Value
and values

UK Customer Experience
Excellence report 2022

KPMG

KPMG nunwood | Excellence Centre

Contents

Foreword

We are about to enter some of the most difficult trading conditions the UK has ever experienced. Macroeconomics, geopolitical tensions, broken supply chains and the cost of living crisis are shaping an excruciatingly complex business environment.

To survive, executive teams will need to manage enterprise-wide costs more than ever before. For the most resilient firms this will mean more than simple efficiencies, but faster implementation of leaner, more digital business models.

Every lever that can be pulled must be pulled: from cost-to-serve, to route to market, to overall portfolio costs. However, this alone won't be enough: shareholders will still expect companies to find new areas of growth, which will require huge sensitivity to the new customer reality.

" When it comes to value, values matter.

This year's Customer Experience Excellence report looks at this customer reality. In it, we see the economic backdrop is changing the balance between experience and value, as customers become increasingly focused on price. The current set of economic indicators suggest that this will continue to be the dominant pressure for the immediate future and will require many firms to reposition their brands and re-evaluate their offer.

But price is only one component of value: it is part of a wider physical and psychological experience. KPMG research has consistently shown that an essential part of the value equation is how the organisation's purpose resonates with the customer. Over time we have seen Integrity, one of The Six Pillars of experience, become more influential in determining whether a customer will stay loyal or advocate on behalf of a company.

Within Integrity comes purpose, namely what the organisation stands for, over and above making profits for shareholders. It answers the question "what would the world miss if the organisation didn't exist?" Our body of research has identified that excellence is rooted in a trusted purpose and customers have moved from "buying from to buying into". Customers are buying into the ethos of the organisation and increasingly its social, environmental and ethical commitments.

The consumer perception of value is increasingly being shaped as price plus customer experience plus purpose. Consumers assess value through their own personal value set, where the purpose of the business and its environmental and societal considerations are balanced against the price they are willing to pay.

In our study, almost 50% of consumers expressed a willingness to pay more for goods and services that reflect their values. Only 15% said they were not very or not at all willing. It is the link between value and values that has become increasingly important. When it comes to value, values matter.

Therefore, to grow, brands must provide customers with more value than ever before. However, there is a risk they get this equation wrong. Cost cutting and margin adjustment won't deliver this alone: it requires a deeper commitment to a higher purpose. Consequently, organisations must reconcile the cost of living crisis and a potential recession with this need.

In many instances in the UK, organisations are linking their purpose to their social, environmental and ethical commitments. It is how these organisations show sustainability across products, operations and supply chain that help define if it is successful in having a higher purpose. Customers expect every brand to play a role in this global agenda, showing they are changing the behaviour of millions of consumers across trillions of transactions.

In this report, against this backdrop, we look at who is getting the balance right. Those exemplars who are balancing the value of purposeful experience with the value of price. To deconstruct this we use The Six Pillars of experience, which once again provide the key determinants of success in an extraordinary world.

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for Sectors

Section 1

2022 key insights

In this report, our 13th annual review of UK customer experience excellence, we share the insights from our research with 10,353 UK consumers who have evaluated their experiences with 333 organisations featured in our rankings.

This year we focus on:
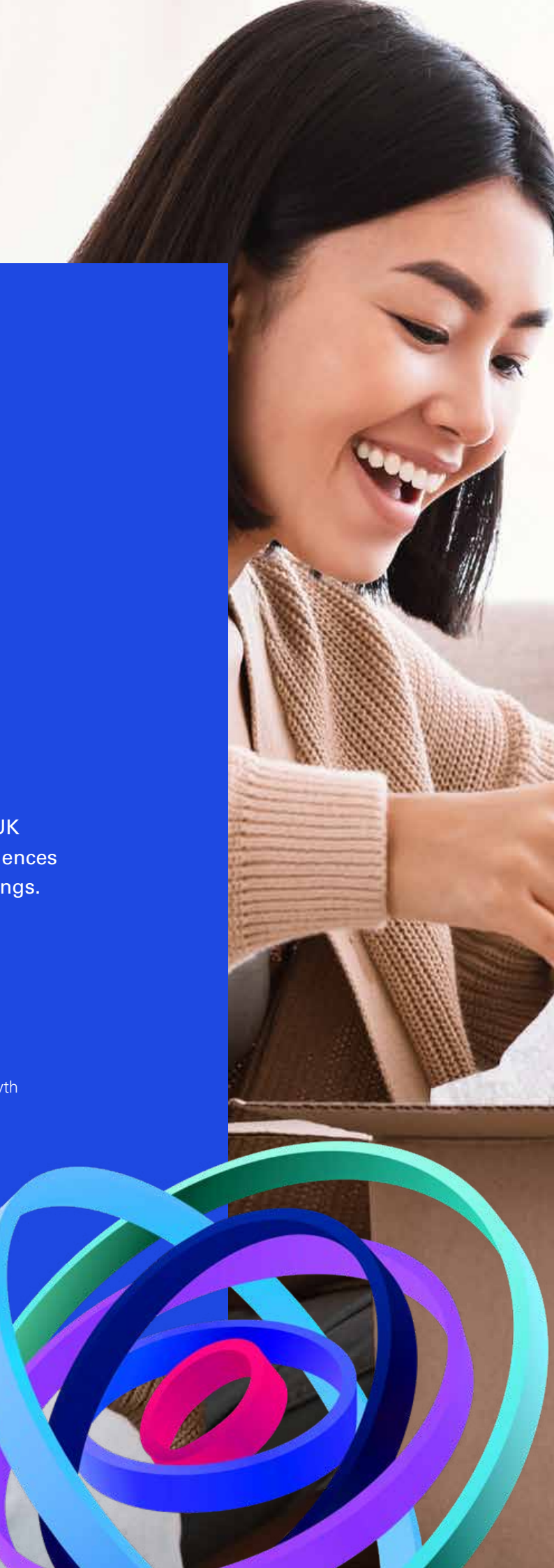
Who are the UK leaders and exemplars?

How do they deliver lower costs and higher growth businesses?

How do they manage their enterprise?

How do they create value for their customers?

This study is part of the global **Customer Experience Excellence** research programme, a systemic approach to identifying and communicating customer best practice for organisations to learn from.

13 years of ongoing research and signals analysis

39 markets covered

CEO and employee interviews

5.5 million customer evaluations

4,000 detailed brand reviews

550,000 consumers interviewed

This year's UK research took place between 15 June and 6 July 2022.

In addition to the consumer research, we have interviewed a number of senior leaders.

With thanks to:

– Gary Dannatt, COO, Pharmacy2U

– Claire Sharp, Customer Director, Northumbrian Water

– Jonathan Hirst, CEO, Dreams

– Paul Stokes, Head of Customer Value Management, M&S Bank

– Steve Cassidy, UK MD, Hilton Hotels & Resorts

Key insights

This year's report highlights how the leading companies have demonstrated they serve a common good through low cost, purpose-driven experiences that fuse values and value.

These companies design their experiences so that purpose permeates every action and interaction, ensuring it registers in their customers' consciousness. It is an approach that transcends products and services at a moment in time and locks on to increasingly deeply held consumer values. It demands authenticity. Consumers will quickly identify and change allegiances when they detect a gap between brand claims and authentic action.
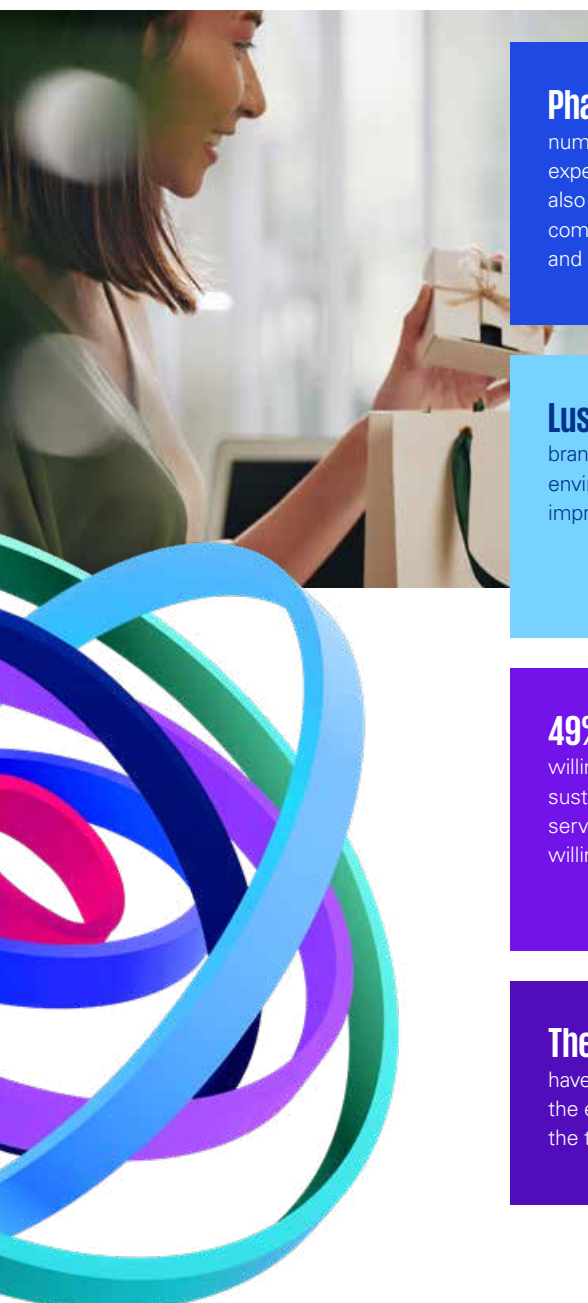
Pharmacy2U is the number one for value and experience. The company also performs well for its commitment to environmental and social improvement.

Insight: Value is a function of price, experience, and purpose.

Implication: Firms will need to surgically restructure their cost base. This should be done with an eye on the customer experience, the use of technology and the removal of inefficiencies that create failure demand.

Lush is the number one brand for commitment to environmental and social improvement.

Insight: Lush continually reinforces its commitments through the experiences it creates.

Implication: Companies should revisit their purpose and values, and consider how they can be linked to their environmental and social commitments.

49% of consumers are willing to pay more for sustainable goods and services. Only **15%** are not willing to pay more.

Insight: The consumer demand for sustainable goods and services is increasing, but they recognise there is a cost.

Implication: Firms should segment their customer base to identify how important values are to different customer groups, and develop their messaging accordingly.

The top 10 companies have improved the quality of the experience by **2.4%** and the top 100 by **0.9%**.

Insight: Excellence is a habit, the good continue to improve.

Implication: Companies need a comprehensive customer experience strategy and plan. This needs to be driven from the top.

Integrity is the most important pillar for advocacy, explaining **18.5%** of the score.

Insight: Consumers will only recommend brands they trust. Increasingly, trust is driven by purpose.

Implication: Brands need to examine customer journeys to understand where they can bring their purpose and values alive for customers.

Perceptions of **value** have remained constant across the top 100 but decline across the whole index by a small amount, **-1%**.

Insight: The research was conducted before the cost of living impacts were felt – this is likely to deteriorate during the winter.

Implication: Companies will need to understand how the cost of living crisis impacts their customers and which customers still have spending power.

Personalisation is the highest indicator of loyalty, explaining **21.3%** of the score.

Insight: Customers will remain loyal to companies that adjust the experience to the customer's circumstances.

Implication: New methods of segmentation are required that are context and circumstance driven, so that experiences are individualised and meaningful.

Grocery retail consumers have the highest loyalty score of any sector, whilst the logistics sector scores the lowest.

Insight: Brand loyalty remains strong in the grocery sector, but logistics is seen as a simple transactional relationship.

Implication: Focus needs to be on key customer trends: the health of the individual, the health of the planet, and digitisation.

The **telecoms** sector has the highest level of promoters, with 35% willing to promote the brands they buy from.

Insight: This sector has done much to drive customer loyalty with rewards, surprise and delight and communication programmes.

Implication: However the fight for subscriptions is intense – high quality content will be the differentiator.
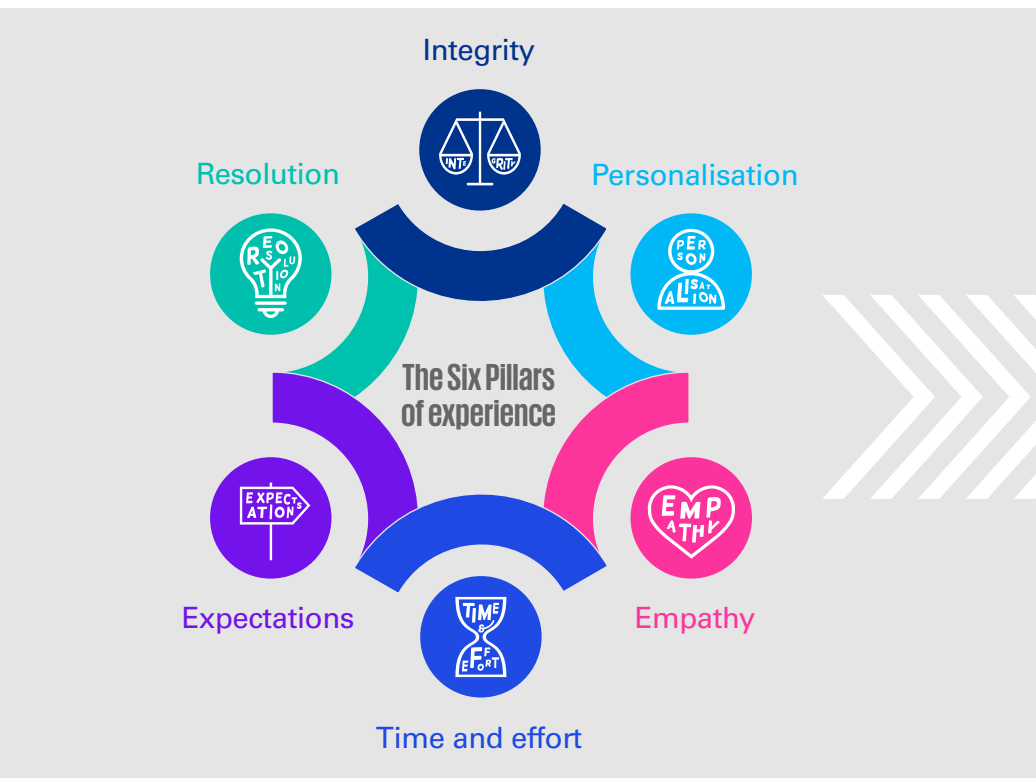
The Six Pillars of experience in 2022

We have been measuring The Six Pillars of customer experience for 13 years. Derived from millions of customer evaluations of thousands of brands, we have empirically found that they describe customer experience excellence. The leading firms demonstrate mastery of these pillars and are deliberate and purposeful in the experiences they create.

The pillars are rooted in human psychology and motivation. Integrity is the foundation stone of every relationship, Resolution triggers the service recovery paradox, where fixing a problem heroically actually improves customer advocacy, our brains are Expectation engines reliant on accurate expectation setting, Time and effort reflects the psychological Law of Least Effort where we will choose the easiest path, Personalisation plays to our ego and sense of self, and Empathy to our need for emotional intelligence.

As such, The Six Pillars are not simply predictors of customer experience success, but also of long-term financial value.

This was powerfully apparent in analysis to compare customer experience performance against revenues and profitability, contrasting the performance of the CEE top 100 brands to the main FTSE 100 index. The difference is striking. Over a five-year period, the CEE top 100 brands achieved double the revenue growth of the FTSE 100 – an average of 11%, rather than 5.5% (KPMG, 2017).

The graphic on the following page highlights the financial impact of excelling at customer experience.

Integrity

Resolution

Personalisation

The Six Pillars of experience

Expectations

Empathy

Time and effort

The Six Pillars act as the fundamental design principles for a customer-centric organisation. Successful implementation leads to positive commercial outcomes. They are the gateway to understanding the whole enterprise in the context of the customer and an effective means of implementing customer-focused discipline throughout the business.

Experience excellence is proven to...

...drive revenue & EBIT up

10x UK **top 10** companies achieved **10x** the revenue growth versus their FTSE 100 counterparts[1]

Within the **top 100** the brands positioned 1-10 achieved **3x** the revenue and profit growth of brands positioned 91-100[1]

The **top 100** brands achieved a year-on-year average profit growth that was double that of the bottom 100 brands[2]

The **top 10** most improved brands achieved **4x** the revenue growth of the remaining top 100 brands[1]

...drive costs out

Leading players can improve experience and reduce costs by up to **25%**[1]

Companies that excel can achieve **75%** better margins[2]

Leaders achieve customer retention rates of **89%** on average (reducing acquisition costs)

30% greater lifetime value (of customers that buy both in store & online, vs those that use only one channel)

Integrity

Impact on loyalty:

17%

> A strong sense of societal and environmental purpose has become the defining characteristic of leading companies. Businesses globally are being scrutinised on their sustainability credentials like never before. KPMG research shows 66% of consumers plan to make more sustainable or ethical purchases in the next six months[3], and that employees, investors and other stakeholders are equally, if not more, resolute.

What the company stands for and how its existence makes a difference to the world have become very important areas for communication to customers.

As we move closer and closer to the data economy and customers share more and more personal data in exchange for highly personalised experiences, the emphasis on data security and privacy continues to increase.

As more data privacy regulations are introduced, businesses that adhere to these laws, uphold stringent data protection measures, and make the right use of customer data, will earn customer trust and grow quickly. Central to this is getting the balance right between benefits for the company to sell more and benefits to the customer in greater personalisation.

