



Shaping customer experience in the new reality

Sweden customer Experience Excellence Report 2020



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The New Normal

Slowly but surely our society is opening up to a new post-COVID-19 normal. We have already become used to referring to the New Normal and we have accepted a new reality in all our interactions. This is true both in our private lives and in our professional dealings with customers.

While the New Normal has yet to be defined for many brands and industries, the change in customer behavior is putting pressure on organizations now to adapt and improve their Customer Experience (CX) strategy.

Most certainly, the New Normal has created a new kind of customer behavior and with that, a new kind of customer. It is a customer that, independent of age, wants to interact with brands that demonstrate and build trust. In other words, consumers are increasingly 'buying into companies' rather than simply 'buying from them'.

Additionally, the new customer will be loyal to those brands that can provide an efficient and secure digital experience, and at the same time fulfill the customer's unique requirements and demands. This means that getting personalization

right is becoming more important for organizations looking to drive customer loyalty and increase recurring business transactions.

This change in buying patterns, that we are still to fully define, must be supported by newly designed customer journeys, where the physical touchpoints support the digital touchpoints, instead of the other way around. Of course, an emphasis on digital touchpoints is the future state required for any brand to survive disruption, but the unforeseen events of this year have catalyzed change and digitalization. The upside of this is that when forced into transformation by new customer demands, brands that most likely would have gone out of business within a few years might now have a chance to survive.

The new digitally savvy consumer, the digital-first approach, and the framework all need to be redefined and supported in the overall customer journey and integrated into the organizational operating model. KPMG refers to this as the connected enterprise; companies that are agile, responsive, and digitally enabled.

Connected enterprises have high levels of synergy between organizational capabilities, the way they operate and how they relate to the surrounding ecosystem, in terms of customers, suppliers and partners. Our research indicates that these

kinds of companies were also better equipped to navigate the immediate effects of COVID-19 during the national lockdowns of spring 2020.

A connected-enterprise way of thinking will enable brands to act proactively rather than reactively to customer demands, which helps to build trust in the brand and drive loyalty.

Our hope and ambition for this report is to further inspire you to improve the customer experience within your organization. If you are about to embark on your customer experience journey, we hope the report will help you understand the importance of knowing who your customers really are and enable you to convert that knowledge into actual business transactions. Look out for our "How to become a CX leader" sections of the report to get you off to a good start.

Enjoy your reading.



The quality of customer experiences are improving around the world. All countries researched have seen an increase in their overall Customer Experience Excellence (CEE) score this year.

The average increase of all markets combined is 3%.



63%

Value is the differentiator on product or service choice for 63% of consumers globally, as a result of COVID-19.

79%

of consumers are worried about the global economic situation.



Overall Non-grocery & Grocery retail are the strongest performing sectors according to the Swedish CX research in 2020, followed by Entertainment & Leisure.

3% ↑

Globally, brands are perceived to be providing more value for money. There has been a 3% increase since 2019.



Integrity is the strongest pillar driving advocacy in the Swedish market.

98%

of customers globally are concerned about their personal data and what happens to it.



On average, the Customer experience (CEE metric) for the top-ranked brand in each market is 11% higher than its market average.

90%

of customers are willing to pay more for products from ethical retailers around the world.



Globally, 90% of consumers regard resolution as their most important customer service issue.



Personalization is the pillar that most drives loyalty in the Swedish market.



According to the Swedish CX 2020 research, the strongest sub-sector is Supermarkets, followed by Streaming Services.



Average performance has risen across all Six Pillars this year, with expectations seeing the greatest increase globally (+4% on average).

About the research

For eleven years, KPMG professionals have been asking consumers around the world about their individual experiences with various brands.

More than 385,000 consumers have been interviewed and some 3,500 brands have been measured during that time, providing around 4 million individual evaluations across 34 countries to support our expertise in customer experience best practice.

In the Swedish market alone, we've surveyed more than 2,500 consumers this year.

Methodology

The research for this report was conducted via an online survey completed in the second quarter of 2020. A nationally representative consumer sample was targeted for each market, in terms of age, gender, and regional representation.

To participate in the research and be eligible to respond to questions about a specific company, respondents needed to have interacted with the company during the two months prior to answering the questionnaire. This is different to previous years when a six-month period was required, so as to capture interactions and experiences specifically during the time of COVID-19, and truly understand and fairly compare the reaction and resilience of brands.

An interaction is defined as making a purchase, using the company's products and services, contacting a company with a query, or even browsing their website or store. So not all respondents will necessarily have been existing customers of the brand they evaluated.

For a brand to be included in the final rankings, a minimum number of consumer responses needed to have been received. The initial scope of brands was based on the market share in each industry, with some supplementary market challengers.

**Swedish market
coverage in 2020**

2,500+
consumers



125

unique cross-
sector brands



22,860

individual brand
evaluations



The Six Pillars of Experience

Eleven years of research has shown that every outstanding customer relationship has a universal set of qualities – KPMG refers to these as **The Six Pillars of Experience Excellence**. They are inextricably intertwined and provide a powerful mechanism to help organizations understand how well their customer experience is delivered across channels, industries and company types. Leading organizations master these pillars and are outstanding at all of them.

In our global research this year, all the top-ranked brands exceeded the market average in each of The Six Pillars. Indeed, the top-ranked brand in each market typically outperforms its market average score for each pillar by between 10 and 12 percent.

Integrity – Being trustworthy and engendering trust

Trust is an outcome of consistent organizational behavior that demonstrates trustworthiness. It can manifest in trust-building events when organizations need to publicly react to a difficult situation, and trust-building moments when individual actions by staff add up to create trust in the organization as a whole. Behavioral economics holds that as humans we trust people we like. So the ability to build rapport at a basic human level is critical in creating trust with customers.

- Do the right thing for me personally
- Be seen to be doing the right things for customers in general
- Stand for something more than profit
- Not be associated with negative stories in the media
- Recommended by my friends or family
- Take corporate social responsibility seriously
- Contribute to my local community

Resolution – Turning a poor experience into a great one

Historically when it comes to resolution, organizations have majored on service recovery. However, COVID-19 has driven rapid innovation as it has brought customer problem-solving to the fore. In turn, this mindset has intensified the focus on solutions rather than products and driven engagement.

- Own the resolution and fix things urgently
- Keep me fully informed of issue resolution progress
- Offer a warm and sincere apology
- Go the extra mile if required
- Provide a temporary solution while trying to resolve the problem
- Assume my innocence

Expectations – Managing, meeting, and exceeding customer expectations

Customers have needs and they also have expectations about how these needs should be met. Customer satisfaction is the difference between expectation and actual delivery. Understanding, delivering on and, if possible, exceeding expectations is a key skill of great organizations. But shaped by COVID-19, customer expectations have become more fluid. Understanding these changing expectations is a vital component of designing the right solutions and experiences. Proactive expectation-setting communications will now be expected as standard.

