KPMG

The power of empathy

How strong brand connections are forged in a crisis



2020 KPMG Luxembourg
Customer Experience
Excellence report

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01 Introduction

Foreword

We have transitioned in and out of three seasons since the beginning of what can only be described as the most turbulent year in recent history. Winter turned to spring and Western Europe could no longer ignore the distant murmurings of a virus in Far East Asia, it was well and truly here. And with this virus came change, change that affected every individual, no matter the age, profession or nationality.

Overnight life in Luxembourg transformed. We left our offices, our restaurants and parks and we sheltered in place. And by the time spring turned to summer, we had a new set of heroes. The grocery store clerks, the bus drivers, and of course, those on the front lines in the hospitals who did not have the option to start life anew from the comfort of their homes.

And as we embrace the changing leaves and the dropping temperatures, we take the time now to reflect back on the heroes, and the innovators of the lockdown period. This pandemic is the backdrop for the third edition of our Luxembourg *Customer Experience Excellence* survey, shining a light on how Luxembourg brands managed —or not— to maintain a great customer experience and outstanding customer service during the lockdown period.

Brands across Luxembourg, and the world, had the opportunity to connect with their customers in a way never presented to them before.

Customer and brand alike, normalcy was on hold, rules were officially out the window. Which brands became agile? Where did the customer feel most heard? As certain aspects of life were put on hold, others had to continue. How were brands able to help their clients through cancelling a wedding, or applying for a credit card when no one knew what the next day would hold?

In what we hope is a once in a lifetime research opportunity, we surveyed over 1,000 Luxembourg residents to get their opinion on their experiences with 80 brands across nine sectors during the lockdown period of April and May 2020.

As last year, the survey employed a long established and proven methodology developed with KPMG Nunwood, a leader in the customer experience excellence field, and was carried out in parallel with 26 other countries throughout the world, providing great insights into how things are being done elsewhere.

I hope you enjoy this 2020 edition.

> Organizations that were quick to adapt in order to maintain a great customer experience during the COVID-19 crisis have established a unique connection with their customers that will undoubtedly be the cornerstone of their growth going forward.
>
> And beyond that, organizations that continue to demonstrate this type of empathy, that can put themselves in their customers' shoes, that are there when times are rough, are very likely to secure customer loyalty in the future.



Jean-Pascal Nepper
Partner
KPMG Luxembourg

About this research

KPMG's Customer Experience Excellence Centre is an international think tank dedicated to turning global customer experience best practices into effective business results.

1. Research

Research for this survey was carried out in April and May 2020 by TNS ILRES, a local research company, via an online survey sent to a nationally representative customer sample of 1,040 respondents. Eighty brands with a large customer base and local network across nine sectors were selected.

To participate in the research and to be able to answer questions about a brand, respondents were required to have interacted with that brand in the previous three months. This change from previous years, when a six-month period was given, was in order to capture interactions and experiences specifically during the height of COVID-19, to truly understand and fairly compare the reaction and resilience of brands.

At least 80 respondents per brand, rather than the 100 of previous years, were needed for the brand to be included in the final ranking. KPMG Luxembourg also contacted selected companies from different sectors during the summer of 2020 to gather additional customer experience insights.