Customers are more likely to trust organisations that pair privacy and security with a valuable personalised service.

Transparency and security are now integral parts of the individualised experiences. With rising hacking cases, customers are ever more security conscious and are much savvier when regarding potential threats to their security. It is crucial that companies become transparent regarding how they collect and store customers' personal information.

To be authentic sustainable organisations the focus needs to go beyond the cosmetic to real change that's embedded throughout an organisation's DNA.
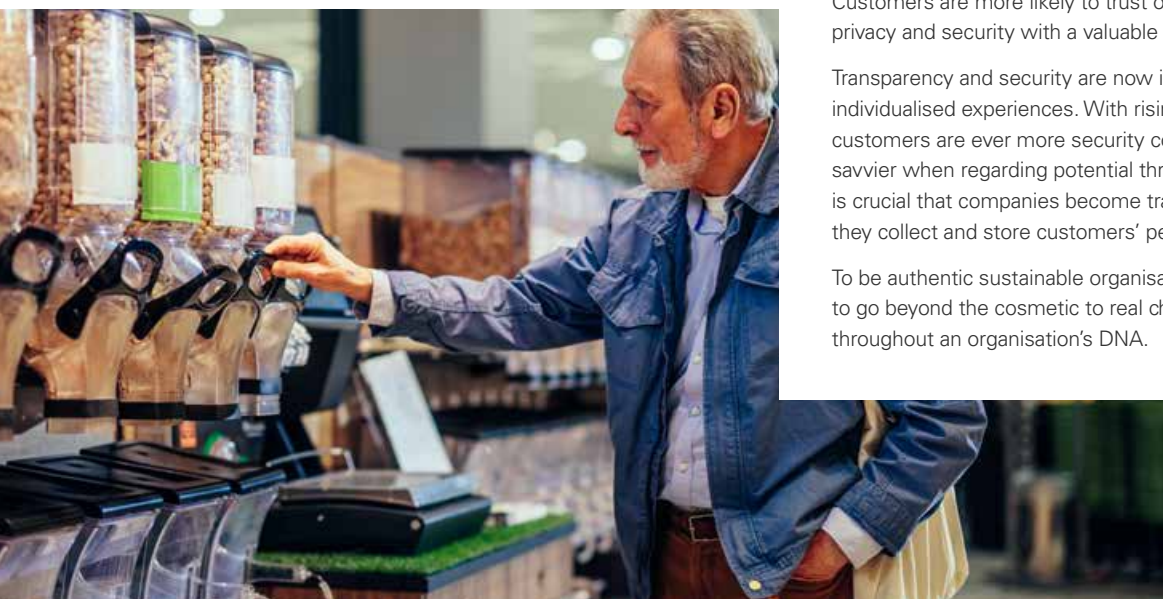
Resolution

Impact on loyalty:

14%

Detecting, resolving, and removing customer pain is a prerequisite for excellent customer experiences and is fuelled by outside in thinking. "Pain killing" is an attitude of mind, identifying problems in customer journeys, problems in customers' lives and finding new ways to solve them is a driver of innovation.

"Jobs to be done" methodologies enable deeper understanding of customer lives, help locate pain points and drive more holistic experiences aimed at prevention rather than reaction.

Artificial intelligence (AI) supported customer service, where the technology is supplemented with human interaction, interpretation and support, is driving greater satisfaction with agent interactions. AI conversational web chat and chat bots are improving satisfaction with online support.

The secret is finding an appropriate balance between keeping skilled human agents and integrating AI into critical parts of the customer experience.

However, the area that leading companies are increasingly focused on is using advanced predictive and prescriptive technologies to mitigate customer problems before they occur. There are sound economic reasons for doing this as there is a direct relationship between the incidence of problems and churn rates. The telephony industry in particular is focusing on using AI tools to aid detection of problems and automate interventions in the "free return window", fixing problems before they occur and before the customer leaves.

Perhaps the most significant shift in recent time is the way that expectations are set. User-generated content, influencer marketing and best in class experiences are constantly setting and resetting expectations. The rapid advance in technology is stretching the boundaries of possibility and therefore making expectations more fluid than ever.

Expectations

Impact on loyalty:

17%

One example is the metaverse. This describes a persistent, online environment where we can connect, communicate and collaborate in increasingly immersive ways. Allowing brands to deliver new and interesting customer experiences over virtual platforms is likely to be a key reason the concept will be attractive to businesses, particularly as integration with virtual and augmented reality (VR/AR) will be a core feature of the metaverse.

Already in 2022, businesses are looking to these experiences to create new opportunities for us to interact and engage from our homes. One such example is Ikea's Everyday Experiments. Ikea and Danish design lab Space 10 have unveiled the latest experiments on their collaborate platform Everyday Experiments, which aim to "take us beyond the home without leaving it."

As part of this, Australia's Pitch Studios has proposed Forever Meadow, a "meditative walking application" which creates an "endless garden" in people's homes. Using AR, the tool allows people to walk through their homes, with their footsteps triggering virtual flora. The project combines meditative walking (a calming practice) and people's desire to be closer to the natural world. "The beautiful and calming space it creates would rejuvenate the home into a new sanctuary to explore".[4]

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4 https://www.designweek.co.uk/issues/20-26-september-2021/space10-ikea-everyday-experiments/

Personalisation

Impact on loyalty:
21%

> **Greeting customers by their names in emails or remembering their birthdays has a positive effect on customer experience. But customers today are no longer impressed by that. They expect highly personalised experiences every time they engage with a business, and they already know that businesses have tools to achieve this.**

Companies have become adept at leveraging real-time customer data such as their website behaviour, search results, purchase history, most active times, and past interactions which can help develop a deeper understanding of their needs and personalise their experience.

This can be anything from customising the website based on customer activity to intelligently recommending products or reaching out to customers with individualised offers and rewards at the right moment. Data is the true prize. The ability to predict needs and get in touch, before the customers realise they have a need, has become the driving ambition of many leading companies.

Brands and individuals who offer radically superior customer service stand out because they anticipate unexpressed needs or wishes. They look for the next problem to help the customer solve, not which product to sell.

Next generation personalisation uses context specific information to guide the customer on their way, putting the customer in control and providing knowledge and education when it is needed. It uses data to determine what to ask about next, rather than driving a "next best offer" – it is an ongoing process of mutual learning. This requires a continual updating of knowledge and information about the individual customer. It is about personalising interactions to get more insight from the customer, to know what is important, what is preoccupying them, and how have they reacted to previous communications.

Achieving this has become possible through modern CX platforms with advanced AI and data analytics capabilities that help slice and dice customer data and gather meaningful insights.

Additionally, companies are identifying and acting upon "micro-moments" – selling opportunities that can be open for just seconds but can be highly profitable to brands that understand how to identify and monetise them at scale. These micro-moments can open up when a customer heads online with an intent to make a purchase or just to find out information on a subject, such as what tool they need to do a particular job.

Brands will be investing heavily in ways to recognise and leverage these moments, finding the right time to send a personalised offer to help solve whatever problem the potential customer is facing at that time. This is about being able to reach the right customer at the right time – a cutting-edge marketing challenge, but one that's increasingly solvable thanks to the technology solutions available today.[5]

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5   https://www.gartner.com/en/articles/you-ll-be-breaking-up-with-bad-customers-and-9-other-predictions-for-2022-and-beyond

Humanising customer experiences is one thing, but being able to maintain a brand's unique personality throughout the customer journey when much of it is mediated through technology is considerably more difficult.

Organisations are therefore needing to deliver the best of both worlds: the speed, accessibility and convenience of online services, combined with a human touch that leaves a lasting impression. It's a tricky balance, but entirely possible.

Many brands use chatbots to engage their customers. When implemented well, chatbots can create a rewarding digital customer experience. However, many chatbot interactions still come across as unnatural, lacking relevance as well as human warmth. Without the right investment in technology and strategy, companies might unintentionally end up creating conversations that don't reflect the brand or satisfy customers' expectations.

To provide a good customer experience, it is necessary to understand how the experience makes customers feel. This requires enterprise-wide empathy, which is defined as "identification with and understanding of another's situation, feelings, and motives." It is pivotal when it comes to delivering excellent customer experiences, and this is especially true in this post-covid landscape.

Empathy

Impact on loyalty:
13%

Time and effort

Impact on loyalty:
17%

When it comes to using energy, the brain is an expensive organ. Even in its resting state it uses over 20% of the body's energy. Consequently, humans are careful about expending brain power. Psychology has identified the "law of least effort" which is a tendency amongst humans to take the line of least resistance when seeking to meet an objective.

This is one of the reasons why customer effort is a strong predictor of loyalty: the less effort it takes to be a customer the more loyal we become.

Unsurprisingly then, companies have focused on creating frictionless processes, but attention now is expanding to look at "cognitive load". How much thinking do we make customers undertake and what does this do in terms of stress and anxiety? This means looking at the complexity of what the customer has to deal with in their lives, not just the interaction with the company, and finding ways to make the customer's life easier.

Cognitive load increases the need to ease customer journeys. For example, customers won't take the time to read complicated communications and work through hoops. AI and new technologies are making it simpler to remove cognitive load for customers by doing the thinking for them.

This year's number 1 company in the UK, Pharmacy2U, is very focused on removing cognitive load, removing the stress and anxiety of remembering to order prescriptions, monitoring usage, and ensuring exactly the right prescription is dispensed every time.

Case study

Spotlight on Hilton Hotels & Resorts

With thanks to **Steve Cassidy**,
UK MD, Hilton Hotels & Resorts

2022 rank: **13**	⌃ Up 30 places from 2021	Travel & hotels

Hilton Hotels' 30 place improvement in our index is a powerful example of how purpose fuelled, values-driven experiences drive commercial success. Drawing on a purpose set some 120 years ago by its founder, Conrad Hilton, it continues to ensure that purpose, and the values that underpin it, permeate every aspect of the guest experience. In common with many great companies, the employee sits at the centre of their approach and Hilton is ranked as #3 Best Workplace, and the top hospitality company in the UK by Great Place to Work, as well as the top hospitality company in the Best Workplaces for Women in the UK.

"Hilton was founded more than a century ago on the premise that travel can make the world a better place. Our founder Conrad Hilton spoke of our responsibility to 'spread the light and warmth of hospitality' – that through travel we make the world a better place – and this is something that connects and drives all our Team Members today."

Hospitality is a business of "people serving people" and Hilton encourages Team Members to use their initiative and make every guest feel welcome in the best way. New training has been introduced this year focusing on the soft skills needed to make guests feel welcome and looked after – turning a nice stay into a great, memorable experience. Team Members make lasting impressions with guests by bringing their whole selves to each interaction and treating guests as true individuals. Hilton knows that empowered Team Members deliver the best service and focus on giving them the confidence to do things right and put things right in the moment.

"

We are constantly listening to customers and carry out detailed analysis of our customers' preferences, which really helps us to respond to their needs".

Steve Cassidy, Hilton Hotels & Resorts

"Fundamentally, hospitality has to have people at the heart, and we believe that attracting, training and keeping the right people who are motivated and happy is crucial. We are a business of people serving people and our industry will always be about human connection, it's what makes a stay truly memorable."

Hilton is proactively looking to help team members navigate the cost of living crisis. All hotels are considering how they can best support teams with initiatives such as the provision of free meals, pay increases and promoting the many discount schemes offered to Hilton employees. They are making work more flexible to help Team Members, for example, enabling them to choose shifts at hotels near to their home, and allowing working from home where possible so that they can flex work with home life and reduce travel costs. They also have a range of support for Team Members which includes guidance on managing personal finances as well as mental health care.

Because Hilton's future is so dependent on Team Members, they are totally focused on talent attraction and development. Nurturing future talent has become a critical business competence. Peter Avis, the General Manager of Galvin at Windows Restaurant, London Hilton Park Lane, worked his way up after leaving school in Liverpool with no qualifications and now works to offer the same opportunities to young, disadvantaged people. Working with Tameside College in Greater Manchester through the pandemic, Peter offered disadvantaged jobseekers three months free accommodation at the 5* Hilton Park Lane Hotel, with all meals included while on duty, full time paid hours and the opportunity to be mentored by Peter and the Restaurant Manager for a crash course in all things hospitality. He's now running a similar scheme supporting young people in London.

Technology also has a role to play in helping to solve customer problems and support the end-to-end experience. As customers become more connected than ever before, Hilton has accelerated innovation in technology, enabling them to offer significantly more choice, flexibility and personalisation. Contactless innovations such as Digital Key, Contactless Check in and Confirmed Connecting Rooms allow Hilton Honors members to control their experience from their palm with the Hilton Honors app. These innovations are extremely popular. Globally 38 million Digital Keys were used in 2021.

"We are constantly listening to customers and carry out detailed analysis of our customers' preferences, which really helps us to respond to their needs".

Customer listening drives service innovation. For example, the huge rise in the number of dog owners who increasingly want to travel with their pet. Hilton responded with pet friendly rooms, facilities and even menus – and a pet friendly booking filter on the website, so that it's easy to find a hotel which will welcome your pet.

Linking their purpose to social and environmental commitment has figured strongly as Hilton has developed its brand and propositions by listening intently to what customers want. For example, the Hilton London Metropole, which recently underwent a large-scale refurbishment, took the time to listen to guests' needs throughout the process. Guests told them they wanted to see evidence of sustainability, so the hotel made sure to partner with suppliers who filled this need, such as a new uniform supplier who uses only British sustainably sourced materials and recycled plastic bottles. The hotel also created a menu using locally sourced ingredients.

But Hilton believes it is important to look at the environmental and social impact it has across its entire ecosystem. It tracks environmental performance at every single Hilton hotel through LightStay, and now uses this technology to generate customised estimates of the environmental impact of corporate customers' events. This tracks carbon emissions, water and energy use and waste, and Hilton can provide suggestions on how to reduce the impact.

"Many of our corporate customers have committed to their own ESG goals and they are looking for us to help to achieve them. We listened to our customers and developed Meet with Purpose which offers options to gather people together in a more sustainable way. Through the programme we offer sustainably sourced menus, we can incorporate food donations to partner organisations or community team building events as part of conferences or meetings. We also offer Carbon Neutral Meetings where customers can offset the event's carbon emissions and invest in high-quality carbon reduction projects with our partner, South Pole."

The 2022 top 10

This year we see that value, as the fusion between price, experience and purpose, is made real by each of our top 10:

"

This company provides a great service. Place your prescription requirements online and the prescription is usually delivered within three or four days maximum. No need to leave your house. The older you get the more you appreciate this service."

Pharmacy2U customer

01. Pharmacy2U

Up 5 places from 2021

Pharmacy2U is the number one company in our UK index and is the UK's largest online pharmacy. Founded in 1999, it offers its patients a new kind of pharmacy experience which saves them both time and money. Its purpose embodies how it delivers value: "a convenient service that is confidential, safe and secure and offers low prices for genuine UK medicines." It is targeted at a clear group of customers who require repeat monthly prescriptions.

It is number one not just for its performance across The Six Pillars (with market-leading scores for Personalisation, Integrity and Empathy) but also for customer perceptions of value. The organisation has steadily and inexorably climbed the index as more customers take advantage of the services. Customer growth was accelerated by the pandemic, but the business has proved scalable and future proof.

Pharmacy2U set out to reinvent pharmacy care and put patients at the heart of it. They describe themselves as a pharmacy where clinical excellence and patient care meets unique technology, which truly helps families live healthier and happier lives.

It uses an omnichannel solution that helps people using Pharmacy2U to choose their preferred method of communicating, via voice, chat, SMS, email and more. The platform includes intelligent IVR and self-service options that are tightly integrated with smart routing functionality to help patients connect more quickly to the advisor who can best handle their needs.

In effect it has completely redesigned the customer 's pharmacy journey and removed most, if not all, of the pain points. No waiting in line, no picking up and dropping off repeat prescriptions, no waiting for medicine stock to come in, no worrying about running out of medicines. This is coupled with the convenience of modern tools: a mobile app, reminders to re-order, and the ability to manage repeat prescriptions online.

Behind the scenes, Pharmacy2U has invested in giant vending machine-like robots that dispense medicine with extraordinary accuracy and speed, picking one to two orders every nine to 15 seconds. However, for some customers the human touch is essential and a contact centre of "friendly pharmacists" provide human reassurance and insight when it is needed.

02. first direct

Up 10 places from 2021

first direct has returned to the top 10, having successfully managed the impacts of the pandemic.

The bank defines its purpose as "pioneering amazing service". And as the original challenger bank, it has challenged the challengers through a focus on the "financial wellness" of its customers, who continue to love the human emotional connection that permeates the first direct banking experience.