- Do what they said they would
- Provide a consistent service every time I use them
- Use plain English – no jargon
- Keep me informed on what is happening when I have a query or place an order
- Check whether I'm happy with their product/services
- Set my expectations accurately



The Six Pillar model was developed to provide a precise and practical definition of the kind of emotional outcome a successful experience needs to deliver. Based on over three million detailed customer reviews, The Six Pillars have been validated in 20 markets this year and modeled against the commercial outcomes of retention and recommendation.

Empathy – Understanding the customer’s circumstances to create a deep rapport

It is time for all organizations to show that they care; that the safety and wellbeing of their employees and customers is their prime concern. Corporate kindness are two words that are not often used together, but they are now fundamental to how a company operates from within.

- Understand my particular situation
- Explain things in a way I can easily understand
- Demonstrate they care
- Acknowledge how I’m feeling and act appropriately
- Invest time to understand me and my needs
- Provide the right emotional responses for my situation
- Are willing to bend the rules to help me out

Personalization – Using individualized attention to drive an emotional connection

Demonstrating that an organization understands the customer’s specific needs and circumstances and adapting the experience accordingly is now the expected norm. During the COVID-19 crisis, customers described a feeling of being in an infinite present and unable to see beyond tomorrow. Our research indicates that CX leaders have focused on ensuring that, as far as possible, customers can take control of their lives. They do this by providing experiences that are more strongly tailored to the customer’s circumstances, that make them feel valued and important and put them back in control.

- Offer products or services that are relevant for me
- Understand my specific personal needs
- Make me feel valued
- Treat me as an individual
- Know who I am from my customer history when I’m dealing with them
- Make me feel in control
- Show an interest in me

Time and Effort – Minimizing customer effort and creating frictionless processes

Customers are time poor and increasingly are looking for instant gratification. Removing unnecessary obstacles, impediments and bureaucracy to enable the customer to achieve their objectives quickly and easily have been shown to increase loyalty. COVID-19 has amplified the need for easy access to products and services, convenience and relevant information. Home delivery has become a way of life.

- Provide the information/answers I need when I contact them
- Minimize waiting times
- Manage queues/call waiting effectively
- Explain exactly what I need to do next at all points in my task or purchase
- Make my time investment feel worth it
- Offer alternative ways to complete my task or make my purchase



The 2020 Swedish Customer Experience Excellence (CEE) Leaders

A beyond-usual experience and well-established omni-channel interactions with customers – these are two of the characteristics of the top-ranked CX leaders in 2020. Not all companies are born digital however, and many of the leaders still struggle with the imminent risk of being disrupted by digitalization. The CEE leaders score high across all Six Pillars compared to their peers and are well connected to new and emerging customer requirements.

Grocery and Non-grocery retail lead the Swedish market

From a sector perspective we see that grocery and non-grocery retail take the leading positions, followed by entertainment & leisure and financial services. The public sector ranked lowest in 2020, reflecting the need for faster digitalization of Swedish authorities and public organizations.

The high scores for grocery and non-grocery retail may seem natural given the rapid evolvement of concepts and technology that can be used to improve customer experience in these sectors (experiential retail, AR, VR, digital stores, advanced customer profiling, data & analytics, etc.). Nonetheless, we believe that in the years to come we will still see great progress in the Swedish market – both in-store and online.

It appears that the high scores for both grocery and non-grocery retail in Sweden are primarily driven by high customer satisfaction with the face-to-face interactions, which is the predominant channel for most brands that operate in both face-to-face and web channels in these sectors. These brands are also perceived as having a higher degree of personalization, and as being considerate of the time and effort spent by consumers to achieve their goals.

Drivers of customer loyalty and satisfaction vary across industries

Offering a strong omni-channel experience seems to be key for driving customer loyalty within the financial services sector in Sweden. According to the global report, 12 of the market leaders operate within the financial services sector, and the majority of these offer traditional



services. However, none of them operate 'traditionally' and they have a single unifying objective – to put their customer first. They focus on making a difference to the customer's life, driven by ethical and sustainable objectives. As an example, Folksam helps its customers choose environmentally friendly insurance solutions by certifying some of its offerings under the well-recognized Swedish standard *Bra miljöval*.

When it comes to entertainment & leisure, being convenient and offering personalized experiences are the most important factors for the customer experience leaders, which to some extent is the nature of the sector.

A closer look at the leading brands

Looking at individual brands, non-grocery retail brands have a strong position in the Swedish market taking no less than the top three positions in the ranking. Apotea ranks first as the top-performing brand from a customer experience excellence perspective.



Apoteket and IKEA come next in second and third place, followed by Budbee, Spotify, Netflix, and ICA.

But what is it that makes these brands successful? According to Swedish consumers, the top-performing brand Apotea wins the hearts of its customers by always living up to its promise to deliver orders quickly and on time. Consumers also comment on Apotea's wide selection of products, good prices, and the simplicity of purchasing goods.

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Ordering from Apotea is incredibly smooth and goes awfully fast. Apotea has a simple, hassle-free website, they offer good prices, fast delivery, and a large range of products. I always use the Instabox delivery option, which is also free, and available for convenient pick-up on my way home from work. I've never had a problem with Apotea!”








CONSUMER OPINION OF APOTEA

Apotea also leads the market in no less than four of the Six Pillars, namely; Personalization, Time & Effort, Expectations and Integrity (8.38). Apotea's ability to perform well across the pillars truly demonstrates the success of their customer experience excellence strategy – to make it easy and convenient for consumers to get their pharmaceutical products home.

In second place in our survey, Apoteket stands out as the market leader for Empathy. The brand's customers also emphasize the service-mindedness of Apoteket's staff and comment that they feel confident in their knowledge of pharmaceutical products and health concerns. It is noteworthy that Apoteket, a predominantly non-digital company compared to Apotea, scores high in the pillars reflecting the face-to-face interactions, such as Empathy.

IKEA, Sweden's third bestperforming brand, is recognized for its out-standing ability to resolve customer issues and going the extra mile for them.

Key drivers of Customer satisfaction in each industry

	Personalization Time & Effort
Entertainment & Leisure	
	Time & Effort
Financial services	
	Time & Effort
Grocery Retail	
	Time & Effort
Logistics	
	Personalization Time & Effort
Non-Grocery Retail	
	Personalization
Public Sector	
	Time & Effort
Restaurant & Fast Food	
	Personalization Time & Effort
Telecom	
	Personalization
Travel & Hotels	

Consumers also appreciate IKEA's broad range of products and feel that they get good value for money. And importantly, consumers say that it's fun and inspirational to spend a full day in one of IKEA's stores, indicating that IKEA is able to offer both relevant products to its customers and a real experience.