2. Analyze

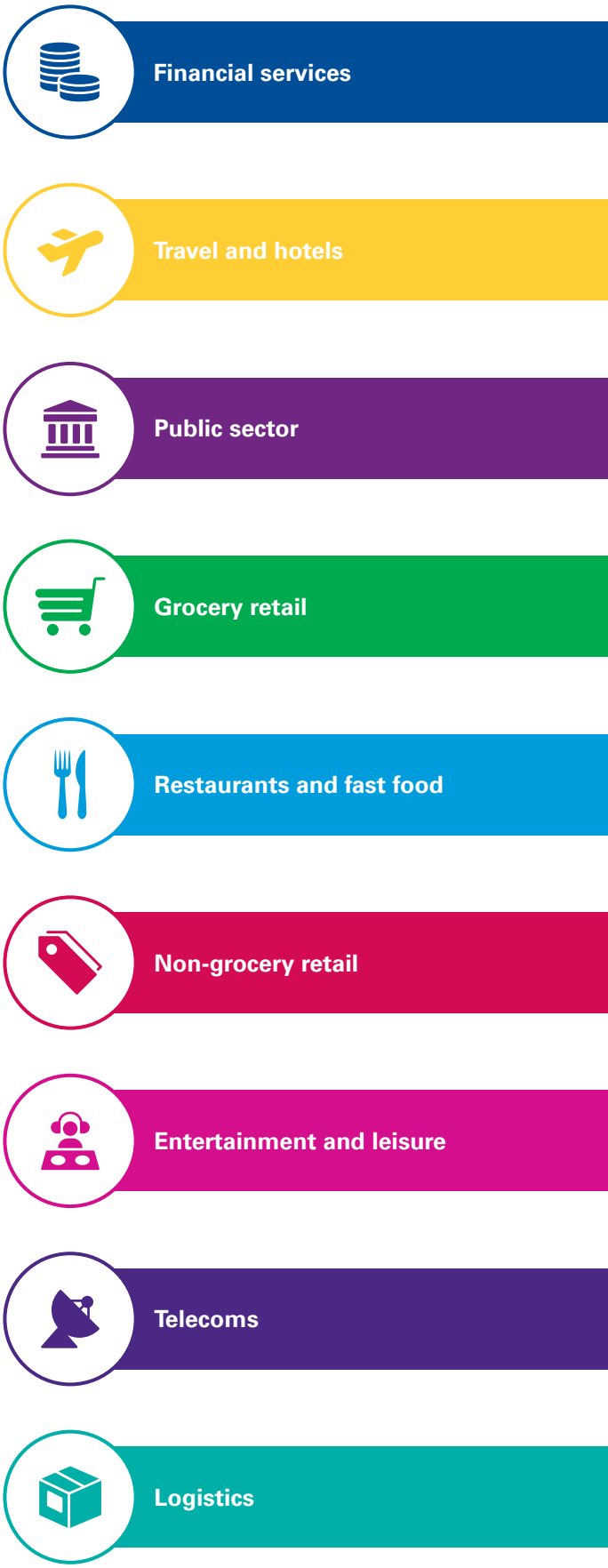
The Customer Experience Excellence (CEE) methodology, including The Six Pillars, analyzes the DNA of outstanding customer experience and how this fuels rapid business growth. The Six Pillars are the core structure on which this research is built, as they make up the fundamental components of an ideal customer experience.

Customers were asked to respond to questions relating to these pillars for each brand they had interacted with in the previous three months. Brands were given a score out of 10 for each of The Six Pillars; these scores were then combined into an overall customer experience rating, and each brand's delivered customer experience was evaluated. Customers were also asked to indicate how likely they were to recommend a brand (advocacy) and to repurchase from it (loyalty).

This analysis is therefore based on quantitative research data, written customer feedback and qualitative customer experience insights provided by various brands. Together, these elements offer a detailed snapshot of Luxembourg's customer experience performance. The characteristics of the Luxembourg market were then compared against global trends identified in parallel research in 26 other markets, and incorporated into KPMG's international, large-scale customer experience study.

3. Apply

Research results were channeled to assess CEE levels in Luxembourg and to prepare a state of the nation performance analysis that includes a ranking of Luxembourg brands by CEE score as awarded by customers. This report presents the top 10 customer experience brands and shines a spotlight on various customer champions.



Study statistics



3.0
average household occupancy

46 average age of respondents

1,040
respondents



11 years
of ongoing research in the field of customer experience

44
brands included in the final ranking



528
female respondents*



survey period
April/May 2020



507
male respondents*

63% Luxembourgish respondents

* 5 respondents "prefer not to say"

02

The Six Pillars

Eleven years of research globally by KPMG Nunwood have shown that every outstanding customer relationship has a universal set of qualities — they are The Six Pillars of experience excellence. They are inextricably intertwined and, in combination, provide a powerful mechanism to help organizations understand how well their customer experience is delivered across channels, industries and company types. Leading organizations demonstrate mastery of these pillars and are outstanding at all of them.

Integrity

Acting with integrity and engendering trust.

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

- Do the right thing for me personally
- Be seen to be doing the right things for customers in general
- Stand for something more than profit
- Have not been associated with negative stories on the TV or internet or in the newspapers
- Are recommended by my friends or family
- Take corporate social responsibility seriously
- Contribute to my local community



Resolution

Turning a poor experience into a great one.

Historically when it comes to resolution, organizations have majored on service recovery. COVID-19 has driven rapid innovation because customer problem-solving has come to the fore. This mindset in turn has accelerated a focus on solutions rather than products and driven engagement.

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

Expectations

Managing, meeting and exceeding customer expectations.

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

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

Empathy

Achieving an understanding of the customer's circumstances to drive deep rapport.