2021 brought extensive updates to its online app and website, introducing transaction categorisation and merchant identification, and providing the building blocks for future enhancements such as in app marketplace and personalised offerings.
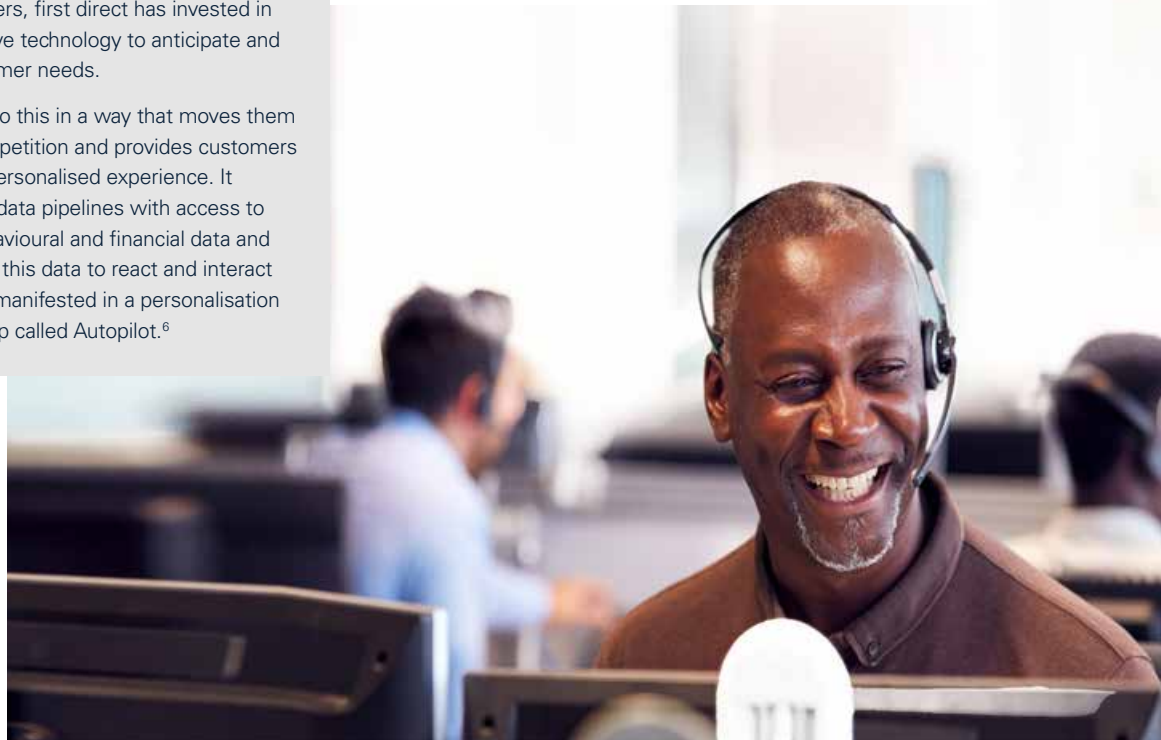
With a strategy of "autonomous banking", where the technology helps remove the "cognitive load" for customers, first direct has invested in AI based predictive technology to anticipate and respond to customer needs.

They wanted to do this in a way that moves them beyond their competition and provides customers with a uniquely personalised experience. It involved building data pipelines with access to high-velocity behavioural and financial data and being able to use this data to react and interact in real-time. This manifested in a personalisation engine in their app called Autopilot.[6]

> ## "Fantastic customer service. Friendly staff who will coach you through every step and genuinely seem like they care."
>
> first direct customer

6   https://www.zuehlke.com/en/our-projects/creating-ai-powered-autonomous-banking-for-first-direct
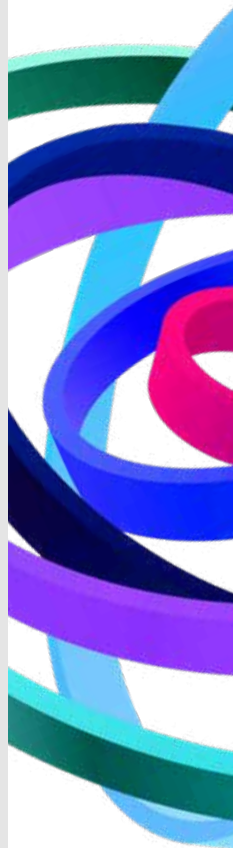
03. QVC UK

Up 1 place from 2021

QVC has been a regular member of the UK top 10. Its purpose and commitment to value is contained in its name Quality, Value and Convenience. It brings this to life through its special value item. Every day since 1987, they have offered one item at an exceptionally low price, good for that day until 11:59 p.m.

It is an organisation that is intimately close to its customers and has a culture of empathy, whereby it continually and systematically understands the changing needs of its customers.

In the current world, where bringing people closer together is both more difficult and more important than ever, QVC UK uses technology to get even closer to its customers and help them overcome isolation:

– QVC has focused on harnessing innovative technology that will allow the retailer to put the customer at the heart of its shows. QVC customers have regularly been featured within the shows via phone, but they can now join virtually via video calls to offer valuable reviews that provide authentic and relatable content to the audience through peer-to-peer endorsement.

– Experts from around the world, who would normally present live in the Chiswick studios, have also continued to feature on QVC virtually through video calls, providing expert discussion on products and brands. Between 25 March and 31 May 2021 they completed over 500 video calls, proving a hit with their customers.

– QVC UK has enhanced its educational value within live beauty shows by implementing two-way cameras for their skincare and make up tutorial segments, allowing the audience to view the product demonstration in far closer detail, in a way that is rarely offered elsewhere in retail.[7]

"

I have purchased many things from them and never had any issues, always on time and delivered quickly and easily. Goods are always of great value."

QVC UK customer

04. Lush

Down 2 places from 2021

Lush offers value and values. It is a brand that believes that it is what you do that counts. In a world where ESG has become a vital focus for the C-suite, Lush has always been considerably ahead of the game. From its inception in 1995 to the present day with 951 shops globally, the entire business has always been based on ethical and sustainable principles. More importantly, the retailer has sought to accelerate customer behaviour towards acting in a more sustainable way.

As a role model for implementing ESG Lush offers much to learn from.

They invent, manufacture and sell their own products, meaning they have control over the end-to-end supply chain to make sure it is ethical, and if they can't see an ethical alternative, they try and build one. The retailer doesn't use strict job titles and job descriptions and encourages employees to follow their passion, in the hope they may bring ideas to improve the business.

Its ethical focus is across all aspects of the business, including technology; for example, ensuring that their servers utilise clean energy. When it comes to sourcing technology, employees visit the factories in China to understand the working conditions and interrogate the metals and plastics used in the supply chain.

Technology has become central to their approach with customers, including the introduction of the successful Lush Lens AR app, which allows customers to scan products using their smartphone for ingredients and instructions in an attempt to remove packaging.

Legally, retailers need to provide the customer with instructions and ingredients that they can read when they take their item home. This normally sits on the product packaging, which Lush was keen to remove. Using machine learning it fed its computer database with 250,000 photos of Lush products. Lush's entire range is now detectable by the Lens feature. Customers simply scan their purchase to access usage and content information.[8]

> **"**
> **I love their products and I love that they are sustainable. They have beautiful products, great scents and clever packaging."**
>
> Lush customer

8   https://www.computerweekly.com/feature/Lushs-25-year-journey-to-digital-excellence

"
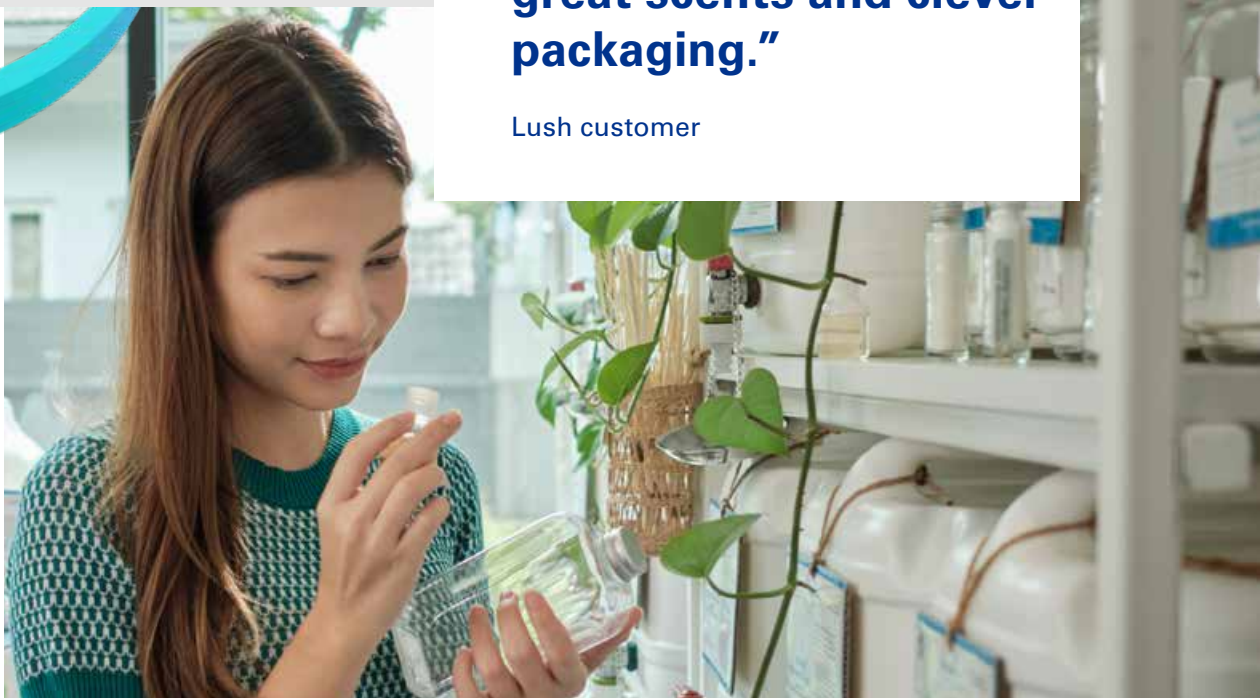
I love Lakeland – the website is easy to use. Online shopping is quick and easy and the in-store experience is excellent. The staff are friendly and welcoming and know their products. Finally, the products are great."

Lakeland customer

05. Lakeland

Up 11 places from 2021

With a brand promise of "extraordinary products delivered with devotion and flair", home products retailer Lakeland is famed for its friendly and helpful staff, quality of its products and the inspirational store environment. It is committed to providing excellent value for money and it backs up this promise with a three year "no quibble" returns guarantee across all of its products.

During the pandemic it used its flagship Windermere store to pioneer some unique approaches to store design, which has been redesigned for discovery, live demonstrations and trials of new product innovations.

Customers can browse to get ideas, watch demonstrations and test new products to inspire purchases, making cooking and homewares accessible to anyone who has a love of food.

It makes the store central to an experience, not just a vehicle for retail transactions and incorporates:

– Theatrical areas such as an interactive coffee pillar and brand totems showcase much loved brands and new trend pieces.

– The Solutions Department features product hubs showcasing innovations behind different cleaning liquids and explaining the best use for each product.

– The History Wall, a relaxing zone with plush seating, shows Lakelands's developments and innovations over the years.

– Cooking experiences are demonstrated in the Living Kitchen; an interactive theatre at the heart of the store. Customers can chat with the experts on hand and browse digital content highlighting the key product benefits.

06. Harrods

Not ranked in 2021

This year Harrods has been included in the rankings and, perhaps unsurprisingly, it has entered the top 10. Its mission is to be "the number one department store in the world for luxury branded merchandise, maintaining an unprecedented level of retail standards, expertise and profitability."

The Harrods motto is *Omnia Omnibus Ubique* – All Things for All People, everywhere. Harrods' brand values stand for: British, Luxury, Innovation, Sensation and Service. For the Harrods customer, value is less to do with price and much more to do with the overall experience.

Many people will have a particular image of Harrods. The green bags, the striking external store lighting, and the engrossing and immersive window displays coupled with a unique array of aspirational products have made Harrods a retail institution.

It is an institution that is increasingly moving with the times and embracing challenging and disruptive thinking. It has a strong history of innovation – it was the first store in the world to have moving escalators, for example.

Amongst its more unusual innovations has been a veggie butcher, recognising the rapid growth of the vegetarian diet and understanding that customers want to prepare vegetables in more interesting ways. The veggie butcher advises how vegetables can be prepared to be tastier and more exciting.

Personalisation is a major area, not just in how they treat customers but in how they enable customers to personalise their products. Personalised stationery is available, the Fashion Lab will engrave jewellery. There is also embossing, hot stamping and embroidery. Customers can even create their own unique blend of perfume at the Salon de Parfums.

There is a wellness clinic and lab offering advanced techniques such as cryotherapy. Harrods now has a vast beauty space and a skincare emporium. It is reinventing itself as a 21st century international beauty destination.

With such a large retail space, Harrods has incorporated sat nav to enable customers to find their way. Called Pointr, it incorporates a series of ibeacons embedded in the ceiling to guide customers through the store digitally.

"

Always perfection shopping at lovely Harrods. The staff are top class. It is the brand everyone trusts and their food is to die for."

Harrods customer

07. Monzo

Up 28 places from 2021

For Monzo, perceptions of value are inextricably wrapped up in its excellent customer service, its continuous process of innovation and its commitment to simplicity. In this year's research Monzo is number one across the whole of financial services when it comes to value.

Value lies in the sense of participation that customers feel as members of the bank. In fact, it is more of a movement than a bank. Monzo puts up its product roadmap online each quarter and allows its users to vote on what features and functionality should be implemented into the product first. Customers can access the list of upcoming features and functionalities directly from the Monzo app and can see what is being worked on.

The pandemic was a challenging time for Monzo as customers curtailed spending on their cards. However, it is a resilient business with a proposition that attracts customers – in under six years it has built a customer base of 5 million people. The new CEO has developed a plan to return to profit this year.
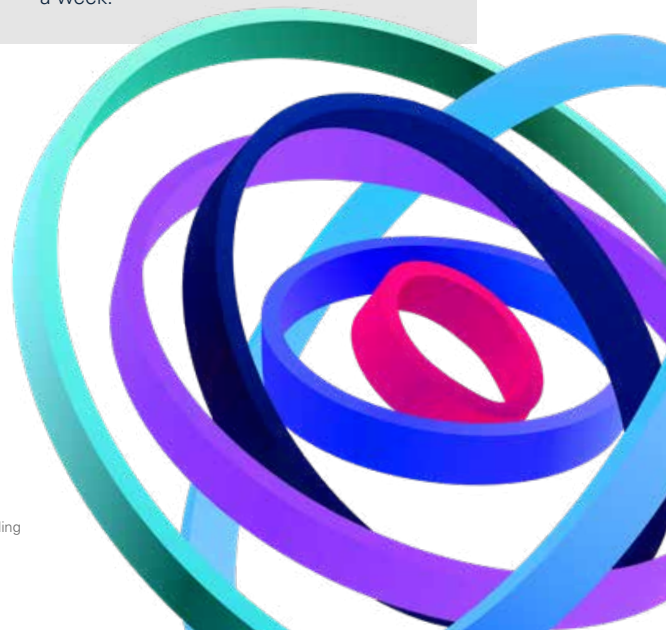
Monzo is a digital bank from the ground up. Customers can open an account within minutes, get instant payment notifications, automatically save into 'savings pots' and easily split bills with friends. Monzo emphasizes openness with its customers. It has an active online community forum with more than 50,000 participants. Monzo uses the forums to keep customers up to date with new developments and to allow customers to socialise. Separately, the forum is also used to collect feedback on new feature ideas, asking customers to vote for their favourite.

Monzo has also invested heavily in customer service technology to ensure it delivers a superior experience. They built Monzo Chat, a bespoke software that allows customers to instantly chat in-app with a representative 24 hours a day, 7 days a week.[9]

"

I've used Monzo for several years and find it really helpful for budgeting, managing my money and sending money quickly and easily to friends."

Monzo customer

9   https://digital.hbs.edu/platform-digit/submission/monzo-a-digital-offering-that-has-traditional-uk-banks-scrambling

08. John Lewis & Partners

Down 5 places from 2021

John Lewis offers differentiated value through its product guarantees, the quality of its advice and its commitment to fair pricing, coupled with outstanding service. It is a business that cares about the communities it serves, announcing during the pandemic its intention to build some 10,000 affordable houses.

As with many retailers, the pandemic was a difficult time for John Lewis, having to close stores and lose staff. It had however started the process of reinvention prior to the pandemic and then, through a desire to maintain momentum during lockdowns, found creative ways to deliver its innovative service propositions.

It is an organisation that is continuously reconciling the value of physical stores with the immediacy and ease of online ecommerce, by increasing the integration of each so they work in a mutually interdependent way.

Innovation is at the heart of the business, with initiatives such as JLAB, the retailer's tech innovation programme, enabling start-ups and established businesses to pitch and trial their innovative products and services with the John Lewis Partnership.

In 2018 JLAB was expanded to run all year round and recent successes include rolling out customer supper clubs with WeFiFo to 42 Waitrose & Partners shops following a successful trial. And CupClub™, which has developed a returnable drinks cup service to help reduce the use of disposable drinking cups, was first piloted in the Partnership's head office in 2019.

New propositions have continued to land, including Wine Tasting at Home, virtual nursery, home design and personal styling appointments. MemoMi allows customers to virtually try on a vast array of fashion and beauty products; MakersCAFE is trialling 3D printing and laser cutting personalisation; and LettUs Grow is pursuing a more sustainable approach to farming through the growing of plants without soil.