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IKEA is my favorite shopping experience, every now and again I go just for a snack, and at other times to shop. They are the best.”

CONSUMER OPINION OF IKEA

A slightly more nuanced picture emerges when looking from an age-group perspective. Whilst the overall high-ranking Apotea holds the leading position for both the 36–55 and 56+ age groups, Spotify is recognized as the customer experience leader for consumers aged 18–35.

Convenience and trust are key

As evidenced by the Swedish market leaders, the convenience of the shopping experience and integrity of the brand both play a large role in gaining the loyalty and advocacy of customers.

Consumers do not indicate that the emergence of Covid-19 has significantly impacted the way they interact with any of our leading brands. Nonetheless, there is a need for convenient and effortless shopping experiences and a desire to do business with companies that consumers identify with and trust. This also resonates with key trends in the retail sector, where we find

our top three leaders, as companies reshape their businesses towards the new reality.

Poor customer experience more detrimental in the New Normal

When asked about the influence of COVID-19 on their decision-making, 20 percent of respondents in a global KPMG study¹ expressed that they were willing to actively switch vendors due to COVID-19. Hence, it is increasingly important for businesses to align with new customer behaviors by maintaining an agile mindset and acting quickly. This requires both strong customer insight capabilities and an organization that is connected so that it can be steered by these insights.

Key takeaways

- The key to winning the hearts of Swedish consumers seems to lie in creating a convenient, effortless and personalized customer experience.
- Showing empathy has a strong impact on customer satisfaction for businesses where face-to-face interaction continues to be important.
- Swedish consumers do not indicate that the emergence of COVID-19 has significantly impacted the way they interact with any of our leading brands.

CEE Leaders per age group



Age 18 to 35

1. Spotify
2. Netflix
3. IKEA

Age 36 to 55

1. Apotea
2. IKEA
3. Apoteket



Age 56+

1. Apotea
2. Apoteket
3. ICA



Customer Experience Excellence Leaders

The 50 best-performing B2C brands in Sweden

 Non-Grocery Retail  Grocery Retail  Entertainment & Leisure  Financial services  Telecom  Restaurant & Fast Food  Logistics  Travel & Hotels  Utilities  Public Sector	01	Apotea	02	Apoteket	03	IKEA
	04	Budbee	05	Spotify	06	Netflix
	07	ICA	08	Willys	09	Avanza
	10	Halebop	11	Specsavers	12	Max
	13	Akademibokhandeln	14	Glas Ohlson	15	Skandia Bank
	16	City Gross	17	Comviq	18	Handelsbanken
	19	SF	20	Folksam	21	Stadium
	22	Coop	23	Länsförsäkringar Bank	24	H & M
	25	ICA Banken	26	Adlibris	27	Klarna
	28	Hemköp	29	SVT	30	Intersport
	31	NetOnNet	32	Länsförsäkringar Förs.	33	Nelly
	34	Lidl	35	Ellos	36	PayPal
	37	MIO	38	Lindex	39	If
	40	Blitema	41	Espresso House	42	SR
	43	Tele2	44	Skatteverket	45	Pressbyrå
	46	Gina Tricot	47	Viaplay	48	Elgiganten
	49	MatHem	50	SEB		

How the Six Pillars impact loyalty and advocacy

The Six Pillars do not just define Customer Experience Excellence; they predict commercial success. Strong performance across The Six Pillars leads to improved brand loyalty and advocacy.

To create a truly successful customer experience, companies need to abide by all The Six Pillars as together they build a leading experience. However, certain pillars are more closely associated with driving specific customer outcomes such as loyalty and advocacy.

Consumers want a personalized affair

In Sweden, Personalization is the key driver of consumer loyalty. This reflects what we see globally where Personalization is the pillar that most strongly drives loyalty in 19 of the 27 markets surveyed.

This implies that customers tend to return to brands that have been able to show that they know and value

the individual customer by adapting their interactions and offerings based on individual customer needs and behaviors. It also provides a strong business case for investments in technology and capabilities that enable advanced customer profiling, as retained customer loyalty increases the average customer lifetime value.

Trust matters most

When it comes to advocacy (also referred to as the 'Net Promoter Score' or 'NPS'), our survey indicates that what matters most to Swedish consumers when recommending a brand is the integrity of that brand. This once again reflects the international results, with Integrity being the strongest driver of advocacy in 18 of the 27 markets.

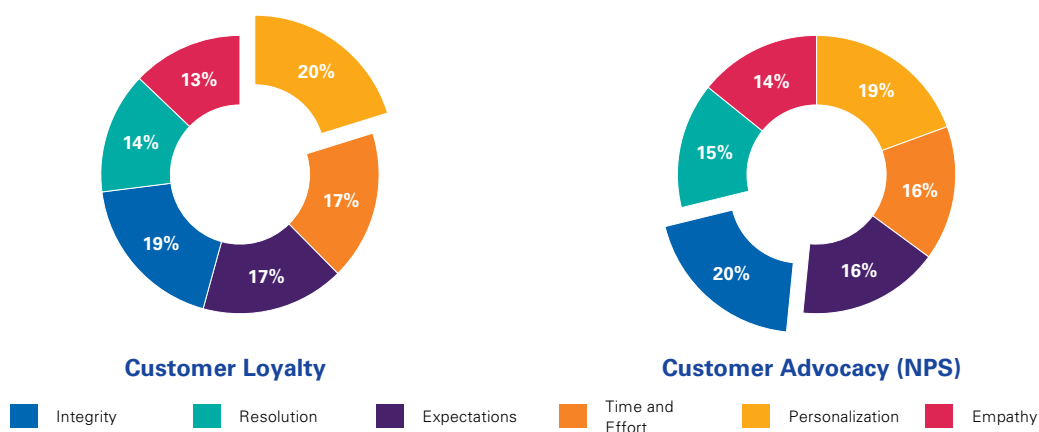
Essentially, integrity is the trustworthiness of a brand, actualized through public points of view, the individual actions of staff during customer interactions, and doing the right thing. Accordingly, brands that have stepped up during COVID-19 times and acted in the best interests

of their customers and employees, such as putting safety before profit, stand to gain greatly in terms of advocacy. During these times companies must go beyond just delivering on the brand's promise and deliver on their responsibility as members of society.

Stay alert – liking does not equal loyalty

In the Swedish market, we do not see a significant correlation between loyalty and advocacy – a customer who repeatedly interacts with a brand may not necessarily recommend it to others, and vice versa. Consequently, companies need to invest in driving both of these to truly maximize customer lifetime value and the ROI on Customer Experience initiatives. This is particularly relevant in industries with few but large players, where customers have fewer options (banking, transportation, logistics). Companies in these industries especially need to be vigilant to emerging disruptors, as previously loyal customers may abandon them for a more attractive option.