It is time for all firms to show that they care, that the safety and well-being of their employees and customers is their prime concern. Corporate kindness comprises two words not usually put together, but which are now fundamental to how a company operates from within.

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



Personalization

Using individualized attention to drive emotional connection.

Demonstrating that you understand the customer's specific needs and circumstances and will adapt the experience accordingly is now the expected norm. Customers during the crisis described the feeling of being in an infinite present and unable to see beyond tomorrow. Our customer experience leaders have been focused on ensuring that, as far as possible, customers can take control over their lives by providing experiences that are more strongly tailored to their circumstances, that make them feel valued and important and put them back in control.

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

Time and Effort

Minimizing customer effort and creating frictionless processes.

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

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

Drivers of customer loyalty and advocacy

The Six Pillars are measurable, offering a powerful complement to other metrics like the net promoter score (NPS), customer satisfaction or customer effort. They ensure that customer journeys can be accurately analyzed and compared against best practice journeys elsewhere.

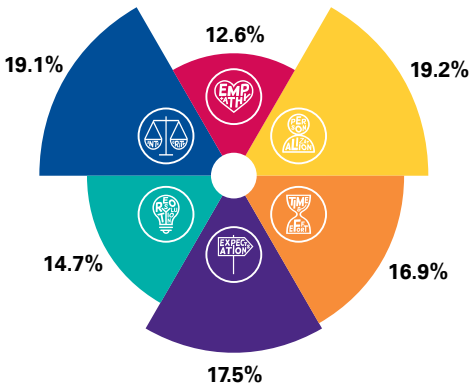
The Six Pillars not only define customer experience excellence but also predict commercial success: a strong performance across The Six Pillars improves customer loyalty and advocacy, which in turn lead to improved financial outcomes. Better customer retention results in higher revenues and a lower average cost to serve, thus demonstrating a strong relationship between customer experience quality and financial performance. Customers are increasingly migrating their wallet share to companies that deliver compelling experiences — proving that customer experience is instrumental to financial success.

In our 2020 analysis, we found that the pillar of Integrity was the strongest driver of advocacy (NPS) and that Personalization was the strongest pillar in driving customer loyalty. In the current COVID-19 context, this means that customers who believe a brand is trustworthy and demonstrates its commitment to a safe and secure environment are more likely to recommend it to friends or colleagues, and customers who feel a brand understands and adjusts to their individual needs and circumstances are more likely to remain loyal in the future.

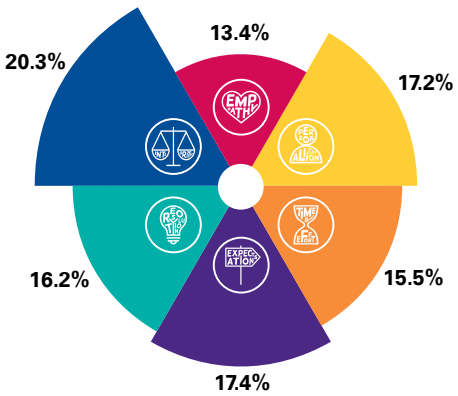
Our research reveals that now, more than ever, Luxembourg consumers value companies that are authentic and able to connect with their clients. It shows that brands that act ethically, show compassion and invest in personalized customer relationships in times of crisis are likely to win a lifetime's supply of customer loyalty when this difficult period is over.