They are also looking at how tech can make them more efficient and have a trial with Small Robots at their Waitrose farm.[10]
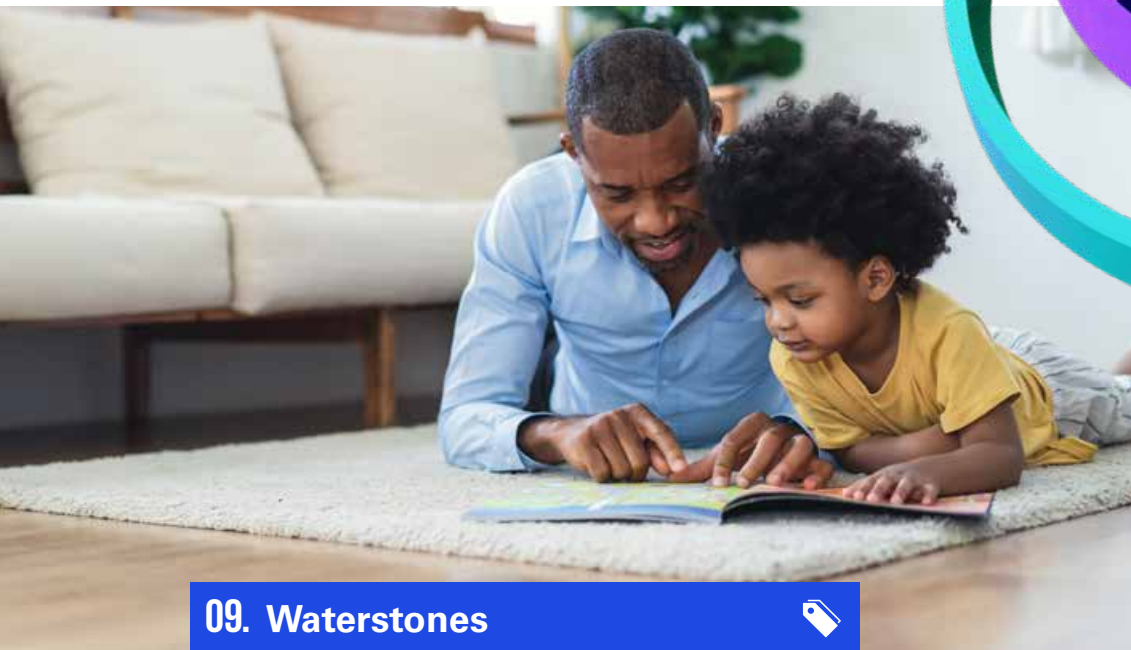
> "I love the new John Lewis Anyday range – stylish products at good value prices. Love the fact that you can get everything you need there and love their choice. Stores are very inspirational and have lovely mother and baby areas. Good returns policy. Friendly staff. I trust the brand."

John Lewis & Partners customer

10 https://uk.fashionnetwork.com/news/John-lewis-innovation-programme-shortlist-features-store-tech-personalisation,1069507.html

09. Waterstones

Up 15 places from 2021

High street brand Waterstones has moved up 15 places into the UK Top 10.

For Waterstones value is not just about price, but the overall instore experience. Under Managing Director James Daunt the Waterstones business has been refocused as a serious, specialist bookseller. The aim is to offer an experience that customers would not get from a non-specialist or online retailer. More recently it has acquired Blackwell's, Hatchards and Foyles in the UK, as well as Barnes and Noble in the US, as it builds its specialist capabilities.

Selling forty million books a year through 280 stores, it was a business strongly affected by the pandemic and enforced lockdowns, like many other retailers. The pandemic did however accelerate online book and ebook purchasing, as people found themselves with more time on their hands. Waterstones' online presence supported customers during this period.

Waterstones on the high street has cultivated the concept of a bookstore as a social space and a community where people can gather and explore the written word. Guided and inspired by the little notes made by shop staff who have read the book and want to share their thoughts about it. It is a pleasant sanctuary from the buzz outside, where people can explore their interests.

The secret of success is empowerment. The leadership put the local back into Waterstones by empowering local staff to choose the books they think would work in their town. "We made each store like an independent bookshop unique to its location," staff pick their own recommendations, bestsellers, book of the month and book of the year "entirely as they see fit". Enabling each bookshop to orient its stock to the interests of the local population. [11, 12]

Love to go into Waterstones to be able to browse and soak up the atmosphere. I always find books I really want."

Waterstones customer

11 https://www.theceomagazine.com/business/finance/james-daunt-bookshops/
12 https://www.ft.com/content/7a44695f-9fde-4a29-9564-f0cf01524165

10. Feelunique

Up 53 places from 2021

When it comes to customer perceptions of value, Feelunique is one of the leaders in the cosmetic speciality retail sector. Its value proposition is neatly encapsulated in its name.

This year it has jumped some 53 places on the index into the top 10. Founded in 2005, Feelunique is a fast-growing business. To date, the e-commerce player claims 1.3 million active customers, stocks over 35,000 cosmetic and fragrance products from some 800 brands, and ships to more than 120 countries worldwide, with a strong focus on the UK market. A digital business, its customers are primarily millennials and Generation Z.

Feelunique merged with US firm Sephora in 2021 and is rapidly taking advantage of the vast array of ideas and innovations that Sephora have brought to the cosmetics industry. For example, launching a subscription beauty box that provides a regular supply of deluxe samples on a subscription basis.

Feelunique attributes its growth to the investments it has made in its online platform, focusing on personalisation, speed, ease of use, and the brands that it sells.

The retailer attributes its success to its constant listening to customers, using many different mechanisms such as unstructured feeds from the customer care team, listening on social media, and surveying customers.

"We currently have a tool that we've had live a few months now which does constant surveying of customers, so you can really see how those responses change as you make changes to the service. And then also monitoring behaviour on the website and seeing what people are doing and what things they're trying to do but not succeeding in doing." [13]

This has led to innovations that have helped FeelUnique stand out further from the crowd, such as the recently launched Unlimited subscription service, which gives customers free next day delivery for a one-off fee.

As the name implies, Feelunique is a brand with a high aspiration to enable every one of its customers to feel unique. A high level of personalisation is aided by advanced technology, including an app that enables virtual make up trials that has proved very popular with its customers.

> "I've used Feelunique for many years and they have a great choice of products at very reasonable prices. They also have a very good loyalty scheme which I've taken advantage of many times."

Feelunique customer

13 https://hottopics.ht/29739/feeluniques-coo-says-yesterdays-innovation-is-todays-mainstream/
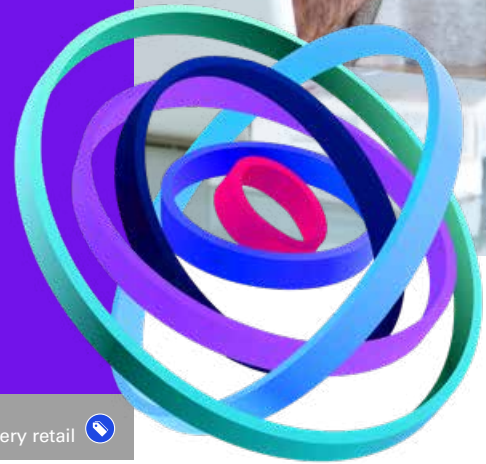
Case study

Spotlight on Pharmacy2U

With thanks to **Gary Dannatt**,
Chief Operating Officer at Pharmacy2U

2022 rank: **1**   ⌃ Up 5 places from 2021   Non-grocery retail

For our number one company this year its recent rise has been a case of preparation meets opportunity. A highly efficient online ordering and delivery service is suddenly met with a pandemic and lockdowns. New patient numbers rise from 30,000 a month to 30,000 every 48 hours. Rapid scaling is demanded – but in a highly controlled industry where no corners can be cut, accuracy and delivery to tight timescales are essential. In the UK's hour of need Pharmacy2U not only rose to the challenge; but in doing so achieved a UK leading customer experience.

"We feel that as a result of the pandemic, and how we provided a service to customers, people will remember and understand what we did to support them in their hour of need."

Founded in 1999, the Pharmacy2U story is one of pioneering development, consistently being at the forefront of pharmaceutical change. In August 2000, Pharmacy2U was one of the founding members of the European Association of Mail Service Pharmacies.

It was involved in the first pilots to trial the electronic transfer of prescriptions (EPS) which went live in June 2002. With EPS, patients could request prescriptions electronically, and receive their medication by a postal delivery rather than picking it up in person.

In 2016 it merged with Chemist Direct, an online over-the-counter pharmacy products provider, which brought management, marketing, clinical and technical expertise.

"

Combine a pandemic with medicine shortages and it was a difficult time. But we had a war room mentality of how we can manage and how we can service these customers, we hit all of the bleeding points but responded with an unbelievable can-do attitude"

Gary Dannatt, Pharmacy2U

A significant investment was made in highly advanced technology to achieve industry leading clinical accuracy, coupled with the rapid delivery of medicines. The process was perfected, and the traditional method of ordering prescriptions reinvented for the digital age.

"Certainly, what got us through the tough times was the bespoke clinical systems we built. Within the NHS it's called the spine – the normal pharmacy takes a couple of messages an hour from the spine – we're taking thousands and thousands every hour – something we had to deal with as we scaled."

Across all of these developments the patient has been at the core. Patient-centric thinking pervades the culture. They have over 300,000 Trustpilot reviews and are rated 5 star there and on the App stores. Pharmacy2U is uniquely aware that their service is really important to the customer, it is a service they need to trust implicitly and one which, once experienced, becomes an essential part of their lives. Underpinning this is telephone based pharmaceutical support where customers can speak with a qualified pharmacist if they need to.

They have shaped their service around the customer; from information on other products that may help a customer's particular condition, through to advice on vitamins and supplements, it is becoming a proactive source of life enhancing guidance. New medicines are followed up with a call to ensure there are no issues or complications.

In recent months and in response to the current economic situation Pharmacy2U has launched a range of over-the-counter medicines that are competitively priced. As these items can be sent in the same package as a prescription, they can be offered with free delivery which provides real value to the customer.

"When things go wrong we don't dwell on who did what, we look at the process and identify the breakdown in the process that allowed that to happen. We see what we can learn and change from that analysis".

The culture of its people is very important. They have an "incredible can-do attitude" in a very controlled environment. They refer to themselves as a positive disruptor and describe a culture of openness and a desire to learn with a real focus on getting it right. This is a priority for everyone – rapidly identifying and fixing issues to ensure the process runs as smoothly as possible.

"People here care about it, they own it, and they stay involved till its fixed."

Pharmacy2U is continuing to invest in scaling its operations. Over the next couple of years a new state of the art dispensing facility in Leicester will increase its capacity from 1.5 million prescription items per month to 6.5 million.

The biggest moving brands in 2022

35. Marcus by Goldman Sachs

Up 149 places from 2021

With a focus on value, the high interest rates Marcus provides make this real for its customers, as one of the leaders for customer perceptions of value in the financial services sector. Alongside the rates, the business maintains a laser focus on customer-centricity.

Since its origination, Marcus has spoken to over 100,000 consumers to understand their pain points and concerns around personal banking and finance. There is a determination not just to say that customer problems matter but to prove that they do. Ask any team involved with Marcus what they do, and they'll answer with a customer focus in mind: enabling customer onboarding, improving the customer servicing experience, or helping with the customer password journey.

Engineering, design, data analytics and a culture of cross-functional collaboration are important, but it is how they enable the customer journey that matters most. Extensive efforts have gone into defining and refining the customer journey to ensure it is as painless as possible.[14]

31. Dreams

Up 127 places from 2021

For beds retailer Dreams, the aim is for there to be a Dreams bed in every home. So to achieve this, they seek to deliver market leading quality, value and choice. It follows two guiding philosophies. The first is to put the customer at the forefront of everything they do. The second is to be an excellent bed retailer.

For staff at "Bedquarters", listening to customers and putting their needs first is the key to success. But success doesn't stop them striving to get better and better against the competition. Initiatives such as Pillow Talk for customer feedback and Sleep Matters Club for online advice show that people (both staff and customers) are at the heart of the business.

In store advanced technology enables customers to select exactly the right mattress for them. Customers lie on a smart mattress which physically assesses the customer's sleeping patterns and preferences, then prescribes a mattress to suit their exact needs.[15]

14 https://home.kpmg/xx/en/home/insights/2019/09/breaking-new-ground-with-marcus-fs.html
15 https://contact-centres.com/dreams-to-elevate-customer-experience-to-unrivalled-levels/

45. M&S Bank

Up 121 places from 2021

Following a product restructuring and a move online, M&S Bank, a joint venture with HSBC, is returning to its previous high-ranking position.

Now focused on new and more digitally oriented products and services, the bank is redefining how it creates value for customers. By aligning its card offerings with the Sparks card and driving greater integration with the mother brand, the bank aims to "create new and rewarding payment solutions for M&S shoppers, both in-store and online." "Making it even easier and more rewarding to buy the things they love from us".[16]

67. iD Mobile

Up 111 places from 2021

iD Mobile, a UK mobile virtual network operator (MVNO) using the Three network, is a wholly owned subsidiary of Currys plc. With an emphasis on millennials, it describes itself as a disruptor in the mobile market.

Launched in 2015, it has steadily built a reputation for value and service, as a mobile network structured around the customer. Providing extensive flexibility, low-cost phone plans and putting the customer in control has been its driving ambition.

The focus is on delivering a market leading real-time experience, where customers can instantly personalise their plans, view all charges, set spend limits and share balances. It enables customers to roll over unused data to ensure that customers do not lose out on any they have purchased.[17]

62. Uniqlo

Up 103 places from 2021

For Uniqlo it is all about the brand experience. From the design of its stores, to its products, to the service customers receive from staff – it is all carefully choreographed to reflect the brand and drive customer satisfaction.

Uniqlo embraces the tag line "Made for all," with a product offering that can be adopted by a range of people at affordable prices. The brand aims to design low-cost garments with high-fashion sensibility. It described its clothes as simple, essential yet universal, enabling the wearers to blend them with their individualistic style. But it is the quality of service from staff that make the difference.

A sophisticated app ensures that the online and offline presence is integrated, enabling customers to assess styles, products and offers.

It is attention to every small detail that helps differentiate Uniqlo from other high street retailers.[18]

" The focus is on delivering a market leading real-time experience.

16 https://www.fstech.co.uk/fst/M_And_S_Bank_To_Close_All_Current_Accounts_And_Branches.php
17 https://www.matrixx.com/customers/id-mobile-mvno/
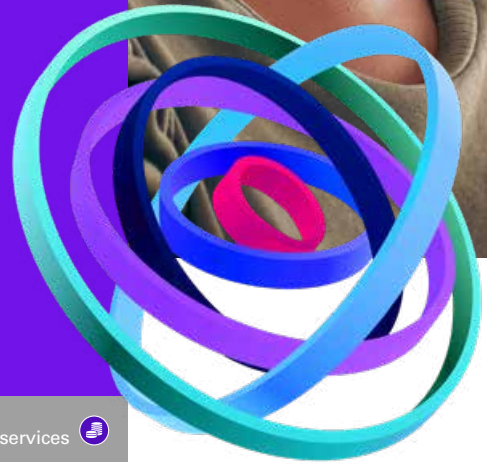18 https://www.uniqlo.com/uk/en/content/app.html

Case study

Spotlight on M&S Bank

With thanks to **Paul Stokes**,
Head of Customer Value Management at M&S Bank

2022 rank: **45**   ⌃ Up 121 places from 2021   Financial services

M&S Bank is one of the biggest moving brands in the UK research this year, progressing a staggering 121 places since 2021 to rank 45th. By capitalising on M&S's distinguished core values of quality and great value, M&S's banking division has emulated these strengths to provide customers with fresh new experiences, ensuring their service, communications and propositions deliver the experience customers have come to know and expect from the M&S brand. With improved performance across all of The Six Pillars, most notably in Empathy and Resolution, M&S Bank's focus on customer experience has been recognised by its customers.

"Our progress is explained by a relentless focus on the customer and creating even more effortless experiences."

M&S Bank is committed to creating effortless experiences for its customers and making the everyday moments more meaningful. As part of a renewed customer experience strategy, the Bank has developed a sophisticated insight framework through which real change can be actioned, redesigning experiences, and refocusing their efforts to meet the wants and needs of the customer.

The confidence in the new insight framework has been key to driving improvement for the Bank. It measures and recognises the impact of all the Bank's channels across all customer journeys, capturing insight at a strategic, relationship, journey and interaction level. Issues of most importance to customers are identified through this framework, helping to galvanise the entire organisation to action real change, redesigning experiences and refocusing their efforts to meet the changing requirements of the customer.

> **It acts as a reminder to everyone at M&S Bank to make sure that every day, in all we do, we think about how we will ultimately add to, or preserve the 'sparkle' in the customer's experience."**
>
> Paul Stokes, M&S Bank

"The redesigning of the customer insight programme has given us a clear view of where we need to focus our activity to ensure we can continue to create even more effortless experiences for our customers."

To drive action from the insights, cross-functional teams were mobilised and empowered to tackle both the emotional and transactional journeys that mattered most to customers. By sharing the customer experience intent with the entire organisation and encouraging passionate individuals to join these teams, a dynamic and determined body were able to unlock change and facilitate swift decision making.

As part of this broader customer experience strategy, M&S Bank has recently refreshed the brand purpose too. "Giving Money More Sparkle" has reinforced their aim of making everyday moments more meaningful for customers, colleagues and the communities served.

"It acts as a reminder to everyone at M&S Bank to make sure that every day, in all we do, we think about how we will ultimately add to, or preserve the 'sparkle' in the customer's experience."