How do the Six Pillars drive Advocacy and Loyalty?





Get personal

Personalization is about using individualized attention to drive an emotional connection between an organization's brand and its customers. It is when organizations demonstrate that they understand the customer's specific circumstances and adapt the experience accordingly. The imperative to personalize customer interactions is not new to most brands, yet most organizations still struggle with creating a personalized experience in practice.

The difficulty lies in understanding how to build elements of personalization into customer journeys that will leave the customer feeling that they have received specific and individualized attention and that they are valued, important and in control. Investments in personalization have been shown to create a loyal consumer base; in our study, personalization is the key driver of consumer loyalty.

Personalization goes hand in hand with knowing your customer. It is therefore difficult to succeed in offering personalized products and services without customer insights. Any brand can design personalized interactions that reflect signature elements of the brand and apply them across the entire customer journey. The task of the business will therefore be to decompose insights together with its customer journey and include signature elements that drive a personalized experience at touch points where it makes sense to do so.

What might these elements of personalization be? It is important that organizations show that they know their customer and recognize their history together. Use of name, individualized attention, knowledge of local habits, preferences, and past

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Personalization goes hand in hand with knowing your customer.”

interactions are key elements that combine to create an experience that feels personal. As an example, the Swedish online reseller Apotea has added a personal element to its website. It offers its customers different live sessions during which the customer can pose questions to licensed pharmacists, vets, and others about specific topics. The company was also quick to identify that long delivery times were a pain-point for many customers. So it developed good relationships with logistic companies such as Budbee to significantly shorten the time and deliver straight to the customer's door, if required.

The customer can also choose which shipping method, delivery point and notification method best suit them. This is also a great example of an organization that connects its customer insight to organizational process to quickly deliver a better customer experience.

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Any brand can design personalized interactions that reflect signature elements of the brand and apply them across the entire customer journey.”

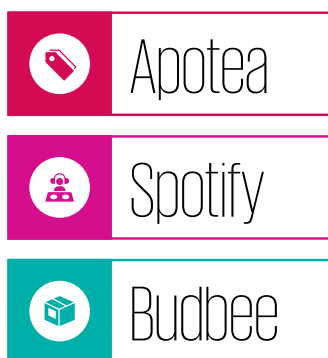


Spotify ranks in the top three for personalization, which is not surprising given how it manages to turn customer insights into personalized playlists for its customers. Similarly, Netflix uses its customer insights to create personalized recommendations for customers. Not only does the company recommend shows and movies to its customers, it also creates new shows and movies based on the shows and movies that have performed well in terms of number of views and engagement.

Airlines are an example of brands operating in the physical sphere that use customer insights to provide a personalized experience. Today airline stewardesses increasingly use in-flight tablets to keep track of passengers' connecting flights, loyalty program passengers, and customers that need special attention.

But good examples can be found everywhere. During the COVID-19 crisis, many companies responded to their customers' new circumstances in innovative and relevant ways, and without too much upheaval. Supermarkets adjusted their opening hours and delivery options to accommodate people in risk groups, and restaurants and cafés modified seating arrangements to ensure customers could comply with social distancing recommendations. But applying personalization to customer interactions during the crisis has been about more than adapting to customers' new circumstances. It has involved enabling customers to remain in control of their lives by helping them to understand what can be done for them, what they must do themselves to get the service they desire, and helping them through that process.

Leading brands in personalization



How to become a CX leader in the New Normal

- Develop an emotional connection between your brand and your customers through personalized experiences.
- Use customer insights to offer customers a personalized service.
- Include key elements such as knowledge of preferences and past interactions to create an experience that feels personal.



Embrace empathy

Creating deep, meaningful, and human connections with customers and colleagues has never been as important as during the current COVID-19 crisis. When stressed or in unfamiliar circumstances, people tend to act in ways that they otherwise would not, and are more likely to respond based on fear and anger, or to feel overwhelmed. In times like these, organizations must act with empathy and try to see the world from the customer's perspective. Those that do stand to secure long-term loyalty from their customers.

Regardless of customer age, empathy seems to be the hardest pillar for Swedish organizations to master; of all the pillars they score the lowest for Empathy. Our research also indicates that brands that have face-to-face interactions with their customers tend to have higher scores for empathy than those that only have digital channels.

Being empathetic is all about showing that you understand someone else's experience. For an organization, interacting empathetically requires connecting employee development to customer needs. This means investing employee time and effort into understanding what is important to any given customer and how the customer feels at a given moment. To create memorable experiences, employees should then use this knowledge to adjust their approach and go that one extra mile for the customer, responding to the customer's individual situation.

During uncertain times in particular, it is essential that companies show that they care about their customers and employees. During COVID-19 we've seen that safety and wellbeing have become top concerns for consumers and businesses globally. Companies that have invested in ethical behavior

stand to reap the benefits of these investments as they are now able to connect emotionally with their customers. Acts of kindness help both to safeguard a company's business and customer loyalty and also create growth and prosperity.

It may not come as a surprise to find Apoteket, a leading Swedish pharmacy brand, ranking highest in the Empathy pillar. Empathy is of course an integral part of a pharmacy's business model. It may however be more surprising to find a logistics company among the top three organizations when it comes to empathy. Budbee, a leading Swedish logistics company, has acted empathetically in a number of ways during COVID-19. As an example, consumers can now choose to have their package delivered and left outside their door.

“**Regardless of customer age, empathy seems to be the hardest pillar for Swedish organizations to master.”**



“

Being empathetic is all about showing that you understand someone else's experience.”

Leading brands in personalization



The consumer immediately receives a notification with a photo of the package and can pick it up without having any human contact. Budbee has also temporarily changed their process for deliveries. Whereas previously Budbee asked for a form of identification or needed the consumer's signature, they now inspect the ID card only and skip the signature to limit human contact. Budbee is one of many organizations that has been able to show empathy even without face-to-face interactions.

Although not a Sweden-based story, IKEA provided a great example of how to act with empathy for its customers back in 2018. A massive accident occurred on the M25 in Thurrock, England, stranding hundreds of motorists and forcing people to sleep in their cars overnight. The local IKEA had almost

200 customers in the store at the time, with no way to get home. Recognizing that their customers were trapped, the store offered them beds in-store to relax and sleep. This is a clear example of the principle that if you want customers to care about you, you have to care about them.