Weighting of The Six Pillars

Pillar impact on loyalty



Pillar impact on advocacy



03 Research results

The state of the nation

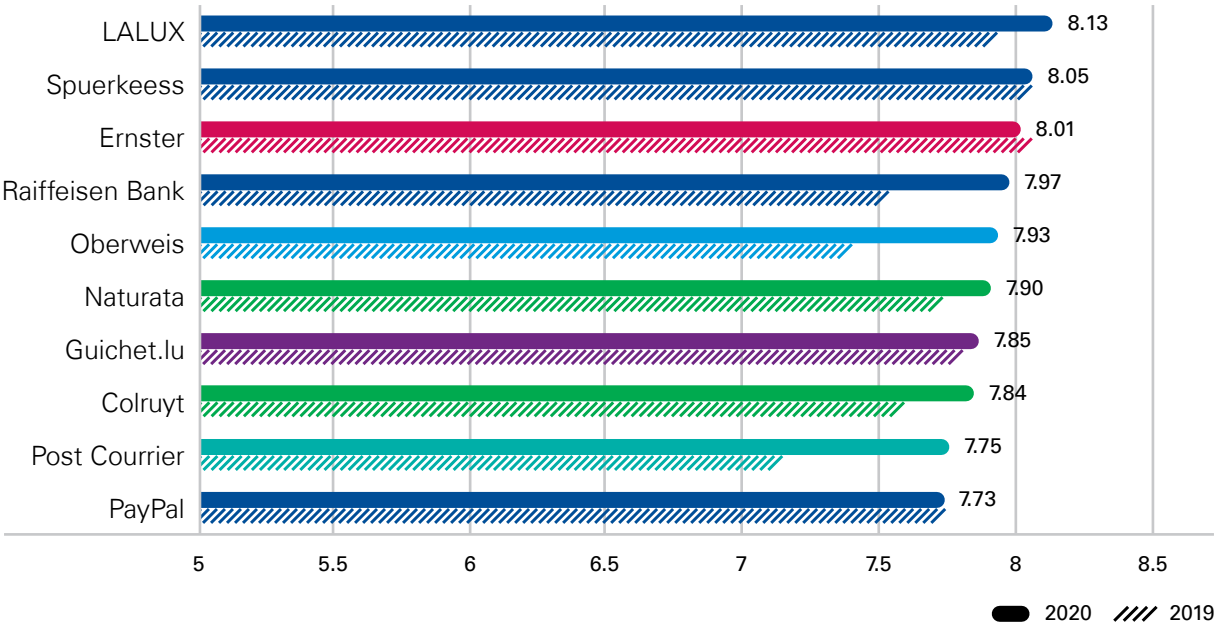
The impact of COVID-19 on customer behavior was immediate and widespread across all brands and industries. The expectations of Luxembourg respondents heightened as their priorities shifted to health and safety first. As a result, what was previously considered to be a great customer experience is no longer good enough. This year's research has shown that customer experience leaders demonstrated significant resilience and were able to adapt to new customer expectations more rapidly than ever before — leading to an uplift in the overall CEE score from 7.15 in 2019 to 7.43 this year.

As a consequence of COVID-19, brands in Luxembourg and around the world have been thrust into reorganizing their approach to customers. Over half of this year's top 10 customer champions are familiar faces from last year's top 10 ranking — their customer-oriented approach enabling them to navigate the recent unprecedented times better than their competitors. Rushing to reconfigure and reinvent their businesses, these leading brands were able to quickly adjust customer experience in response to the unique circumstances faced by their clients. They showed concern for their employees and customers alike, were committed to societal well-being, and reacted with humanity and kindness throughout the crisis.

Forty-four brands were included in this year's ranking, of which one brand was a new entity and therefore not ranked in last year's survey. Overall, the level of customer experience (CX) performance increased across all Luxembourg brands in 2020, with an average CX growth rate of 3.9 percent compared to 2019.

Three brands met our world-class criteria, scoring over eight in the 2020 study: LALUX, Spuerkeess and Ernster. LALUX tops the Luxembourg customer experience table for the first time. Pillar winner in terms of Time and Effort (8.33), Personalization (8.26), Resolution (8.06) and Empathy (7.79), the insurer was able to maintain close personal relationships with its customers throughout the crisis. Following in second place, Spuerkeess' position remains unchanged compared to last year. Survey respondents particularly appreciated the bank's ability to demonstrate and build trust in uncertain times, awarding it this year's highest Integrity score (8.28). Spuerkeess is also the brand that picked up the highest loyalty score in Luxembourg. Having led the list of brands for the previous two years, Ernster ranks third in the 2020 survey. Earning this year's highest score for Expectations (8.10), the bookstore navigated times of uncertainty with openness and transparency, always making sure its customers' expectations were accurately set and fulfilled.

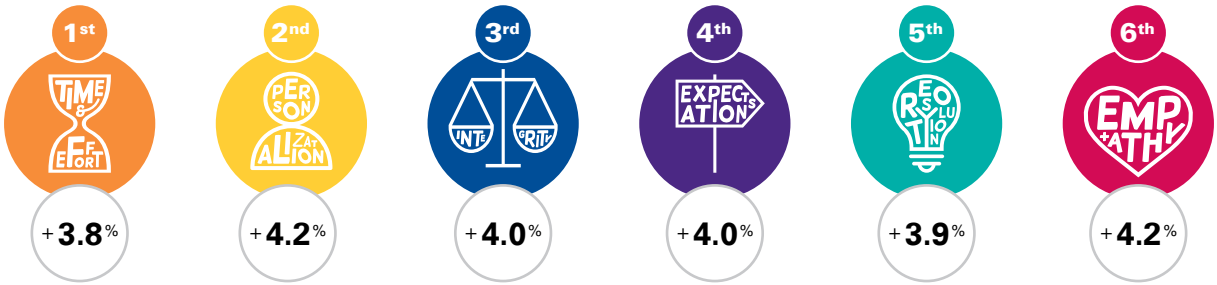
CEE metrics of top 10 leaders: 2020 vs 2019



Six Pillar performance (2020 vs 2019)

While performance has risen across all Six Pillars this year, Luxembourg's best score is still for Time and Effort.

