so that they can be streamlined and efficient, right through the logistics partners in back into the supply chain, has been really important.

And I think the other thing is to be really focused. So, what I'm seeing particularly is- I used to see a lot of CX parts of the organization, Julio, focused on fixing all the journeys at every point. And what I'm seeing now is a real kind of doubling down on the focus on the moments that matter and really going after some of the things that they're promising in the market and making sure they get that absolutely right.

And Pete's point about the reverse logistics has just been huge in the last 18 months and getting that absolutely right has been really important.

Similarly, the landing and that kind of "know me" personalization piece has been absolutely key. So, those are the things: focus, automation, data. Those are the things that I'm seeing.

**Julio:** So, it's interesting. Both you and Peter talk about that and what we've seen over the last 24 months – and it was only reiterated and emphasized in this year's Customer Experience Excellence study – was our clients recognized they needed to meet their customers where they were at. And that changed oftentimes from a physical location to a digital location, or even in the physical location, it had to be supported by digital means.


They also recognized that they needed to really harness analytics and a better perspective of the customer, a 360-degree view of the customer. They also recognized that while labor costs were going up, they needed to find ways to take labor out and they used automation. And they asked the customer to help themselves a little bit as well.

And, so, that's been some trends that basically try to offset that. And, hopefully, over time we'll start to see the pressure on the cost side of it start to flatten out and while still delivering a really great customer experience, but harnessing the data, harnessing the analytics, harnessing digital means, which is fantastic.

When we looked at this year's study, one of the thematic that really bubbled up was this idea of a sense of purpose. And that sense of purpose was also wrapped around the ESG agenda, which has been getting a lot of conversation. And I'm just curious, Peter, in your world, how are you seeing this focus of trust and ESG manifest itself in the operations portion of the business?

**Peter:** I'd say every exec that we speak to at the moment, you know, trust in supply chains, and that picks up the topic of ESG. And we're starting to even see conversations around integrity of the chain, authenticity of product. There's quite a few themes in that trusted supply chain and absolutely ESG is at the top of that.

And it's at front-and-center for the execs that we speak to. I would say for all the great strategy and intent that these executives have right now in providing trust in supply chains, embedding ethical sourcing, considering human rights in their sourcing activity, the people they partner with through the supply chain, whether it's the shipping companies, the 3PLs [third party logistics], et cetera, for all that great strategy intent, one of the big challenges they're finding is in the execution. And part of that is because they really struggle to understand the flow of their products, the flow of the materials. And, so, what we are seeing – and again, back to the conversation that Jen was having early around data – collecting data through the supply chain, collaborating with their trading partners, right through the entire, and I'll call it the value chain. Not just the supply chain that they manage, but the extended value chain right upstream, and quite often depending upon industry. that could be through the tier three, tier four suppliers, all the way down through to the actual customer who uses the goods. So, that could be your customer's customer. And, therefore, the only way to really be able to meet that strategic intent is to have visibility and transparency through the entire value chain. And, so, what we're seeing right now is a focus to access data, to collaborate with all trading partners through the supply chain, to therefore for these executives to make that strategy intent a reality.



So, to your point, Julio, it's front-and-center for every executive, but they've really now got to activate their strategies to ensure that they can stand up behind the commitments they're making right now. And, again, as we're seeing, there's a lot of great impact statements across many global listed companies right now.

**Julio:** Thanks, Peter. I found that very helpful. And I do think that the importance of that topic of ESG is just going to continue to amplify, but the proof is going to be in the pudding.

Jenny, if we come to you. I'm just curious, one of the things we've also seen come out loud and clear in this year's study was also the linkage between delivering a great employee experience and the ability to deliver a great customer experience. And with all the workforce issues we have with the quote-unquote "Great Resignation", how are you seeing your clients think about that and navigate that? Especially certain industries tend to have the same workforce for a long period of time; they've been there for a while. I'm just kinda curious, how are you addressing that with your clients?

**Jenny:** Employee experience needs to go hand in hand with customer experience and people have been talking about that for years, but I think, increasingly to your point around the "Great Resignation" and the real and genuine lack of flow of employment over COVID, we're really seeing that manifest itself in really different ways.

So much has changed about the world of work and the impact that's had on people's connection to their employers and their connection to life in general. And we're seeing such a blended environment that brands have had to really think through what their employee value proposition is.

And Pete's comments and your comments around ESG are quite linked. The employee value proposition links increasingly to ESG and is a reason to stay. It's become table stakes for both customers and employees these days. And you would see through the top brands in our report, we see grocery retail being the number one sector, but if you look deeply at those, most of those have set themselves up to address ESG in some way, shape or form. Whether it's through waste, whether it's through packaging, whether it's through connections into key charities and things like that. And those sorts of things are becoming table stakes and keeping your people, making your people feel purposeful.

Our people are also adding to our inflationary pressures and making sure that you've got a really strong understanding of what your people are doing, who they're talking to, how they're delivering service, talking to them, coaching them, all of those things have become as equally as important as the way in which you deal with your customers. And we are seeing increasingly as I talk to clients and as I build out their experience maps, they're increasingly asking me to map the employee experience next to it, so that we can make sure that we're making it easy for employees to deliver, making them feel good about those deliveries and making them connect to the brand purpose in the same way.