How to become a CX leader in the New Normal

- Show your customers and your employees that you care to create growth and prosper.
- Invest in ethical behavior to connect emotionally with your customer and secure long-term loyalty from your customers.
- Invest in your employees: Staff that understand what is important to the customer will succeed in conveying empathy.



Act with integrity

Integrity fuels trust. It is doing the right thing, ensuring the needs of many are met, prioritizing safety, protecting the vulnerable, and being seen to act fairly and in the best interests of all customers. Trust influences consumers' purchase decisions but it is not a new concept. However, for the first time, consumers have seen organizations putting the wellbeing of their customers and their employees ahead of profit.

COVID-19 has brought about a consumer that is more selective in their decision making. Customers are looking for businesses that demonstrate and build trust. Aspects such as brand, purpose and reputation are equally as important as safety, security, convenience, and certainty in the consumer's decision-making process. How a company acts in the midst of a crisis will influence whether their customers are likely to trust and/or continue purchasing from them now and in the future and encourage others to do the same. Our study shows that in Sweden, integrity is the key driver of advocacy.

Organizations are actively seeking to do right and act ethically in these circumstances. During the crisis, many companies showed that they were able to respond to their customers' and society's new circumstances.

As an example, Apotea, a leading Swedish pharmacy, adapted quickly to the new customer by rapidly enhancing the performance of its digital channels and offering same-day delivery of its products. The company has also started offering customers COVID-19 Home-Swab and Antibody Tests in an effort to contribute positively during the ongoing pandemic.

Interestingly, Skatteverket, the Swedish tax agency, ranked among the top 20 brands within the Integrity pillar. Swedish citizens have turned to the tax agency for answers during these times. In response, Skatteverket has succeeded in acting as a trusted partner to the Swedish population regarding concerns about personal finances in these uncertain times.

Ultimately, acting with integrity is important because consumers are loyal to organizations they trust. Especially in times of crisis, investing in the customer will be repaid with loyalty. Moreover, the pillar of Integrity has become more important to the employee experience. How can customers be expected to trust an organization if its employees don't? If customers are served by employees who are stressed, unhappy and demotivated, the overall customer experience is stained as a result. Customer loyalty grows if customers receive a positive and honest experience from the organization. Integrity leads to lower staff turnover, an increase in customer retention and customer growth, and the related financial rewards of these.

Leading brands in personalization



How to become a CX leader in the New Normal

- **Create trust to ensure your consumers advocate your brand.**
- **Remember the key elements of trust: purpose, reputation, safety, security, convenience, and certainty.**
- **Ensure your employees are happy and motivated, and trust your business to excel in customer experience.**

Get closer to the new customer



Most business leaders agree that a deep understanding of their customers is absolutely essential to succeeding in an ever-changing marketplace. But today's digital advancement is accelerating the pace of change in customer behaviors. In this context, can organizations truly claim that they really understand their customers? Businesses can no longer rely on being reactive to the new habits and needs of customers. Like our customer experience leaders, they need to adopt that agile, proactive connected enterprise way of thinking. Anticipating how customer behavior will evolve is equally important to remaining relevant and driving customer loyalty and advocacy.

Personal attention online drives customer satisfaction

According to consumers in the Swedish market, organizations that excel in offering a personalized experience throughout their different channels achieve significantly higher customer satisfaction. Companies that operate web channels but lack personalization capabilities do not achieve greater satisfaction than companies that operate through physical channels only. Thus, to increase customer satisfaction and ultimately generate sales and grow their business, organizations need ensure they know their customers well enough to design relevant personalized interactions across both physical and digital channels.

Gaining insights into who your customers are requires data. Being data driven requires digital maturity. Modern digital solutions enable businesses to tailor marketing and customer communication to a hyper-personalized level. This is an area that has seen extensive digital progress in the last few years. Spotify is a good example, and one of the customer satisfaction leaders according to our research.

The company leverages highly sophisticated algorithms to generate personalized recommendations and a daily personal playlist, that also helps customers to fulfill latent needs and find new music based on their current personal taste. Customer comments from our survey agree, personalization drives customer satisfaction.

A broad range brings broader responsibilities

According to our research, many customers enjoy the wide range of products or services that businesses such as Apoteket, Apotea, ICA, Willys, Spotify, and Netflix offer. However, the research also indicates that, in some cases, a wide range risks undermining competitive edge by making it harder for customers to navigate past non-relevant offerings and find what they need. In some industries businesses that aim to have a broad market fit rank in the lower half when it comes to customer satisfaction, due to low scores in time and effort. As an example, we see that several large banks struggle to score well in customer satisfaction, where more niche and digitally enabled banks such as Avanza lead the industry.

**“
Love to listen
to my favorite
music and getting
recommendations
on new artists is
also a plus.”**

CONSUMER OPINION OF SPOTIFY



This suggests that the key to success seems to be how businesses help their customers find the right product or information by leveraging insights and offering efficient and easy-to-use filtering possibilities.

A connected enterprise can act on insights

We have established that customer insight is important. But knowing the customer is not enough; organizations need to act like they know them too. Global KPMG research indicates that current customer experience leaders align the entire organization to be able to excel in customer-facing interactions. They shape business strategies based on customer insight and focus the entire organization on delivering on those strategies. Only these truly connected businesses can claim to deliver an intentional customer experience across all touch points. Strong customer insight capabilities are necessary for getting the strategic positioning and customer experience designs right.

A long-term customer focus makes for smart investments

Transitioning into a customer-first organization requires a long-term perspective of the customer. What do customers need today, what will they need in a year from now, and in 5-10 years from now? There is a tendency

for businesses to focus solely on generating new sales, sometimes forgetting to reflect on how each customer's needs will change over time. It is this long-term view that will ensure organizations make smarter investments that enable them to stay relevant through a larger part of the customer's lifecycle. It also creates a focus on offerings that attract the right customers – those that will generate a return on investments over a longer period of time, rather than those who make a single purchase and then move on.

When connected organizations let customer insights guide strategic positioning, investments and how the business is run, they stand to gain more loyal customers generating a more long-term and stable income. And since loyal and satisfied customers are more likely to tell their friends about a company they prefer, the number of new customers are boosted through advocacy.

Winning in the New Normal needs strong customer insight and structured consumer data

As mentioned, understanding where customers are heading in life and anticipating future needs is central to maximizing customer lifetime value. However, also being able to rapidly change direction in the face of unforeseen events, such as the

current global pandemic, will most certainly turn out be fundamental in order to weather this and future storms. Strong data analytics capabilities that enable close to real-time insights about customer behavior will therefore become a powerful tool for organizations to quickly adapt to responding to the new customer in the New Normal.