Customers commenting on M&S Bank in this year's research have reported "excellent service all round", "queries are handled with professionalism" and "the call centre takes the time to ensure they meet my specific needs". These reviews illustrate the impressive scores across The Six Pillars. As one customer noted in the research, "This is the bank I choose to deposit my savings with every month and I think my choice is right because of the good service, quality products, the accumulation of points for gift exchange, and many incentives they offer to their customers."
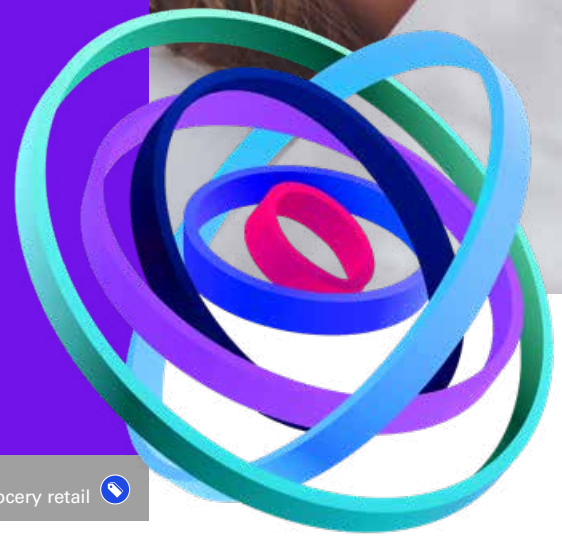
Case study

Spotlight on Dreams

With thanks to **Jonathan Hirst**,
CEO, Dreams

2022 rank: **31**   ⌃ Up 127 places from 2021   Non-grocery retail

This year Dreams moved some 127 places in our index to number 31. As is often the case, this is not an overnight transformation but has been many years in the making. It is the outcome of a passionate and relentless focus on two things: customers and colleagues.

Dreams is a business that runs on customer insight. Through its customer feedback process "Pillow Talk", each stage in the customer journey is continuously evaluated and improved. Eschewing mystery shopping, it is the actual voice of the customer that drives decision making. To date, Dreams has collected almost one million customer surveys and uses this vast repository of data to drive improvements in the end-to-end customer experience. The data shows them exactly what drives high Net Promoter Scores (NPS) and when linking this data to spend, it shows that customers who give a high NPS score spend 70% more than those who don't.

With customers only replacing mattresses every eight years on average, recommendations are very important. So, Dreams has identified the key moments of magic that drive advocacy, and then built a sales process that supports the customer journey and ensures those key moments are consistently delivered.

In store, these moments are described by the acronym GDP which stands for:

Greet at the door, offer a **D**rink, and provide a personal **P**illow so customers can try out the various mattresses.

"

We spend our time and money listening to customers and colleagues. We genuinely run our business on customer data."

Jonathan Hirst, CEO, Dreams

With over 120 different products to choose from, purchasing a mattress can be a very daunting experience. Dreams' own research shows that buying a bed is a stressful experience for customers who enter a bed store nervously, afraid of making a bad decision or getting poor value for money. The organisation is determined to remove the stress and to equip customers with exactly the right information to put them in control of their purchase and have confidence they're making an informed decision.

As a result, more recently the GDP acronym has had an S added. This stands for Sleep Match, a unique instore technology that helps customers identify exactly the right type of mattress for them. It utilises a 3-stage process, understanding how you sleep, uses technology to map your body position and then recommends the perfect mattress for you – and this is all done in under three minutes. Customers are then equipped with a short list and can try the recommended mattresses in the store to choose exactly the right one.

"We don't have a hard sales culture. We know we must leave the customer on their own. Our role is to remove stress from their decision. That drives a high empathy score – we've got better at fine tuning it and now it's about managing consistency across each store, each colleague."

Particular attention has been placed on detecting different in-store customer missions, recognising there is a difference between a customer seeking a mattress for a spare room with infrequent use versus a customer looking for exactly the right mattress for them and their sleeping partner. The journey and the sales process are very different and highly trained colleagues manage them appropriately.

"The "Comfort by colour" journey is more basic than Sleep Match – ideal for a spare room. We're not going to put you through a longer process if you don't need to."

Similarly, the organisation views the final mile and the delivery process as a critical part of the experience. Recognising that you are letting complete strangers into your bedroom, it is important that Dreams delivery colleagues get this absolutely right – the experience is guided by the acronym ACE which stands for Appearance – the Dreams branded delivery vehicle and the uniforms, Communication – letting the customer know exactly when the delivery will occur, and Entrance – the wearing of shoe protectors and ensuring they know exactly the route to be taken so they can avoid any hazards.

"It's so important to own that final mile – they are in the most private part of your home."

ESG (Environmental and Social Governance) is particularly important to Dreams and its customers. So far, they have recycled over 1.5 million mattresses, bed frames and bed bases, and none have gone to landfill. Care is taken as to how mattresses are manufactured and ethically produced using natural fillings, lower foam content and the removal of glues to make recycling easier. As a vertically integrated business, from manufacturing to retail to delivery and recycling, they own the end-to-end experience which they nurture and refine.

Dreams has shown that a skilfully managed customer experience exchanges price for value. It also shows that carefully guiding customers to make the right choice for them increases advocacy, loyalty and commercial returns.

Section 2

Value drivers

$$\text{Value} = \frac{\text{Experience} + \text{Purpose}}{\text{Price}}$$

The constituents of value vary by company, sector and customer type. For some customers purpose and its link to commitments on environmental and social improvement is a key driver.

For others it is how the quality of the overall experience resonates for them personally. And for the price constrained it is driven mainly by cost. However, for most customers it is a balance across of all of these.

The problem many companies face is that they have a limited understanding of how customers derive value and which value drivers matter most. That means companies focus on obvious and rational value drivers at the expense of equally important experiential and psychological drivers.

Price and promotion: value through savings

Behavioural economics teaches us that price is as much a psychological variable as it is a physical one: social proof, limited supply, price anchoring and "free stuff" all play their part in refixing perceptions of price.

Price will nearly always be part of the purchase consideration. With the difficult economic conditions it is likely to become important for a wider group of consumers. Supermarket groups have already started reporting that consumers are changing their behaviour, seeking price deals, buying own brands and shopping around for lower priced items.

This requires companies to carefully construct value propositions that appeal to the different types of consumers and pricing strategy has become a major pre-occupation. It is a delicate balance between passing on price increases and maintaining market share.

The top five companies that do well in response to our question "provide good prices and rates" are also rated positively for their customer experience:

Pharmacy2U is the number one company for value, and also number one in the overall customer experience index this year.

Smarty ranks 32nd in the index overall and is the leading telecoms provider. Smarty is a low-cost mobile airtime operator and, like iD Mobile, it is powered by Three. It is a no-frills provider that keeps things simple with its small selection of SIM-only deals. Its flexible one-month contracts and discounts for unused data seem to particularly appeal to people on a tight budget.

iD Mobile is one of the highest movers in the index this year, improving its position by over 100 places. iD Mobile offers low-cost mobile phone plans supported by strong customer service.

Budget fashion retailer **Primark** recently outlined its intention to add online to its store network – a response to the issues it faced during lockdown. But it has long been a favourite for its low cost yet fashionable clothing range.

Ranked 14th this year, digital first cosmetics brand **LOOKFANTASTIC** is a brand for the digital age, adept at using 'Skinfluencers' (cosmetics influencers), Tik Tok and Snapchat as the means of communication with its customers. Indeed, they produce their own listings and index of the leading skinfluencers.

Experience loyalty: value through recognition

The top companies illustrate how important recognising customer loyalty is in creating value:

– **Pharmacy2U** provides a uniquely personalised and often life-supporting service, ensuring customers can not only make the process of ordering and receiving prescriptions personal and frictionless, but have immediate access to qualified pharmacists when they need it.

– **first direct** has long delivered a human personal experience. Their purpose since being founded in 1989 has been to pioneer amazing customer service and amazing customer conversations. Ensuring every customer feels known, unique and valued.

– **QVC** has long mastered the art of personalisation through communications that give an individual real-time experience, whilst also encouraging them to tune in to specific shows on QVC that are directly relevant to their personal interests. The presenting style is one where every viewer feels they are being spoken to individually, not as a part of a collective audience.

– **Lush** treats every customer as a hugely valued individual. For Lush it starts with the way that staff interact. No attempt to sell, just a series of diagnostic questions to understand more about the customer's specific needs, before prescribing the right type of products. Lush achieves the ultimate prize of personalisation: customers who feel their self-worth has been increased because of their association with Lush and other "Lushies".

– **Feelunique** captures the power of personalisation in the name of their company. They also use affinity modelling algorithms and machine learning to personalise customer experiences.

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By building new purpose-centric digital communities, exclusive partner services and creating new reward formats, businesses around the world can create agile, borderless experiences with customer loyalty at their core.

Zoey Carver, Partner, Connected Technology
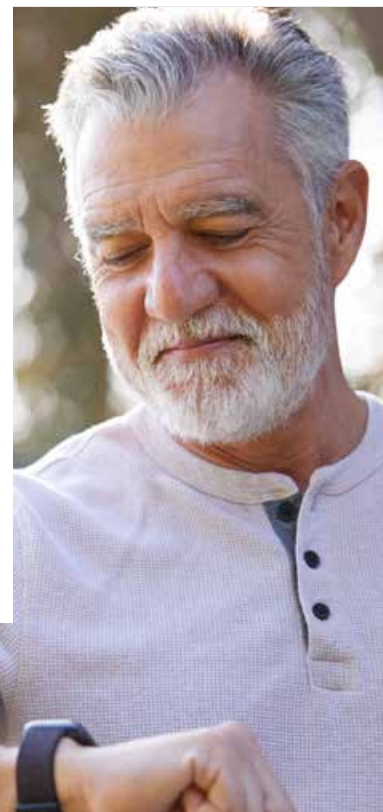
Purpose: value through values

Purpose is an essential part of Integrity. It has become more important as a consequence of heightened consumer concerns over the environmental and societal actions of companies.

The commitment to sustainability is especially pronounced among younger people, who have a strong conviction that personal behaviour can make a difference in addressing environmental issues and expect environmental concerns to be front and centre for the companies they purchase from. Millennials want brands that embrace purpose and sustainability and they, in turn, are changing the attitudes of the older population through a process of inter-generational drift, where the values of the younger population influence and change behaviours of the older generations.

The link between values, attitude and actual behaviour has been perplexing marketers for decades, when and how do values convert into actual behaviour? Known as the value action gap, it is the difference between what a person says and what they do. In terms of sustainability, people have historically "talked green but bought brown". A frustrating paradox for those seeking to drive environmental responsibility.

So, whilst many consumers reported positive attitudes toward eco-friendly products and services, they were previously unwilling to follow through with their wallets.

In 2022 this is much less the case. Recent KPMG research shows 86% are now actively concerned about social and environmental factors, 76% have made purchasing decisions based on a company's approach to reducing its environmental impact and over half of all respondents (59%) have taken positive civic action to lead to improvements. The values behaviour gap has narrowed considerably, and companies are having to respond, guiding customers towards more sustainable use of their products.[19]

For example, Unilever estimates that almost 70% of its greenhouse gas footprint depends on which products customers choose and whether they use and dispose of them in a sustainable manner, such as conserving water and energy while doing the laundry or recycling containers properly after use. Consequently, Unilever is working to educate customers through labelling and marketing campaigns on why it is important to act sustainably.[20]

19 Me My Life My Wallet report, 2022
20 https://www.unilever.com/planet-and-society/climate-action/reducing-emissions-from-the-use-of-our-products/

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Navigating the year ahead will require executive teams to deliver value to customers like never before. To survive, the table stakes will be better management of costs and smarter pricing. But to also thrive, leaders will need to deliver a different kind of value: social purpose, sustainability and standing for far more than profit. The best brands will be those that know the value of purposeful values.

Isabel Zisselsberger, Partner, Customer & Digital Consulting

Case study

Spotlight on Northumbrian Water Limited

With thanks to **Claire Sharp,**
Customer Director at Northumbrian Water Limited

2022 rank: **95**   ⌃ Up 73 places from 2021   Utilities

Northumbrian Water (NWL) provides water and sewerage services to 2.7 million people in North East England. It has a further 1.8 million customers in South East England, where it trades as Essex and Suffolk Water. Under the banner of "Unrivalled Experiences" NWL has systematically transformed its approach to the customer and has re-entered the UK top 100, moving some 73 places up the league table.

The transformation is a powerful case study in how to successfully drive customer-oriented change:

– It is led from the top; CEO Heidi Mottram is a huge advocate of the customer and the executive team role model customer-oriented behaviours.

– It has clear customer objectives and is focused on creating value for customers, aiming to deliver lower prices, sustainability, innovation and resilience. Customers benefit from some of the lowest and most affordable bills in the sector.

– It is a holistic approach involving the entire business driving ever improving service and efficiency. This involves examining every part of the business, overcoming silos and ensuring that all areas work well together as part of the whole.

The Six Pillars of experience have been central to the change. Embedded within the customer function and widely understood across the organisation, they provide the "how" when it comes to examining and redesigning experiences both internally and externally."

Claire Sharp, Northumbrian Water

– It has invested in the strategic capabilities that make a difference for customers.

– It recognises the role of employees and ensures all employees, across front, middle, and back office, not just the customer touching ones, understand their role in delivering great experiences for customers.

– Over 93% at the whole organisation level agree with the statement that "I am committed to delivering unrivalled experiences to our customers". In the customer directorate this is over 98%.

– Its business plan follows a comprehensive engagement process involving thousands of hours of engagement with more than 400,000 customers and stakeholders.

– They have identified the Six Customer Priorities which are the "what" – what customers say are most important when it comes to the customer relationship with NWL.

– It has used The Six Pillars of experience as the "how" when it comes to creating outstanding experiences across all areas of the business. Giving people the confidence to know that the improvements they make will lead to improved customer satisfaction, and together with the customer priorities they are a very powerful combination.

– Reward and recognition are aligned to stimulate great customer experiences locally and success stories are widely shared so that people know what good looks like.

The Six Pillars of experience have been central to the change. Embedded within the customer function and widely understood across the organisation, they provide the "how" when it comes to examining and redesigning experiences both internally and externally.

The ambition for Northumbrian Water was to get 3,000 people acting as one, thinking about the customer first and then empowered to take appropriate action. Managers were trained as trainers and equipped to work with their teams to define how they could make a difference using The Six Pillars as a framework. Simple questions helped staff internalise best practice and get to a consistent understanding of what was required, such as "what does Integrity mean to you and to your customer, how can we make this real for them?"

The IT and HR teams use The Six Pillars to assess the services they provide internally; the customer experience design teams use them to assess customer journey quality and inspire new designs. For example, when designing the new processes and journeys for smart meters, The Six Pillars were used to ensure that customers would rate their experiences as 10 out of 10 every interaction.

Staff training has also embraced The Six Pillars. "Write it well" and "Say it well" are two staff training programmes designed to ensure a high quality, consistent approach – both utilise The Six Pillars as underlying principles to ensuring good communication. The results from the initial trial period have been excellent, with customer satisfaction increasing from 65% to 95% and first stage repeat complaints being reduced by 27%.

Enabling value

A strategic approach

Cost is clearly uppermost in executives' minds. Reducing costs to deliver value to customers today without harming long term growth potential is a difficult challenge. A strategic staged approach to cost reduction, aligned to organisational improvement, will protect growth opportunities whilst improving customer and employee experiences.

Short term: There will be quick wins – those opportunities to reduce waste and remove non-value-added activities. This is about unlocking value across the business which is almost immediate, for example, Supplier Contract Compliance. These opportunities are important because they provide the money for reinvestment.

Medium term: Typically looking at things within the confines of the current operating model. These may be 'functional' cost reduction opportunities. Some of the biggest opportunities – which are harder to deliver – come from looking at the core end to end processes across the organisation, where processes cross over different functions. The bonus? Most companies put this in the 'hard to do' bucket, but there is a lot of opportunity here from both a cost and a CX perspective.
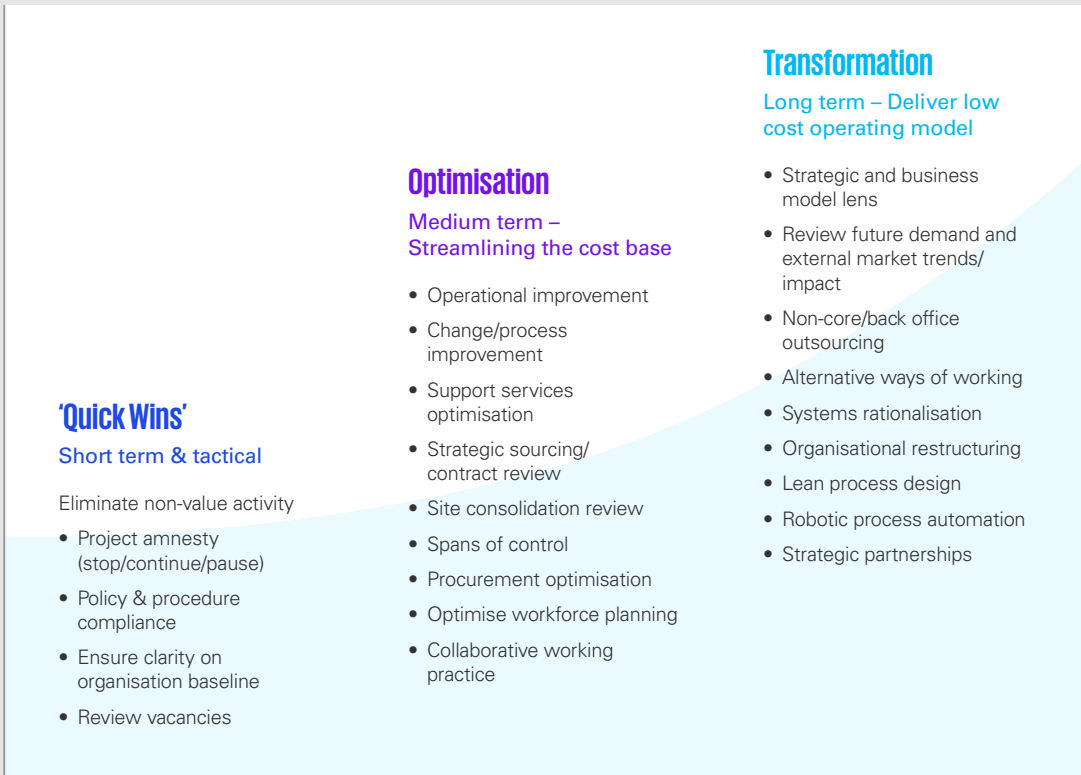
Longer term: Involves transformation to a lower cost operating model, greater use of technology, alignment across functions and customer journeys, which will unlock more significant cost savings.