**Julio:** Again, just building on that thematic of orchestration that we talked about, right? There's this level of orchestration in the employee experience to the customer experience, empowering and enabling the customer, the employee to be able to deliver the customer experience, there's this idea of alignment that individuals want to do business with companies that they feel are aligned to their belief system, to their purpose, and employees are the same. And, so, it requires a really good amount of thoughtfulness and orchestration to make that happen in the right way.

As we pivot here a little bit, and you think about some of the leaders from our research in the Hall of Fame, we've done this study, this is the 12th year, we've done it across more than 26 geographies and countries. We've looked at multiple thousands of brands and there are some that stand out. As you look at the Hall of Fame, which one stood out to you, Jenny?

**Jenny:** I can't say there's one. And what I love about our Hall of Fame, Julio, is that the brands are standing up for such different reasons and each of them has their own sense of purpose. It's linked to ESG, you can see the orchestration and the focus really playing out in each of the stories that you read.

So, I can't say that there's one. I'm a Yogi. So, I'll be honest that seeing Lululemon up there is pretty exciting to me, but particularly the way in which they focus on the people that they serve, building the groundswell of support around their brand and linking that brand to ESG is really important.

Closer to home, seeing Mecca up there and seeing their story over the last few years as they've grown both their online and their retail presence. And they do a very similar thing: it's about harnessing their customers to help each other and to harness the brand. Those sorts of single-minded purposes are really lovely to see, but I also am continually inspired by what the grocery and the more generic brands are doing to continue to actually reinvent themselves and deliver experience and to see some of those community service banks coming through our brand and really differentiating themselves in the digital sense is really good to see.



**Peter:** I'm going to pivot a little bit and talk about how, I guess, experiences with organizations that are aspiring to be in the Hall of Fame but are just off the mark slightly. And it all comes down to- we raised the point about orchestrating the connected enterprise, the connected organization, having that front, middle and back office fully connected. And it's been interesting, in the pandemic period where, you know, like millions of others I've been ordering things online and it's just amazing to see the difference between, like Jenny mentioned Mecca in Australia. They're famous for that customer experience, and receiving exactly what you want, when you want it and exactly when you expect it to arrive. Yet, there's organizations who aspire to it, but they haven't quite got that connectedness. And I'll give you an example where, placed an order, you receive the option to have a free delivery within three days and the order system is fantastic and it takes my order, it takes my money and gives me confirmation.

The challenge is, because they didn't have that connectedness between the ordering system, the inventory on-hand – so the available to promise (they knew it was in stock) – but they didn't have it connected to the location. So, the challenge for this organization was that after they'd taken my money and promised me three days delivery, they found that the items were based on the other side of the country. And, so, what that meant was, it was a minimum 10-day delivery. So, 48 hours after receiving that confirmation, I then get an update saying that delivery is now coming within 10 days, not three days.

Now, personally, I don't mind, but you can see how that taking the order, processing the funding, but now failing on the fulfilment side is a huge impact on customer experience. And then I'll flip it again by saying there are other organizations that are really challenged because by not understanding where the goods are in their network, particularly where you've got one online order, but with multiple components to it. Being unable to fulfil that delivery to customer in one single drop that you now have multiple deliveries. So, it's again, an impact on customer experience but then now also starts to erode your margin because part shipments, multiple shipments, means that one order that should have been handled once with four items (as an example) delivered, now could be two, three, four separate deliveries, and that's a very high, expensive cost to fulfil an order.

**Julio:** That point is really right on and also, as we just spoke about a little bit earlier, as the importance of ESG starts to continue to amplify the environmental impact of shipping four packages instead of one multiplies when you think about the number of packages and so there's some thoughtfulness that needs to be there as well.

So, it'll be very interesting to see how companies navigate those trade-offs as they move forward and really decide if they want to consolidate, do they not want to consolidate et cetera, in the delivery of these experiences. I think one of the things you can see from the Hall of Fame is that some of the leaders are motivating those others. And, so, we are truly in this battle for the customer and the battle of customer experience, and it just seems like people, consumers, customers, businesses are expecting those experiences to continue to improve and our clients are going to have to spend time really thinking about how to do that. And that's going to be knowing your customers, orchestrating your customers and moving forward.


**Jenny:** Pete gave us the opportunity to talk about some of the brands that are aspiring and how different brands are being led by the people who are on our Hall of Fame. And I guess I wanted to take a moment to have a shout out to, perhaps not in the Hall of Fame, but some of the sectors that have shown substantive growth and improvement in the last couple of months and years. And I want to talk to the government or the public sector clients that I work with. Across the report we're seeing they are the fastest-moving group in terms of lifting their CS experience because, to your very point, customer expectations have just grown exponentially and they're expecting that from their government services as well. And a lot of the government organizations that I work with they've had to do the same thing in the last 18 months. They've had to turn on a dial, they've had to digitize, and they've had to really change the way they deliver service in an environment where customer expectations were really high and the trust that was required between government and citizen to manage the pandemic was really tenuous and really had to be managed and strengthened, and the trust really needed to be built quickly.