One way for organizations to progress further in data analytics is to drastically increase the number of digital touch points with customers. More touch points allow more structured consumer data to be gathered, thus enabling businesses to derive greater value from their own investments in highly developed customer insight capabilities. In response, customers rate such companies that focus on analytics-driven personalization as some of the top digital experience providers post-COVID. Apotea is a perfect example. The company has managed to leverage early investments in data management and analytics to transform its customer interactions, by increasing personalization while remaining centered around the customer base.

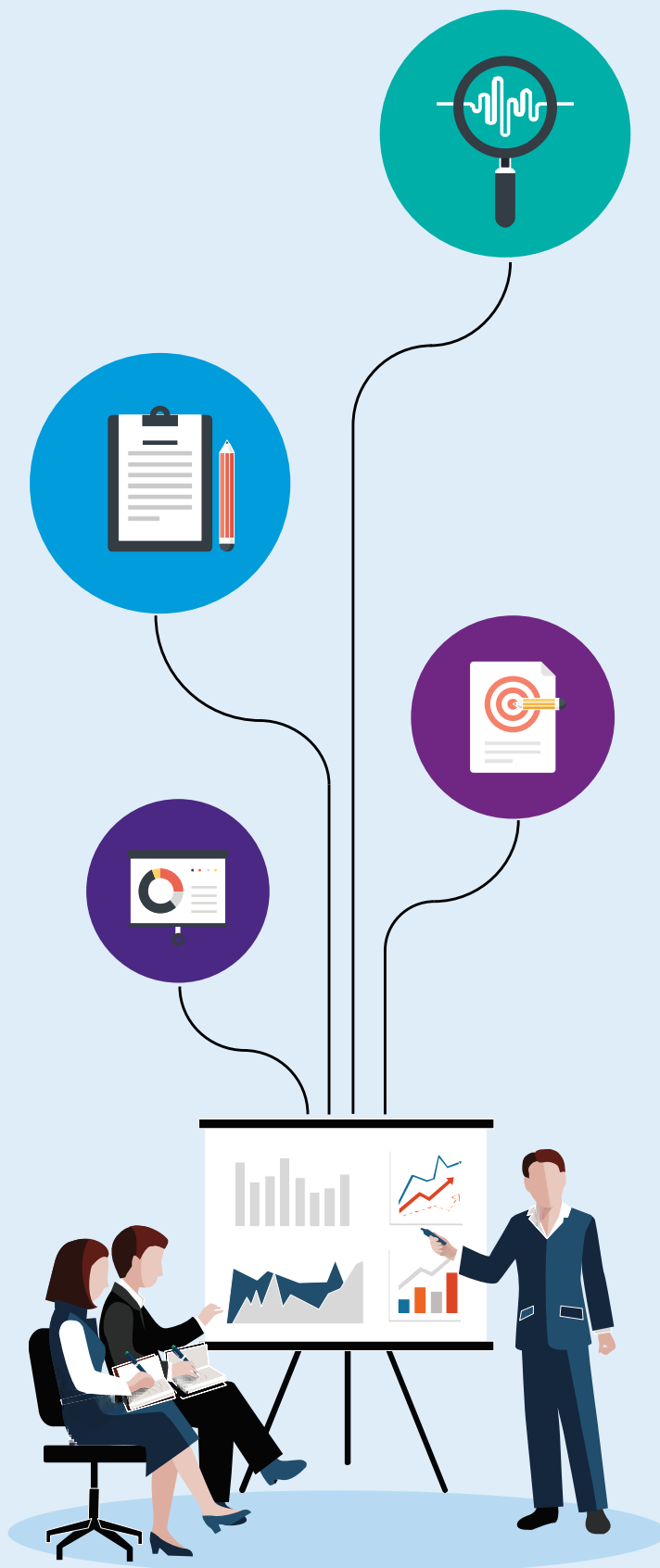
For digital natives such as Apotea, collecting structured data is often less complex than for non-natives. As a result, they are well-equipped

to understand and predict customer behaviors and quickly adapt to emerging needs and preferences, thus getting a head start in the marketplace. It is this connected organizational capability that may have contributed to Apotea managing the shift in expectations during the second quarter of 2020 with such great success.

Despite these turbulent times, it is important not to stop ongoing customer insight initiatives. On the contrary, now more than ever organizations need to listen to customers and understand what they are going through. It is a time for focusing on how the company can help, rather than overdoing sales. Acting with integrity now and nurturing long-term relationships will generate sales in due course as society slowly recovers.

How to become a CX leader in the New Normal

- **Invest in digitally enabled and datadriven customer insight capabilities.**
- **Ensure personalized customer interactions which promote relevant offerings that fit each customer's need, now and through the entire customer lifecycle.**
- **Be connected. Align the organization to insight-driven strategies, from front office through to back office, to ensure that an intentional customer experience is delivered across all touch points.**
- **Focus on satisfying customers that stay longer and spend more over time, this in turn will help business promotion.**
- **Strengthen customer insight capabilities based on structured consumer data so as to quickly adapt to the New Normal.**



How to deliver digital experience excellence through customer insights

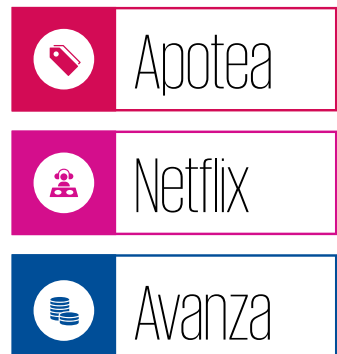
It is not news to anybody that the digital experience will become the main battlefield for winning customers in all industries going forward. Indeed, the results from the Swedish study show that the web is already the most common channel through which customers interact with a company.

However, offering a digital interaction is no longer in and of itself considered a value add. This is clear in the




research data; there is no correlation between customer satisfaction and web presence alone. It is the quality of the digital channel that adds value in the eyes of the customer. This is where customer insights come in. The leading companies in our study use insights not only to improve the user and customer experience, but also to add value to the customer.

So, inspired by the leading brands according to Swedish consumers, below we highlight three ways that brands can leverage insights to excel in the digital experience and win in the New Normal.

Web channel leaders



Key themes observed in CEE leaders in the Swedish market¹

 <p>Use digital channels and customer data to personalize the customer offering</p>	<ul style="list-style-type: none"> • Our research shows that web-strong organizations score significantly higher on Personalization and Integrity. We see that leading digital brands have managed to use data and insights to build a tailored experience for their customers, while maintaining the customers' trust in them by keeping customer data and personal integrity safe from unwanted exploitation. • Spotify's personalized playlist is frequently mentioned as a popular product. Consumers also appreciate the ease with which they can create their own playlist, which caters to their personal and specific needs.
 <p>Use what you know about the customer to make it easy for them</p>	<ul style="list-style-type: none"> • Knowledge of preferences and past interactions can be used to create an experience that feels personal and minimizes nuisances, such as pre-filled address and order information. • Netflix recommendations is frequently mentioned as an appreciated service that helps customers explore new content and find new favorites to add to their watch lists.
 <p>Think outside the box: Look across industries and age bands for inspiration</p>	<ul style="list-style-type: none"> • Our experience with a brand will always be compared to our best experiences, regardless of the industry with which we are interacting. • Entertainment & leisure (Netflix, Spotify, Adlibris) lead the web channel experience, as does FinTech on a sub-industry level. These industries also rank higher among younger respondents, an indication of what the customer of the future expects from brands.