Our global research programme shows that some organisations have become very adept at using customer experience as a mechanism for reducing costs. By focusing on duplication and overlaps they have found cost reduction opportunities at the interface between functions and processes in excess of 20%.

Delivering benefits through quick wins can provide the platform and business case to enable systemic changes and a long-term sustainable business

Increasing benefits & sustainability ❯

Transformation
Long term – Deliver low cost operating model

- Strategic and business model lens
- Review future demand and external market trends/impact
- Non-core/back office outsourcing
- Alternative ways of working
- Systems rationalisation
- Organisational restructuring
- Lean process design
- Robotic process automation
- Strategic partnerships

Optimisation
Medium term – Streamlining the cost base

- Operational improvement
- Change/process improvement
- Support services optimisation
- Strategic sourcing/contract review
- Site consolidation review
- Spans of control
- Procurement optimisation
- Optimise workforce planning
- Collaborative working practice

'Quick Wins'
Short term & tactical

Eliminate non-value activity

- Project amnesty (stop/continue/pause)
- Policy & procedure compliance
- Ensure clarity on organisation baseline
- Review vacancies

Increasing aspiration & effort ❯

	'Quick Wins'	Optimisation	Transformation
Indicative cost saving	3-8%	5-10%	20% +
Activities focus	Remove waste	Improved efficiency	Fit for purpose of transformation
Indicative timescales to deliver cost savings	0 – 4 months	4 – 12 months	12 months +

Reducing cost and driving growth

There are a number of critical value streams when it comes to optimising cost and growth. The example retail model below shows four areas that have a material impact:

– **Range and assortment**: Review the product range to strategically select the right product assortment to boost efficiencies and increase profits. Rationalisation of the product range will enable higher inventory turnover and lower costs, streamlined in-store logistics and enhanced buying power, as well as opportunities to optimise the workforce.

– **Real estate**: Rethink the physical footprint and the value these assets deliver to the organisation and the customer experience

– **Workforce optimisation**: With customer service and experience top of mind, businesses should be assessing where technology can help automate tasks, thereby making workforces more productive and customer focused.

– **Technology and supply chain**: Technology and supply chain improvements will be a central part of the digital transformation, enabling organisations to uncover new cost savings while simultaneously growing their businesses. Some robotic process automation (RPA) deployments in retail, for example, have been shown to cut costs by up to 50 percent.

The following example is drawn from the retail sector where there is an intense focus on managing the margin whilst delivering perceptions of value; this means examining every facet of cost.

Customer-led
Ensure that the cost reduction choices taken enhance the customer experience

Strategically select the right product assortment to boost efficiencies and increase profits.

Range
Combining SKU (stock keeping unit) profitability with strategic metrics to influence range reset activity

Supplier performance
Commercial negotiations, net-net cost harmonisation and back to front margin imbalance

Marketing/promotions effectiveness
Understanding marketing and promotional performance to maximise ROI, focusing on impactful & profitable campaigns

Range & assortment

Real estate

Reconsider brick-and-mortar assets and establishments – what value they add to the customer. Consider the shift to turnover rent.

Space management
Optimise use of macro and micro space in stores with a profit density lens

Real-Estate Optimisation
Review store portfolio and optimisation

Property commercials
Consider the shift to turnover rent arrangements

Goods not for resale (GNFR)
Rapid review of GNFR spend using a tri-lens approach covering cost, consumption and compliance

End-to-end operating model
Ensure that the cost reduction initiatives complement each other and do not disrupt day-to-day operations

Pivot towards technology & supply chain investments

Workforce

Supply chain
Identify opportunities to improve sourcing or collaboration and cost-basis set-up

Distribution/ route-to-market
Route-to-market and supply chain efficiencies

Data driven decision making
Customer and demand insight capability development

Pivoting investments from store openings and refurbishments to technology and supply chain improvements will be a central part of digital transformation.

Organisation structure
Optimise roles, optimise total headcount, spans & layers and admin support

Total reward
Optimise base pay, people architecture and benefits

Digitisation
Introduce intelligent automation (RPA, process mining, workflow) & capability

With customer service and experience top of mind, consider where technology can help in making workforces more productive and customer-focused.

Working capital
Review of operational and non-operational cash requirements to provide a one-off cash dividend

Conclusions

Enterprise cost management must be the proactive response to the economic conditions facing UK business. A strategic structured approach is required, finding quick wins whilst preserving the sources of value that will drive future growth.

There is an opportunity to use improvements to the customer experience to reduce costs. For example, refining and designing frictionless customer journeys to minimise dropouts, removing inefficiencies and duplication, and reinvesting to build adaptable and flexible capabilities to support the customer. Customer experience considerations should be central to any cost reduction programme, with careful decisions about what should be retained or dropped.

There is no question that when it comes to customer experience the game is changing. Customers still want more for less, but this is tempered by the degree to which the organisation demonstrates a strong sense of purpose and a commitment to its environmental and societal responsibilities.

The quest for value is highly nuanced. For some it will be price to the exclusion of all else, for others it will be how the products or service fits into their lives. But for many customers, value is a function of price, experience, and purpose. Companies will need to understand how these play out across their customer base.

Companies will need to review their propositions to ensure they reflect the new realities facing the consumer. Not all customers will be affected equally – a segmented response is required.

The bottom line is that a strong customer experience, focused on value, can insulate organisations against short term economic headwinds and equip them to ride out an uncertain future.

Next steps

Executive teams should consider a full value audit of their business to determine how the business can be optimised to meet the economic needs of today:

Value Audit

Customer value creation

Yes/No

Price and promotion

We are clear on the different value segments that comprise our customer base. ☐

We have evaluated our propositions in the light of the economic reality facing our customers. ☐

We have optimised price and promotions across discrete segments. ☐

Experience

We understand what customers really value in our products, services, and experiences. ☐

We have assessed our experiences against global best practice (The Six Pillars of experience). ☐

We have examined the processes that support customer journeys to remove inefficiencies and duplication. ☐

We are clear on what is required to retain and protect our most valuable customers. ☐

Purpose

We have a clear purpose that articulates our contribution to the world, beyond making money. ☐

The purpose is tied to environmental and social good. We enable customers to act more sustainably in their wider lives. ☐

We are authentic in the way that the purpose guides how we do business and the decisions we take. ☐

We consistently bring our purpose alive in communications to customers. ☐

Enablers of value

Yes/No

Quick wins

We have identified and quantified the key tactical opportunities for cost reduction: ☐

- Project amnesty (Stop, pause, continue)
- Base lined the organisational cost structure
- Benchmarked our cost structure vs competitors
- Over engineering of compliance and procedures
- Reviewed vacancies and remuneration to ensure consistent with objectives
- Assessed spans of control and organisational layers
- Supplier contract compliance, additional discounts, renegotiation
- Tax and R&D opportunities

We have identified which areas of the business provide the biggest quick win opportunities. ☐

Optimising

We are clear on the level of appetite across the business for cost optimisation. ☐

We have taken a strategic view of where cost is being incurred across the organisation and have initiated cross functional teams to assess and redesign. ☐

We have measured the efficiency of core processes and have identified opportunities to improve. ☐

Transformational

We have initiated thinking as to how we transform longer term to a lower cost operational model centred around the customer. ☐

We have initiated automation projects and are looking for opportunities to use straight through processing. ☐

Section 3

Sector overviews

This year's report highlights the increased pace of technological development at the heart of winning customer experiences. Seamless digital interactions, connected across functions and customer journeys, have become the competitive battleground.

However, despite technological advances, the overall experience delivered across the UK has not improved. This is unsurprising in some regards given the difficult year many companies have faced, all of whom have had to implement wholly new ways of working in unprecedented market conditions.
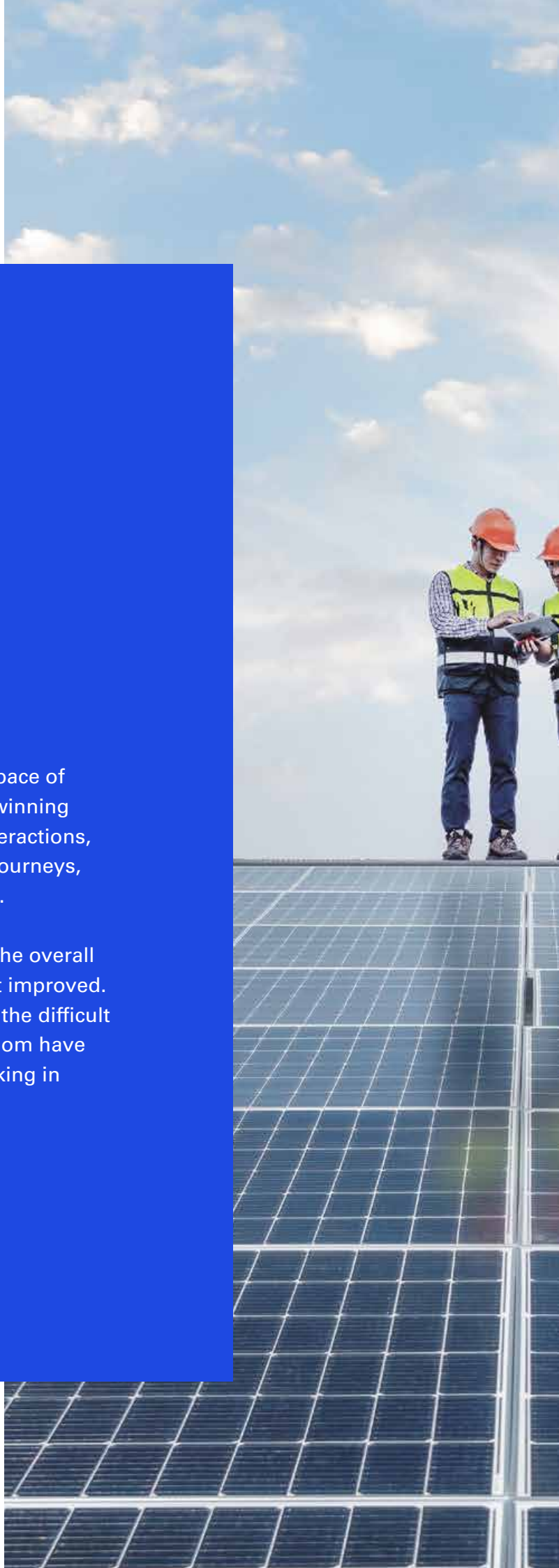
Sector overviews
Consumer and retail

Industry exemplars in the UK

1 **Pharmacy2U**
(1st overall)

2 **QVC UK**
(3rd overall)

3 **Lush**
(4th overall)

4 **Lakeland**
(5th overall)

5 **Harrods**
(6th overall)

6 **John Lewis & Partners**
(8th overall)

7 **Waterstones**
(9th overall)

8 **Feelunique**
(10th overall)

9 **Ocado**
(11th overall)

10 **Apple Store**
(12th overall)

Exemplars in this industry that are ranked in the Top 100

Overview

The three strategic drivers for the consumer and retail sector continue to shape what customers value, the customer experience policies and retail strategies.

1. **The health of the consumer:** As consumers have been forced to think about their health, they are increasingly concerned about being fitter, healthier and better. They are gravitating towards companies that can demonstrate how their offerings both enable and empower healthy lifestyle choices.

2. **The health of the planet:** Concern about disposable packaging, CO_2 and other areas of sustainability are at an elevated level. In the research, almost half of customers say they are willing to pay more for goods that demonstrate they are planet friendly.

3. **The quality of the digital experience:** Digitalisation is becoming the cornerstone of the consumer and brand relationship as consumers of all ages have become proficient at using digital channels. Consumers have high expectations of the digital experience, influenced not only by their retail experiences, but also those in other sectors, including banks such as Monzo and Starling.

However, this year the consumer and retail sector has been beset by the multitude of geopolitical economic challenges, with the resulting cost impacts likely to be felt in the years ahead.

Driven by global macroeconomics and the UK microeconomics, nearly all retailers, including food and non-food companies, are facing notable changes in regard to cost pressures, cost of goods, utilities, supply chain and labour. Everything is getting increasingly expensive.

With the shipping infrastructure for global supply chains struggling and clear consumer demand for more local produce near-shoring, local sourcing has risen up the priority list for retailers and can have a significant impact on their carbon footprint. Retailers can continue to demonstrate support for local communities by sourcing locally, especially as more attention is now being paid to community connectivity.

The adoption of delivery has tempered somewhat since its heights in the pandemic. However, whilst attractive to consumers, for retailers it is still a challenge yielding lower margins, and, with supply chain difficulties, it is not always an easy process to execute as substitutions increase.

The pandemic has accelerated the need for omnichannel interactions. The consumer wants the product at the best price and in as little time, whilst remaining as convenient as possible. They care less about the channel and how the retailer is set up behind the scenes. The focus should be on bringing all channels together in a channel agnostic, customer-centric way, to ensure that brands can deliver to the expectations of the consumer, whilst simultaneously providing the best possible experience. The days of running an ecommerce P&L or a store P&L are becoming less and less common.

Sustainability

Consumers are seeking to understand the environmental and societal credentials of companies before they buy from them. Many say they are willing to pay a higher price for goods that are sustainable.

Retailers need to be able to align environmental and social commitments to their strategy and business plan, and successfully convey the benefits to their customers, colleagues, media and other stakeholders.

But the challenge in the retail sector is one of margin. It is one of the lowest margin sectors to operate. The average EBITDA margin in grocery is about 3% and in non-grocery about 5-6%. The real opportunity is to connect that mission with the cost, efficiency and supply chain agenda.

Net zero retail remains a key focus as more and more retailers are making declarations of future commitments, seeking to respond to the changing expectations of both their customers and their employees. Companies are looking to accelerate their efforts to decarbonise operations, products and their supply chain.

Lush is one of the pioneers of ethical retailing, with products that eschew unnatural ingredients, excessive packaging and animal testing. With a significant improvement in their digital offering, Lush is a prime example of the three major trends sweeping retail: digital prowess, the health of the individual and the health of the planet.

John Lewis has promised to introduce a "buy back" or "take back" scheme in each product category by 2025 and offer more rental and resale services, as it attempts to develop "more sustainable ownership options".

Customer experience

This year's top 10 retailers are, in the main, premium providers and appeal to a more affluent customer base. However, during a downturn is when customer loyalty is either earned or lost. It's potentially a moment of increased churn, with customers scrutinising spending to a greater extent and spending more time looking for better value alternatives.

That's why our leading companies invest in superior customer engagement to help them maintain existing customers and attract new ones. For these companies, the experience that surrounds the purchase occasion is critical. Lush, Harrods, Lakeland, Waterstones, Apple and John Lewis have focused on creating a stimulating and inspiring store environment. For Feelunique, Ocado, LOOKFANTASTIC and QVC, it is the digital experience that matters. But for each of them it is how they link the experiences they create to lifestyle aspirations and quality perceptions that changes how customers determine value.

Value, quality & convenience

So, against this somewhat turbulent economic backdrop, where can companies generate growth? Pricing strategy will play a major part. For some customers absolute price will be the determinant – but for others, exchanging price for other perceived value (such as ESG credentials) is a viable approach. Meanwhile, there will be consumers whose spending habits remain unaffected. In any event, pricing strategy can no longer focus on the broad price increases, it needs to be considerably more nuanced and personalised.

Growth can originate in increased efficiencies through technology powered analytics and customer insights. These help to identify target customer segments based on recessionary impact. The better you know your customer, the more targeted you can be. Some customers will be very challenged in the upcoming months, but there are still customers that have money, and they will spend. Retailers need to know who they are. Pricing, promotion and demand elasticity modelling will be key to optimising margins.

Product quality has become more important to consumers who are looking for longer lasting products to minimise the environmental impact. Recycling, upcycling and reuse have also become considerations for consumers when purchasing.

Convenience continues to be a key factor. Consumers want fast, easy, frictionless customer journeys, whatever point of the journey they are on. Effort has a big impact on loyalty, the easier the purchase and service cycle, the more loyal customers become.

Each of these play a big role in the customer experience and retailers anxious to preserve their customer base will need to assess their customers' journeys and ensure that they deliver superior value, quality and convenience.

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Suppliers and retailers know that there will be various trade-up/treat and trade-down decisions that will happen in the basket – from those seeking out more value products in certain categories, through to those swapping meals out for premium range meals in. Understanding and influencing around those specific shopper missions and occasions will become a key point of differentiation.