So, a massive shout out to all of the work that the sector has done to introduce the concepts of service design, introduce orchestration, and to be honest, build a supply chain to get through the pandemic to get the health materials and the sector coordinated where they needed to be to deal with a pandemic, all through building talent, building capability and building processes to deliver in that way when they've never had it to do it before. And what we've seen, particularly in Australia, is that sector just move exponentially in terms of customers' appreciation of that, expectation of that, and the trust that they've built in the public sector.

**Julio:** It's interesting. I think, oftentimes, when individuals think about governments, they think about them in the worst of circumstances where they need their help and they think about the mundane. And what's interesting is I think that the mundane has become better because people understand how to engage with the marketplace, how to engage with the citizen and the community in a very different way.

And then the other thing we see a lot is in the B2B environment, there's an expectation of a consumerization of the experience. If I expected, as a consumer, I want the same thing when you're doing business with me as a business, so it's been great.

So, Peter, as you're giving advice to clients in the context of this ever-increasing expectation around customer experiences, this myriad of complexity, how are you helping them to move forward?



**Peter:** One of the ways that we're assisting them is, there's a lot of discussion and, again, a lot of comment around digital transformation and using data to get better insights to engage with customers. So, one of the ways we're helping them is just to make sure that they have the right focus around the right technology and tools to help them to power the organization, and to engage through the front office with their customers.

And, quite often, you've actually got to step back and say, "Through those key business functions and activities, do we have the right level of maturity before we rapidly invest in some of these technologies?" Because many of the organizations we've been working with have got some great strategy. They've got their investment budgets ready to go. And, quite often, they're even running proof of concepts on some really, you know, innovative technologies. But the reality is they're about to set themselves up for a big failure. They're about to make that investment, yet haven't realized that the business processes, the capabilities of their team, the data that they're capturing or recording within their organization isn't set up correctly to support these new investments.

So, part of what we're doing is to help them to take that step back, and make sure that they've got that business, that operational maturity and that they have selected the right tools and technologies to help them power through.

**Julio:** They really are taking energy to connect the organization, to orchestrate effective customer experiences, to design them and to help deliver them, and to think about operationalizing, and some of the things you've just talked about really bring that point home.

Jenny, how are you seeing- as you advise your clients how do you bring alive their purpose, their brand promise in delivering against ESG goals in this context of customer experience and orchestration?

**Jenny:** Well, I've been working in this space for many years and in some ways the questions haven't changed. What do your customers want? What does your brand stand for? And how do you deliver that for your customers? What has changed is how you do that and the need to modernize, the need to really bring to the front of what your brand stands for and be clear about that and then, to Pete's point, to your point, in the execution of that, it can't happen. It's not a brand promise without the rest of the business racked and stacked behind it. It has to actually be focused, considered, understood, and then streamlined right through the business. And, I don't talk to just a front office as a client anymore. My client has become the CEO. My client has become the CTO. My client has become right through the organization. And most of the programs that I do now, it takes a village in the organization to execute them. And that's what is absolutely vital to success: that orchestration right through the business to deliver on a single-minded focus.

**Julio:** So, Jenny, if you could give one piece of advice to your client about how to improve their customer experience what would it be?

**Jenny:** One piece of advice? Relentless focus on the data and a relentless focus on the things that matter to your customers right through the organization.

**Julio:** Yeah, I think that emphasis on an outside-in perspective, and really understanding the customer, who you want to have as a customer and how you're competing in the context of the marketplace, I think is really critical. And I think that's really sound advice. And how about you, Peter?

**Peter:** We all know how much customer dynamics have changed over the last 12 months. We've been consistently advising our clients to re-look at their journey maps, the customer journeys. And what we've been finding is because of these changing dynamics, there's quite a lot of gaps or areas where we're just not supporting that customer journey adequately. And, therefore, how do we use some of these new digital innovations to plug some of those gaps? And, so, we're finding one of the key pieces of advice is to go back, revisit those customer journey maps, see where the new gaps are emerging and look at some of these digital investments to help fast-track and plug those gaps.

**Julio:** And just to bring these two thoughts together, I also think that Jenny said something earlier in the conversation which is, with a really deep understanding of the customer and understanding how you're interacting with them today, it really behooves a company to triage, if you will, and determine what the key moments of truth are, what the key moments are really the make-break of a relationship, of a transaction, of an engagement and really work to get those right and continuously monitor them. Because, over time, sometimes those key moments of truth will change and if you just are static in it, you won't be able to orchestrate in the right way. So, I think that's a thought that I would like to leave with the audience.

**Julio:** So, as we close here, first and foremost, I'd like to thank Jenny and Pete for spending some time with us. And I want to thank you, the listener, for joining us.

I also would like to direct you to [home.kpmg/CEE2021](https://home.kpmg/CEE2021) for all the information in this year's Customer Experience Excellence report.

So, again, thank you for the time and we appreciate it.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2021 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved. KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit our website.