¹ Data gathered from customer comments, sentiment analysis and CEE-scores

F2F and digital interactions need to work in harmony



Previously companies viewed the digital experience as something that should complement but not replace face-to-face (F2F) interactions. However, consumers in our study confirm recent views that brands that top the list for customer experience are those which succeed with their digital channels. The future calls for a shift towards the digital experience, but the role and purpose of the F2F interaction remain important. Our research also shows that organizations still need to make the most of the benefits of human connections in the physical interaction with customers.

Sweden's top performing brands recognize that the digital experience is an integral part of their customer experience. Perhaps not surprisingly, our study shows that a strong web performance closely correlates with each of the six pillars of Customer Experience Excellence, indicating

that the better the digital experience, the stronger the overall customer experience.

Recent KPMG research suggests that most customers are now comfortable using some form of online channel¹. In the future this may impact the visiting frequency to physical stores. This is a trend that seems set to continue, with approximately 50% of consumers stating that their new behavior will persist.²

Even before COVID-19, it was becoming increasingly clear that store-based retail had passed its peak. While many physical stores will certainly return to growth, the days of being able to drive growth solely through physical stores are over³. IKEA's kitchen planner pop-up store in Stockholm is a good example of how businesses can use the physical experience and connect it to the digital experience. Customers can go into the store for inspiration, to feel the materials and to talk to knowledgeable specialists for planning and ordering home-delivery kitchens. Customization of the kitchen and order processing are done through the digital channel, but the physical channel has a clear and supporting purpose in the customer experience.

Differentiate through empathy

So, what is the future for the physical customer interaction? The store still has a future, but it will simply have a different role in serving the customer. During the COVID-19 pandemic, local stores have shown their compassion for the elderly and the vulnerable by going the extra mile to adapt to customer wishes, for example through personal delivery of meals. This creates a sense of community spirit within the local shopping neighborhood⁴.

Our research indicates that brands can bolster Personalization using both physical and digital channels, depending on the customers' particular needs. Empathy, on the other hand, appears to be more difficult to build via online channels and has the lowest correlation with web-channel satisfaction. Conversely, frequent F2F interactions increase the likelihood of higher customer-perceived empathy.

Nearly 60% of marketers say that it's difficult to replicate F2F experiences with customers using digital tools⁴, so there is clearly still a place for F2F interaction. To strengthen physical interaction as a complement to the digital experience, organizations need to consider how to train staff in understanding customer needs and

1 KPMG Global Customer Experience Excellence 2020: Customer Experience in the new reality

2 Consumers and the new reality KPMG International, 2020

3 Global retail trends, KPMG International, 2020

4 HBR, Scaling Human Interaction in Customer Experience



feelings, and responding to them in an empathetic and human manner.

F2F channel leaders



Deliver the full brand experience through physical interactions

Digital and physical channels work best together when they fulfill different purposes. The digital experience serves the convenience of online shopping. Physical stores, on the other hand, can give a more holistic sense of the brand by addressing all five senses, and also create excitement. In some cases, such as IKEA, the physical store serves as a source of inspiration and even a day-out walking around

the store and gathering ideas for a new home or a home makeover. According to our research, the sub-industries that lead in F2F satisfaction are pharmacies and book retailers. These also put great efforts into guiding the customer through their different products, through the staff and layout of the store.

Develop your people to be customer excellence champions

Sentiment analysis of consumer responses indicates that helpful and knowledgeable employees have a significant impact on the customer experience and can even motivate other strong influences on the experience, such as pricing. According to our global study, value for money has increased as a driver of loyalty. However, responses from Swedish consumers indicate that while value will go so far, interactions with professional staff can motivate a higher price point. In our study, Apoteket and Akademibokhandeln are two examples of Swedish organizations that are heralded by consumers for their competent and helpful staff. The staff in these stores seem to go beyond just answering customer requests, to showcasing new products and experiences to customers in a professional and engaging way.

Staff that are trained in these essential customer-experience behaviors are also better able to capture customer behaviors and preferences to serve as key insight into how to further develop the customer experience.

How to become a CX leader in the New Normal

- Use face to face interaction to build empathy and a human connection with your customers.
- Develop the physical experience into a true experience for the customer, not simply to purchase, but to be inspired by products and services.
- Invest in your people: knowledgeable and helpful staff are key to building the customer experience.

The New Normal – a contactless world

This new reality will present businesses with new challenges. Consumers have already started to live their lives differently as a result of COVID-19 and the new consumer embraces the simplicity with which they can interact with organizations through digital channels.

It is still too soon to predict the final impact of the COVID-19 pandemic on our interactions with organizations. However, it's clear that in the new reality we are already putting more emphasis on convenience, time, and above all safety as we interact with organizations.

Sweden did not undergo a lock-down in the early days of COVID-19 and instead significant weight was placed on individual responsibility to prevent the spread of the virus. Consequently, physical stores have not had to shut down to the same extent as in other countries across the globe. Our study reflects these circumstances, as almost three-quarters of all consumers stated that they did not significantly change the way they interacted with brands. Nonetheless, brands in Sweden still need to adapt to a new reality where digital interactions dominate over the physical, and consider how they can provide a safe space for physical

interaction as we move into the New Normal.

Safe physical interactions can provide new opportunities

Stores and physical spaces need to be shifted into a self-service world, where touchless shopping and contactless payments will be the new norm. Globally 82¹ percent of consumers stated that they are more likely to use digital wallets or cards in the future.

Across all industries, organizations have innovated with customer-centric adaptations, such as quickly switching to new service offerings, and some of these might just be here to stay. For example, restaurants have been quick to respond to consumer demand by transforming their usual in-house services into takeaway services. In the New Normal, this is something customers will continue to expect, and it is also a source of new revenue streams².

In another example, Pressbyrå has recently launched its first Go-concept – a staffless store where all tracking and interaction takes place through an app. In the retail industry we are likely to see more of this. These types of new interactions allow organizations to more naturally invite their customers into their digital channels, thereby exposing the customer to more options and deals, thus creating another revenue stream.

Our global study shows that consumers will go to physical stores

only when the price is right, when it is convenient, and when it is safe to do so.