Duncan Knight, Partner, Customer & Digital Consulting – Retail & Consumer Goods

Sector overviews
Technology, media and telecoms

Industry exemplars in the UK

1 **Apple (Retail)**
(12th overall)

2 **Smarty**
(32nd overall)

3 **Samsung (Retail)**
(40th overall)

4 **Tesco Mobile**
(43rd overall)

5 **Netflix**
(47th overall)

6 **giffgaff**
(49th overall)

7 **iD Mobile**
(67th overall)

8 **Disney+**
(90th overall)

Exemplars in this industry that are ranked in the Top 100

Overview

As the economics point to recession and a cost of living crisis looms, it is interesting that low-cost telecoms companies are highly represented in our index. Smarty, giffgaff, and iD mobile are no frills providers of mobile telephony services who support their cost position with positive customer experiences.

Disney+ and Netflix are part of a fight for subscriptions as the number of streaming services continues to increase. Success lies in the quality of the content. Increasingly, viewers are becoming frustrated by intensive marketing of average programming. There is a battle for eyes as linear, streaming and gaming technologies compete for our armchair leisure time.

The cost of living crisis is beginning to affect the streaming sector as consumers search for value for money and "switch on and switch off" their subscriptions for a particular programme or boxset they want to view.

Content providers have become more ruthless with a fail fast mentality towards programming – if content is not immediately successful with viewers it is terminated quickly.

Purpose and sustainability

The carbon emissions of the sector are the equivalent of the airlines at circa 7%. Customers are more aware now than ever before of the environmental impact of firms and are looking to secondhand products and extended life cycles as a means to control environmental impact. ESG will therefore be the key theme discussed in corporate boardrooms where every financial decision must take the climate into account.

TMT (technology, media and telecoms) businesses have significant potential to influence the ESG narrative due to the way their products and services permeate other sectors and provide the enabling technology, media content and communication capabilities. This is a must address area for TMT companies where market mechanisms are driving the closure of the climate action feedback loop, where companies will increasingly pledge climate action to win stakeholder approval, driving competitive advantage. Sky's high-profile support for the removal of plastics in oceans is an example of how TMT firms are responding.

Samsung has made public commitments to:

– Accelerate the use of recycled & recyclable components (in over 90% of devices). For example, with initiatives such as Samsung's fishing net recycling to use in tech devices

– Improve packaging to achieve 100% made with recycled material

– Increase product lifecycle, for example by recycling handset components into IoT devices

Customer experience

IoT connectivity is an area of significant growth. The connected home, car, and self all provide exciting end to end customer experience opportunities, whilst opening areas for new business models, ecosystems and applications.

Service improvement is also an area for focus. Big Tech firms are using vast amounts of data to improve the performance of conversational platforms. Technologies such as Vodafone's TOBi have shown the power of a carefully implemented conversational chatbot in the customer service arena. It uses AI to understand and respond to customer questions through chat and voice-based channels and is understood to be one of the largest applications of AI. TOBi has improved the employee experience too, having started to help agents on calls by gathering data from backend systems, recommending next steps or processing some of the after-call tasks.

Technology

The TMT sector is at the vanguard of adopting new technologies. Major technology themes that impact the TMT industry over the past year include artificial intelligence (AI), cybersecurity, metaverse, augmented reality (AR), quantum computing, cloud computing, software defined everything (SDE), 5G, space economy, robotics, Industry 4.0, consumer internet of things (consumer IoT), smart cities, ambient commerce, fintech, cryptocurrency, batteries, future mobility, healthtech, edtech, social media, cloud gaming, and streaming.

Often, organisations miss the business application of emerging technology and need a way to create a strong connection between business value and the enabling technology. The metaverse in particular has garnered a large amount of attention. A metaverse is a virtual world where users share experiences and interact in real time within simulated scenarios, though the metaverse may not be realised in its true form for several years. It is a mega-theme that will revolutionise digital media.

Telecoms

5G adoption has been limited by availability of 5G handsets but is increasing slowly as consumers upgrade. But 5G so far has limited use cases. However, the connected car/ e-Sim tech provides an exciting use case for in-vehicle connectivity. Providing a diagnostic capability as well as in-vehicle entertainment (e.g. BMW and T-Mobile USA Magenta Drive, using the car as a mobile wifi hotspot).

6G will not be ready for commercial deployment until 2030. However, the leading countries and companies are already beginning to set the standard for the next generation.

Consumers are increasingly wary of the expectations set by the new "G"s as the service they receive doesn't appear to meet the hype.

Value

As they face the cost of living crisis, telecoms providers are focusing less on offering the lowest price and instead on value for money and innovation. The reality is that service usage increases 50% year-on-year, yet prices remain the same regardless of the cost pressures on companies, where wages, energy and infrastructure costs continue to increase.

The messaging for customers will increasingly be "buy better, not cheaper" as firms look to bundles and packages to change perceptions of value and move away from price as the only discriminator.

Responding to customer concerns about environmental and social responsibility as well as data protection and privacy, whilst also ensuring price competitiveness, will be challenging for the industry.

Given the economic crisis, TMT is a sector that relies on subscriptions, upgrades and renewals. New ways of creating customer value will be an important means towards differentiation.

TMT companies have the potential to be the guardians of waves of first party customer data. With this comes opportunities for new value creation for both providers and customers, including data monetisation, loyalty and ecosystems. However, it brings considerable challenges around data governance, regulation and security.

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The sector's inherent spirit of innovation, natural data relationship with its customers and heavy carbon footprint means it has a strong and legitimate leadership opportunity. It must however get stronger at showing the ground-breaking work it does to its end customers, making that mean something in value defining ways to its audiences.

Nat Gross, Partner, Customer & Digital Consulting – Telco, Media and Technology

Sector overviews
Energy and natural resources

Industry exemplars in the UK

1 **Octopus Energy**
(69th overall)

2 **Northumbrian Water**
(95th overall)

Exemplars in this industry that are ranked in the Top 100

Overview

The energy and water sectors are going through a period of tumultuous change and intense public scrutiny.

The energy sector has been at the centre of the cost of living crisis, with soaring energy bills leading to significant government intervention to protect energy consumers ahead of the winter. In addition, the energy companies find themselves at the centre of the debate about 'excess' profits and windfall taxes. Yet the sector is a broad one. Whilst profits have undoubtedly increased for oil and gas companies, margins remain very tight in energy retail. Indeed, we have seen over 30 retail companies exit the market over the past year, unable to make sustainable profits.

In the water sector we have had drought conditions over the summer months, plus ongoing rows about losses due to leaky pipes and excess sewage discharges into rivers and at the coast.

Against this backdrop, it is perhaps unsurprising that only two energy and utility companies have made it into the top 100 for customer experience in 2022.

While many companies have been investing in new products and services to improve customer experience, their efforts have been hindered both by the macro environment as well as the constant pressure to reduce costs, driven by stiff competition and regulatory pressure.

The two companies to buck these general trends and improve their ratings this year are Octopus Energy and Northumbrian Water. In the energy sector Octopus Energy has managed to improve its position by 17 places, while Northumbrian Water has risen 73 places and re-entered the top 100.

Purpose

For both companies their environmental and social commitments are much more than just words. For Octopus it is the 100% commitment to renewable energy; for Northumbrian it is a fight against water poverty.

Octopus Energy is a renewable only energy supplier with the over-arching goal of fast-tracking the globe to a zero-carbon future. On a more local scale, the business also aims to fight fuel poverty in the UK. Since setting up Octopus in 2015, they have invested more than £9.7 billion into building a sustainable planet, empowering people and revitalising healthcare, impacting the lives of more than 3 million people and using 100% renewable sources like sun, wind and water. This has resulted in innovations such as the Octopus Energy Fan Club, Electric Universe and Intelligent Octopus.

Octopus believes that people will want to work for, buy from and invest in "good" companies. It is one of the UK's first companies to meet the strict criteria to become a B Corp. To gain B Corp certification, a company needs to meet high standards and prove it has a positive impact not just on its workers and customers, but also on the wider community and environment.

Northumbrian Water similarly is totally committed to its ESG agenda. Not only focusing on how it can improve the environment, but also measuring its social impact to ensure it is making a significant difference to those that need it most. For example, working with sports clubs to advise 8-12-year-olds on the importance of drinking water and how this can offset diabetes in later life.

Customer experience

Northumbrian Water boasts easy online registration and self-service functionality. Customer service is also more personalised, offering a clear sense of the client's brand values, including environmental issues and sustainability. Their commitment to motivating employees through their recent transformation has paid huge dividends. Employees were instrumental in helping the company achieve a leading position in the C-MeX index.

Octopus also has a strong reputation for the quality of customer service. It is the UK's most awarded energy supplier and has achieved the Which Recommended Provider accolade for five consecutive years. Octopus Energy has achieved this by applying proprietary and market leading technology all the way through the utility software stack, coupled with an innovative customer service operating model. Their early investment in their market leading technology, "Kraken," provides an easy life for customers and ensures that staff are equipped to deal with any queries that arise.

The energy supplier strives to create "outrageously good customer experiences". It achieves this through "autonomous teams" that are free and empowered to resolve a customer's issue. The idea is that the person who answers the call can resolve 95% of all problems a customer might have. This is possible through Octopus Energy's unique team structure, whereby customers are assigned to a specific team when they sign up.

As an example of their customer commitment they have banned no reply emails, feeling this undermines the customer relationship. Instead, they test and retest emails to ensure that they communicate exactly what is required with a minimal need for the customer to follow up.

Its communication strategy ensures customers are not only well educated on what Octopus is doing, but feel part of a movement intent on moving the world to a better place.

Value

Both organisations focus on helping their customers make the most of their money and provide assistance when needed. For example, Octopus advises customers on the best time to charge their cars overnight to ensure they get the lowest cost tariffs.

Whilst water bills are a comparatively small part of total household costs, Northumbrian Water is determined to do everything it can to help its customers. They have teamed up with charity Step Change to help customers in difficult financial circumstances, whilst ensuring they get a continuance of their water supply.

Energy providers are having to ensure they help customers make the most of their money and educate them as to how they can take actions to reduce their energy spend. At the same time, there is ongoing pressure to reduce cost to serve, while increasing employee and customer satisfaction.

Sidd Venkatesan, Partner, Customer & Digital Consulting – Energy & Natural Resources

Sector overviews
Banks and building societies

Industry exemplars in the UK

1 **first direct**
(2nd overall)

2 **Monzo**
(7th overall)

3 **Starling Bank**
(17th overall)

4 **Nationwide Building Society**
(27th overall)

5 **Marcus by Goldman Sachs**
(35th overall)

6 **Coventry Building Society**
(37th overall)

7 **M&S Bank**
(45th overall)

8 **Skipton Building Society**
(74th overall)

9 **Santander**
(78th overall)

10 **Yorkshire Building Society**
(79th overall)

Exemplars in this industry that are ranked in the Top 100

Overview

We have a very interesting top 10 in the banks and building societies sector. What is particularly striking is that only Santander, of the bigger banks, makes it into the list of industry exemplars. This is a powerful confirmation for Santander in terms of their branding 'Simple, Personal, Fair' and shows that customers are recognising and supporting that promise. It's a reality that the larger, global brands continue not to feature heavily. Despite multi-million dollar investments over many years, challenger brands and building societies are still capturing our attention in the customer experience space. The exception would be Marcus by Goldman Sachs, but we note this isn't competing with the clearing banks for the full service proposition, but is rather focused on specific products. Nevertheless, the experience design is strong.

It is worth acknowledging that not all of these brands necessarily offer a market leading digital experience. This underscores the important role that value and values play in how customers rate experience. We have said it many times – banks that fail to humanise the experience and their brand will not be as successful.

Our top performers

first direct has recovered from the disruption to its business model caused by the pandemic and has returned to providing stellar customer service. Similarly, the new CEO at Monzo has refocused the business and we are seeing a bounce back in results. Starling Bank and Nationwide maintain their exemplar status. Marcus by Goldman Sachs is a new entrant to the top 100; its brand is anchored around providing financial wellbeing and its business is underpinned by a forensic focus on customer journeys and customer research. All of this is supported by a technology leading mobile app and a market leading interest rate that is successfully attracting new customers.

Values and purpose led

Purpose and ESG have become essential topics for the banking community. The notable change is the ever-increasing pull factor from customers who expect banks to demonstrate purpose led values, but also expect banks to cascade this into their products and advisory models. Much of the initial attention has been environmental but is now extending to the societal dimension.

Ultimately, this research is confirming that customers want brands to demonstrate that they care in a meaningful way, supported by action and not just words:

– Care about me and my financial wellbeing

– Care about the community

– Care about the environment

Practically, banks have provided loans to help customers make their homes more sustainable, use recycled plastic for their cards and supported customers in making ethical investments.

NatWest, in a UK banking first delivered in partnership with carbon tracking expert CoGo, will allow customers to see the CO_2 emissions associated with their daily spending, as well as hints, tips and resources to go greener.

Banks are seeking to decarbonise their loan portfolios (Scope 3 carbon emissions), as well as taking the steps to be more sustainable internally (Scope 1 and 2 emissions), and there are nuances around other topics beyond climate change beginning to surface. These include biodiversity, diversity and inclusion, and sustainability in the broader sense.

Cost of living and value

As the cost of living crisis grows, banks are responding in different ways. Companies such as Monzo and Starling provide digital help, showing customers how much they are spending, providing round up savings capabilities and enabling savings pots to be locked. Next best action and nudges help customers to make more informed and better financial decisions. Other banks have formed partnerships with companies that help advise customers in more difficult financial circumstances and provide access to cost lowering opportunities around core bills.

The approach to vulnerable customers is under scrutiny as banks seek to ensure that they protect these customers' interests. By identifying the different types of vulnerability banks can devise more relevant solutions, and apply technology to determine when a customer is likely to become vulnerable, to offer proactive support.

Seamless experiences

Much has been said about the need for frictionless experiences and the merging of digital and human interaction into the same channels. Customers do not have the time or patience to navigate complex journeys. It remains a surprisingly complex challenge for banks to crack this. Though one bank that has addressed this challenge is Starling, who ensures that a customer has easy access to a human at any time.

There is a growing emphasis on collecting and improving data across financial services. Having access to this information can support both internal and external decisions by banks. It allows firms to better justify their direction and can support information requirements from regulators, but primarily it can lead to much greater personalisation of services and more rapid responses to customer needs.

Ultimately, this is not a technology challenge. Banks need to commit the right investment and bring together disciplines across design, data, research, people and technology to solve experience challenges.

New sources of competition

Equity valuations for payment firms and those that 'own' the customer interface far exceed valuations for traditional banks and their operating models. Increasingly, the value is seen as those elements of banking that touch the customer, with other points becoming less important. In short, having control of the customers is where the value lies.

Banks make money by having good customer relationships. Therefore, disintermediation is a major risk that is starting to materialise and must be considered. Other non-banking firms are also starting to offer services in this space, which could encroach on bank market share.

We encourage banks to always step back and consider how they can best disrupt their own business, and this will flush out the weak spots that need focus.

Regulation

Further conduct challenges lie ahead as the regulatory bar is raised again this year. The FCA's consumer regulations – a new "Consumer Duty"– is moving the dial for the financial services sector. Banks will not only have to be fair, but they also must prove that they are acting in the best interest of customers.

We can already see significant spend by banks looking to comply – it would be an opportunity missed if this investment is not truly anchored around customer experience transformation.

Cost management

We can safely predict ongoing pressure on banks to cut costs. The temptation is, as always, to scale back on transformation initiatives. Banks that set proper investment and ROI targets and make funding dependent on outcomes for transformation will see that improved customer experience and cost reduction do go hand in hand.

Conclusion

Like every year there are plenty of external and internal challenges and roadblocks ahead. Those banks that listen, reflect and clearly anchor value and values into their strategy and customer proposition will be much better positioned for success, and we look forward to some new entrants in our hall of fame next year.

"

Value and 'values' are front of mind for customers when rating their banking experience, and banks who underperform in the experience stakes will underperform full stop! It's that simple.

Paul Greenan, Partner, Customer & Digital in Banking

Sector overviews
Insurance

Industry Exemplars in the UK

1 AA
(44th overall)

2 Bupa
(48th overall)

3 John Lewis Finance
(54th overall)

4 LV=
(71st overall)

5 Royal London Group
(91st overall)

6 Green Flag
(96th overall)

7 Prudential
(97th overall)

8 Aviva
(100th overall)

Exemplars in this industry that are ranked in the Top 100

Overview

The insurance industry faces considerable challenges beyond efforts to adapt to the pandemic's aftermath. They range from economic hurdles such as inflation; to sustainability concerns including climate risk, diversity, and financial inclusion; to rapidly evolving generational consumer product and purchase preferences.

Except for pension freedoms, the core savings and insurance products have remained unchanged, yet consumer lifestyles are changing rapidly. Insurers need to focus on solving a newer range of customer problems or risk being left behind as new and more innovative Insurtech firms take market share.

Regulation continues to shape the industry and the business models of providers. The FCA's Consumer Duty proposals are the latest step in an ongoing continuum, including numerous initiatives on fairness, value, culture, and customer outcomes.

Since its inception, the FCA has striven, through a combination of hard power (policymaking, supervision and enforcement of rules and guidance) and soft power (public statements, consumer campaigns, supervisory relationships with firms and sectors) to significantly improve the extent to which the financial services industry is sustainable from a customer outcomes perspective.

The Consumer Duty proposals are new and will increase the regulatory burden and the FCA's powers. However, the FCA's goals are familiar – increased consumer understanding and engagement, ensuring that good products reach those for whom they're suited and perform as expected, improving consumer support and value, and trying to drive consumer protection-orientated competition between firms. This needs to be more than a box ticking exercise. Firms that respond proactively and robustly to the Consumer Duty requirements are much more likely to achieve the often-cited 'customer centricity' principle.

Sustainability

The UN's climate change agenda has accelerated the insurance market's response to sustainability. In December 2021, 26 countries signed up to UN's climate change policies at the COP26 conference in Glasgow, with many industries and corporations, including insurance, pledging sustainable strategy commitments.

As they are directly affected by climate change, the Bank of England has asked insurers to undertake stress tests on three scenarios over 30 years – scenarios in which governments take early action to reduce carbon emissions, take later action, or take no action at all.

UK insurers have a significant task as they look to bolster trust among key stakeholders (regulators, investors, and customers), by being more proactive in seeking comprehensive solutions to big picture societal problems, such as mitigating the financial impact of future pandemics and natural catastrophes.

Royal London, Prudential and Aviva, who all feature in this year's top 100, have a strong focus on all matters ESG. Firstly, as responsible investors, so pension holders can be reassured about the ethicality of their investments. Secondly as providers investing heavily in energy efficiency, generating renewable electricity, removing plastic, sending zero waste to landfill, and managing the impacts of its people and operations by carbon offsetting.

Customer experience

Customer demands continue to evolve to reflect social change, new engagement channels and the shift in the economic landscape.

Most significant are the generational demographic shifts affecting channel access, engagement preferences and price versus service preferences. With Gen Z preferring digital first mobile access with an excellent digital customer experience, and the older generations preferring price over customer experience.

Consumer trust in the insurance industry has been gradually eroding in recent years, with insurers narrowing their eligibility criteria and scope of cover. The FCA's recent ban on "price walking" (the process by which insurance firms increase premiums for existing customers who automatically renew their policy) highlighted some of the unethical practices being adopted in the industry.

Furthermore, responses by insurers to the COVID-19 pandemic, and the widespread failure to pay many coronavirus claims, has only exacerbated the perception that the economic interests of consumers and their insurers are at odds.

Consequently, UK insurers are working hard to win back trust and rebuild the trust-based relationship that defines insurance with their customers. A significant step in this process is the redesign of customer journeys, ensuring new technologies are integrated into the processes to make life easier for the customer and remove friction and trust-impacting occurrences. There is a significant shift toward insurers designing target-state customer journeys – co-created with customers and key players in the value chain – as a framework to rebuild their operating processes and drive toward customer centricity.

Focusing on the experience of employees carries equal importance. With the 'Great Resignation' having now spread from the US to the UK, the insurance sector continues to struggle to overcome its skills and knowledge gaps. If this persists, insurers will be unable to innovate and grow to meet the rising expectations of the market. By improving employee experiences, insurers will become more efficient and adaptable through an enhanced ability to retain diverse and highly skilled talent.

Value

From a customer perspective, the insurance industry can struggle to present value as experiences are not defined by an exchange of physical products. It is the ultimate intangible product and, in many cases, a distress purchase based primarily on price.

As a result, differentiation stems from the provision of a quick and highly personalised service, underpinned by seamless technological connectivity. If insurers are to change perceptions of value and get customers to give greater weight to the customer experience, then they need to make the intangible tangible.

The claims experience (across all lines) is the critical moment of truth for the majority of consumers – yet historically insurers have sought to remove cost out of this process with a focus on improving margins rather than improving the claims experience. There is a growing movement towards reimagining the claims experience from a customer design perspective instead of a pure cost-out approach – and the results are more sustained commercial growth.

> **Insurers must continue to focus on becoming customer-centric – and the new Consumer Duty regulations can accelerate this. They should also continue to integrate value and values into the insurance customer journey – humanising the experience, building trust and providing easy support when it matters most.**

James Henderson, Director, Customer & Digital – Insurance Sector Lead

Sector overviews
Local government

Overview

Over the past two years local government has been severely stretched. When the pandemic and resultant lockdowns hit communities, councils across the country continued providing vital services and set up community hubs, distributed food parcels, disbursed business support grants and provided a wealth of other support to those who needed it. This was all achieved against the backdrop of unprecedented funding pressure.

This year core funding from the government is creeping back up with a 4% increase for 2022/23. In addition, many councils used the last decade to rationalise back-office services, invest in their digital capabilities and build their portfolios of revenue generating services and assets.

Alongside this, both central and local government are in the process of a radical transformation from thinking citizen or resident to customer. From simplify and automate to the quality of the overall end to end experience.

This is leading to a focus on how the customer experience is delivered at different touchpoints, with an emphasis on prioritising the services and interactions that really matter. Using the private sector as both a benchmark and inspiration, councils are striving to meet customer expectations for 24/7 services, easy digital and multi-channel access, and a consistency of experience.

Local authorities deliver over 700 statutory services and there is a recognition that sustaining this approach across the breadth of services requires a customer led culture, one where the customer is the start point for service design and experience delivery, and is central to council planning and strategising.

This will be very challenging. As hierarchical, command-and-control organisations, councils can emphasise function over process in the organisational design and performance management processes. Budgets, the business planning framework, performance appraisal, and decision-making processes all emphasise functional responsibilities. This will need to change substantially if the culture is to change.

Customer experience

Achieving great customer experience is challenging in local government. There is rarely a full picture of the customer's interactions with the council, services delivered through third parties blur visibility and restrictions on sharing data make it difficult to get a real sense of the overall customer needs. But many are finding it possible to make substantial improvements to the experience. The secret is looking end to end across the council.

Holistic systems thinking is enabling councils to co-create experiences directly with customers across their lifecycle, focusing on specific life events such as a bereavement, moving home or the birth of a child. Described as 'life journeys' they enable services to be delivered systematically at key points. For example, parents already need to register their child when they are born - this can trigger subsequent communications such as early years learning events, teenage health, information about A-Level exams, applying to university, paying off debt. At each stage the council can provide value to citizens by helping them access services and opportunities that they may not even know they need.

"Change isn't easy. Making government more customer focused is an urgent matter. But it will take some time for customer perceptions of the value they receive from their local council to change.

Jo Thomson, Partner, Customer & Digital Consulting – Infrastructure, Government & Healthcare

It builds on the "tell us once" programme many councils have adopted and provides a framework for agencies to operate in an integrated way.

It is an approach that demands all agencies are involved and work together cross functionally to ensure seamless interactions. Design is structured around a single point of entry where all relevant services to the customer's circumstances are made available. A process called "no wrong front door".

It is an ongoing process of personalisation and communication. Historically councils had no ability to tailor their messaging and communications. In every case, the lack of granular data on individuals' specific needs and interests meant that communication was, by default, a form of broadcast. However, several councils have developed online accounts that allow residents to see all sorts of information that pertains to them. An approach that ensures relevance and greater connectedness with the customer, signifying a move to a more granular and highly personalised subscriber-based approach where push becomes pull.

Value

Change isn't easy. Making government more customer focused is an urgent matter. But it will take some time for customer perceptions of the value they receive from their local council to change.

In fact, customers' perceptions of value vary hugely across the array of services that local authorities provide. The relationship with local authorities is very different than with private enterprises as customers are 'captive' and without choice for many services. The powers of the state are used to compel pre-payment for local government services, so payment is not received at the point of consumption.

Consequently, it is even more important that the customer experience is designed and managed and delivered effectively, that customers feel that they are recognised and treated as individuals and that the current communication tone of "Parent Child" becomes "Adult to Adult".

Our research shows that The Six Pillars of experience are strongly linked to perceptions of value. Consequently, councils can deliver value as follows:

Integrity: Identify actions and events that erode trust and redesign them as a priority.

Resolution: Solve the customer's problem completely by making sure that all the agencies work together to do so – provide skilled staff who not only solve customer problems but find root causes and fix them.

Expectations: Meet the customer expectations for service delivery from the private sector. Many of the issues in local authorities are cross functional in nature, focus on integration and the end to end.

Time and effort: Design operations to maximise convenience and minimise costs. Aggregate services as solutions not single point fixes. Don't waste the customer's time – service providers in local authorities often send a very clear message to customers through their operations: 'your time has no value'.

Personalisation: Build on the life journey approach to better synchronise services with customer circumstances.

Empathy: Demonstrate that the council cares about its customers and ensure critical emotional touchpoints are staffed with emotionally intelligent employees.

Sector overviews
Healthcare

Current challenges

As the NHS emerges from one of the largest challenges it has ever faced, work continues to manage the waiting list backlogs that inevitably built as the COVID-19 pandemic became the primary focus. NHS organisations are continuing to evaluate the lessons of the pandemic, refining their plans and formulating new strategies to manage the recovery and move on to more efficient, future-proofed provision of care.

The challenges that the NHS will face, with another tough winter period already here, are vast and broad. Immediate priorities are to invest in the workforce across all areas of the sector, but specifically in out of hospital settings such as primary and community care. As well as more people, new ways of working are needed to address the workforce shortage and strengthen the compassionate, inclusive culture that is needed to deliver outstanding care.

With an aspiration for the NHS to be a holistic service provider and overcome clinical silos, Integrated Care Systems were established in July to bring partner organisations together to improve outcomes, tackle health inequalities, enhance productivity and support broader social and economic development. To deliver these aims, Integrated Care Systems need to harness insight into citizen wants, needs and experiences to help care providers tackle problems with the right interventions.

This will help make the most effective use of NHS resources, so that pre-pandemic levels of productivity can return, and the focus can shift towards preventative and proactive care, which will be essential to take the strain off the acute areas of the system and support a seriously stretched workforce.

The Government has further signalled its intentions to ensure digitalisation remains front and centre in its strategy. Nevertheless, large parts of the NHS are still working with legacy technology and in functional silos whilst dealing with current challenges. It is estimated that between 11 and 13 million people stayed away from the NHS during the pandemic period. These people are now seeking treatment and adding to the widely reported pressures, particularly on A&E wards.

Citizen experience

There is a rapidly accelerating transformation underway from traditional methods of dispensing healthcare to the development of intelligent pathways centred around the specific needs of patients. Providing a much more individualised and proactive care approach and ultimately, an improved experience of care.

To deliver on these ambitious plans for citizen-centric and intelligent care, major challenges must be addressed. Improving the responsiveness of urgent and emergency care and building capacity in community care will ultimately allow the NHS to keep patients safe, and offer the right care, at the right time, in the right setting. This must be underpinned by how Integrated Care Systems approach things like their digital agenda, where the potential to transform the way care is delivered for citizens is yet to be fully exploited.

Digitising key parts of the health service will not only allow citizens to take more ownership over their own health but will give providers better access to data to improve approaches to Population Health Management (PHM). PHM is a nationwide programme that uses data to identify those with, or at risk from, ill health and will allow systems to provide more targeted and personalised help and keep them healthier, living independent lives, for longer. Not just a "nice to have" – it is intrinsic to ensuring health systems adapt to changing population needs and remain financially sustainable.

Accelerated by the pandemic, virtual solutions replaced a lot of walk-in visits, transdermal sensors that look like a sticker on the arm enable real-time blood test readings to be sent to a phone via Bluetooth and organs from 3D printing are being used for training purposes. As a result, care is becoming less bound by location.

Value

Focusing on what patients' value can pay rich dividends in improving care outcomes and reducing costs. Looking at healthcare globally, in the US they introduced "Care in Place", a model designed for high-risk elders. The goal was to measurably improve the patient and employee experience.

After gaining an in-depth insight on what patients' value, the focus was on identifying key problems and solving them. The team found that most older patients found it difficult to make it to the hospital. When they finally did, they had to stay longer for recovery. Instead, treating the underlying symptoms at home could help most of them avoid a hospital visit down the line.

The team came up with a new care pathway for home-based urgent care. With this new model, there was a 42 percent reduction in ER visits for patients. Patients were delighted as their needs were met without a long hospital stay.

Sustainability

In the ongoing fight against climate change, the NHS has a significant role to play. In part because of its sheer size, the service is responsible for approximately 40% of public sector emissions and 4% of all road transport. In response, an NHS Net Zero panel has been convened with the aim of being the world's first net zero health service. It has set two stretching targets for carbon reduction.

– For the emissions we control directly (the NHS Carbon Footprint), we will reach net zero by 2040, with an ambition to reach an 80% reduction by 2028 to 2032

– For the emissions we can influence (our NHS Carbon Footprint Plus), we will reach net zero by 2045, with an ambition to reach an 80% reduction by 2036 to 2039

The panel has released its plan for achieving this in a report published in October 2020 titled Delivering a Net Zero National Health Service. It lays out the direction, scale and pace of change. It describes an iterative and adaptive approach, which will periodically review progress and aims to increase the level of ambition over time.

The focus on digitalisation provides several opportunities to reduce the environmental impact of the NHS, but the challenge isn't insignificant, if the NHS is to achieve their ambition, every citizen intervention and care pathway will have to have the net zero aim designed into it.

The sheer size of the task that the NHS now must undertake may seem unsurmountable, but it's also an opportunity for revolutionary leaps in how the health service delivers care. Digitisation and citizen centric design are crucial to empowering and enabling the workforce, undoubtedly the NHS's strongest and best asset.

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A preventative and proactive approach will be essential to take the strain off a seriously stretched workforce and deliver truly citizen-centric care.

Jason Parker, Partner, Infrastructure, Government & Healthcare
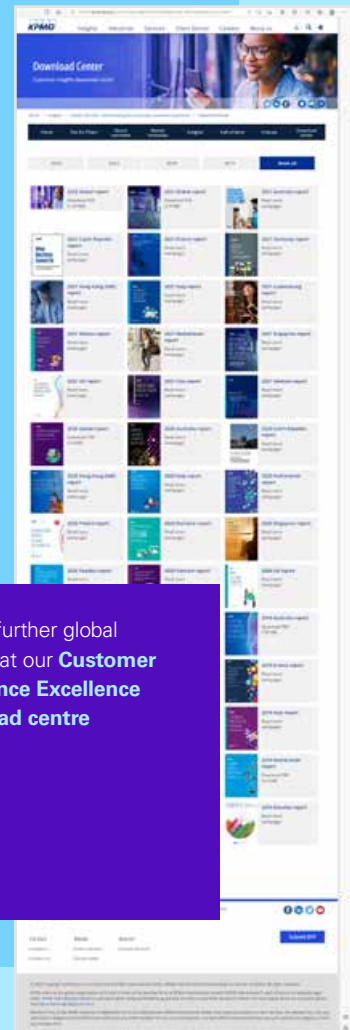
Further resources

The UK Customer Experience Excellence report forms part of KPMG's global programme of research to assess best practice around the world.
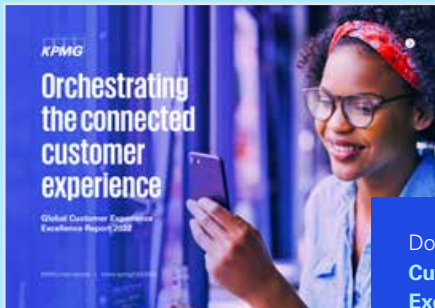
Download the **2022 Global Customer Experience Excellence report** – Orchestrating the connected customer experience

Access further global insights at our **Customer Experience Excellence download centre**

Download the **2022 Me, My Life, My Wallet report** – How to serve the sustainability conscious consumer.

UK top 100 results 2022

Sector key

- Financial services
- Non-grocery retail
- Grocery retail
- Travel & hotels
- Telecoms
- Entertainment and leisure
- Utilities
- Public sector
- Restaurants & fast food
- Logistics

Change vs. 2021

- Up
- Down
- No change
- Not ranked in 2021
- New to research

Rank	Company	Rank	Company	Rank	Company	Rank	Company
01	Pharmacy2U	26	Next	51	ao.com	76	Schuh
02	first direct	27	Nationwide Building Society	52	Vision Express	77	Clarks
03	QVC UK	28	M&S	53	Holiday Inn	78	Santander
04	Lush	29	The Body Shop	54	John Lewis Finance	79	Yorkshire Building Society
05	Lakeland	30	American Express	55	JD Sports	80	Toby Carvery
06	Harrods	31	Dreams	56	Superdrug	81	Tesco
07	Monzo	32	Smarty	57	H&M	82	Habitat
08	John Lewis & Partners	33	National Trust	58	Nespresso Store	83	Booking.com
09	Waterstones	34	Oliver Bonas	59	Marriott	84	Farm Foods
10	Feelunique	35	Marcus by Goldman Sachs	60	Etsy	85	Dunelm
11	Ocado	36	M&S Food	61	Nando's	86	Haven Holidays
12	Apple Store	37	Coventry Building Society	62	Uniqlo	87	Argos
13	Hilton Hotels & Resorts	38	Screwfix	63	The White Company	88	Holiday Inn Express
14	LOOKFANTASTIC	39	Waitrose & Partners	64	New Look	89	Aldi
15	Joules	40	Samsung Store	65	Global online retailer	90	Disney+
16	Everyman Cinemas	41	ASOS	66	Premier Inn	91	Royal London Group
17	Starling Bank	42	PayPal	67	iD Mobile	92	Emirates
18	Miller & Carter	43	Tesco Mobile	68	Cult Beauty	93	boohoo
19	Boden	44	AA	69	Octopus Energy	94	Iceland
20	Chanel	45	M&S Bank	70	Gousto	95	Northumbrian Water
21	Jet2	46	IKEA	71	LV=	96	Green Flag
22	Gymshark	47	Netflix	72	Greggs	97	Prudential
23	Center Parcs	48	Bupa	73	Krispy Kreme	98	Selfridges
24	Specsavers	49	giffgaff	74	Skipton Building Society	99	Chiquito
25	Moonpig	50	Not on the High Street	75	Superdry	100	Aviva

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