The more digitally savvy customer is here to stay

The greater focus on digital channels will continue as we move into the New Normal. According to our global study, three times more consumers will use online channels (websites, SoMe, apps) as the primary channel of communication post-COVID.¹ Customers expect retailers to focus more on social distancing methods and low-cost (if not free) delivery – a key factor for customer satisfaction in the world of digital commerce.

A good example of this is provided by our highest-ranking brand this year, Apotea, which offers free delivery with a range of delivery services. This is one of their core pillars, and has no doubt helped them gain customer loyalty during the pandemic.

Budbee is another brand that consumers say truly stands out in the logistics industry. The company focuses on making it easy for the consumer to choose a drop-off time and place. During transit, consumers can easily follow their package real-time on a map view and see when it is to be delivered. In addition, Budbee's pick-up service, which customers can use at their convenience, is highly appreciated.

The digitally savvy customer and the increased pressure for digital channels also requires significant

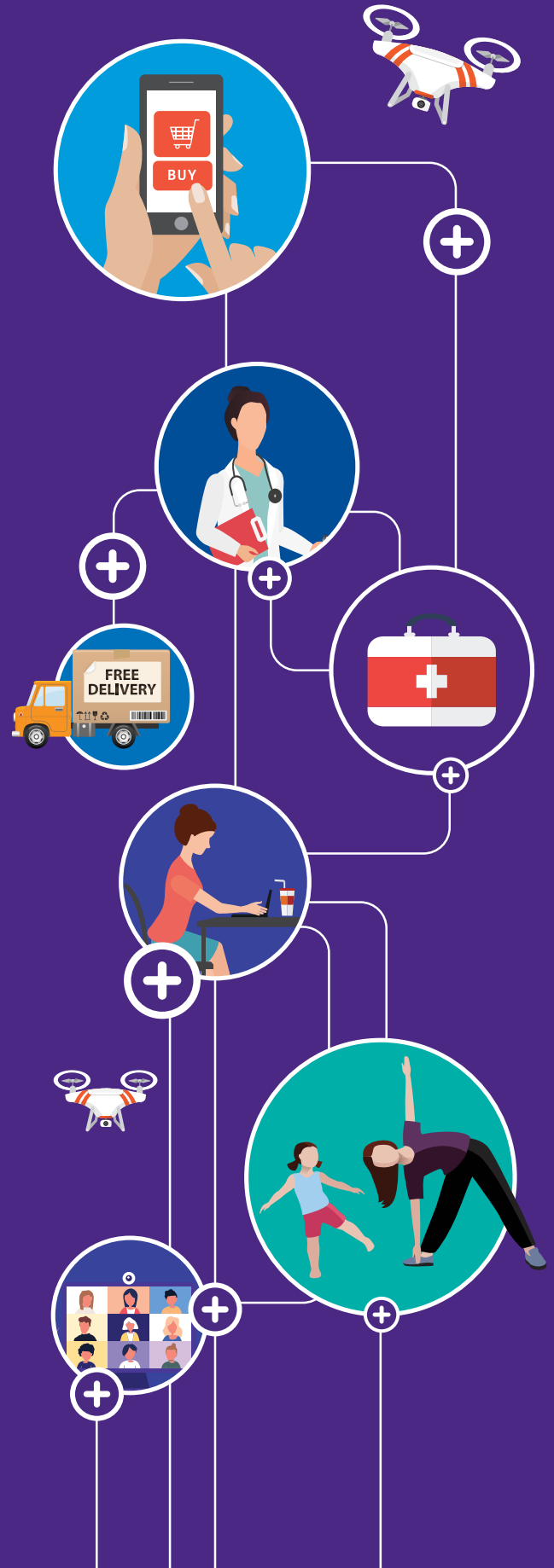
¹ Consumers and the new reality KPMG International, 2020

² KPMG UK, 2020: Customer connections

investment in digital customer service capabilities. Organizations should be prepared to scale their digital customer service capability up or down to meet fluctuating customer demands and uncertain market conditions. Investment in technologies such as chatbots, AI and automation can greatly relieve customer service traffic, and let humans focus on the more complex customer issues.

How to become a CX leader in the New Normal

- Create a safer physical space with contactless and touchless as the new normal.
- Strengthen price perception and convenience in online channels.
- Offer a range of delivery options, and provide them free of charge (or as low cost as possible).
- Prepare to upscale online support, both through staff and using automation and AI technologies.



Connected Enterprises are set to succeed in the New Normal

According to our global study, companies that are agile, responsive, and digitally enabled have been better able to navigate the effects of COVID-19 and lockdown. These are connected enterprises that have a 360 view of their customers. We have referred to connected enterprises throughout this report, below we describe in more detail how they operate.

Connected enterprises use data to gain a holistic understanding of their customers and do so securely and with full respect for customer privacy wishes. Moreover, a connected enterprise develops compelling customer value propositions including price, products and services to engage the most attractive customers and drive profitable growth. It innovates with the needs and priorities of customers in mind and, by anticipating where demand is moving, builds competitive advantage.

Connected enterprises use customer experience design to respond to the challenges they face and apply both an inside-out and an outside-in perspective in the development of experience design. Consequently,

they can respond rapidly to evolving customer demands and marketplace dynamics. The connected enterprise is a relationship business, engaging with prospects and customers at multiple touchpoints and ensuring an integrated experience across them. Whether the customer's entry point is marketing, sales or service, the business delivers a joined-up experience and provides the opportunity to buy across the marketing, sales and service lifecycle while making the customer feel valued. The business works together across functions to achieve measurable results.

Connected enterprises know they must have the right operations practices and supply chain in place if they are to execute on their promise to customers. They operate the business with efficiency and agility to fulfil the customer promise in a consistent and profitable way. They have the right enterprise decision analytics, operating models, and procurement services in place.

A connected enterprise has an agile organizational structure that is ready to adapt. The company attracts and recruits the right type of people, it builds and instils a customer-centric culture, and it inspires people to deliver on the customer promise and drive up business performance. Employees in connected enterprises are also given the right skills through training in order to deliver on the customer promise.

Connected enterprises are able to architect, engineer, enable, and operate intelligent digital services, technologies, and platforms to deliver on the customer promise in an agile, cost-effective and scalable manner while maintaining security. They develop secure, scalable, and cost-effective solutions that also support customers, employees, and partners to work effectively.

No business does it all themselves. Every business relies on its partners. Connected enterprises successfully engage, integrate, and manage third parties to increase speed to market, reduce costs, mitigate risks, and supplement capability gaps to deliver the customer promise. They develop trusted relationships with their partners and build a competitive edge together.

“

No business does it all themselves. Every business relies on its partners.”

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