The pillars with the highest growth were Personalization and Empathy (both up 4.2 percent). These pillars represent the key elements of customer interaction during COVID-19, namely the brands' ability to shape and deliver personalized, authentic experiences and to react with empathy and compassion to their customers' unique circumstances.

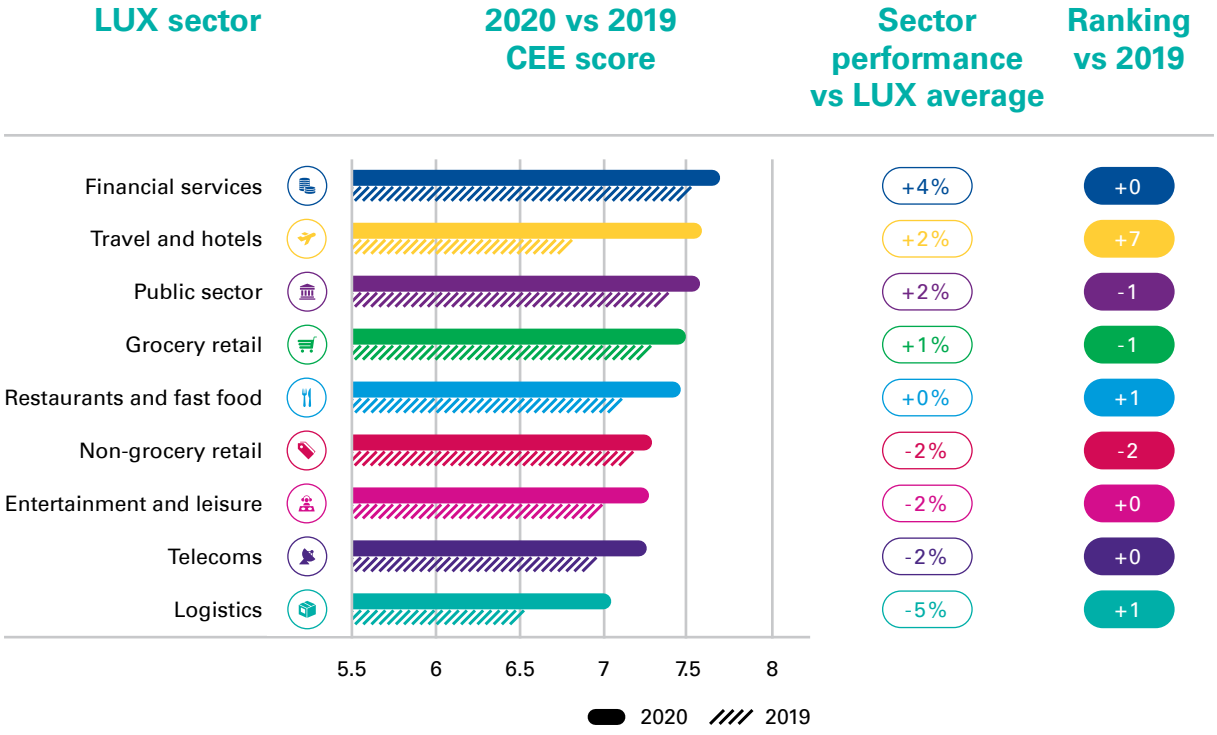


LUX sector performance

There has been an increase in performance across all nine sectors of the 2020 research. The financial services sector, which includes retail banks and insurance companies, remains the customer experience leader. With two financial sector organizations topping this year's rankings and almost half of the top 10 firms being involved in financial services, this sector has been very agile and responsive to changing customer behaviors associated with the COVID-19 crisis. Overall, the sector's performance improved by 2 percent and exceeded the national average by 4 percent.

While the public sector, grocery retail and non-grocery retail sectors moved down in this year's ranking (by one, one and two places, respectively), the travel and hotels sector saw the highest increase in ranking (up seven places). However, this latter figure has to be handled with care as, due to the COVID-19 situation, only a limited number of brands were ranked in this sector.

Despite an 8 percent increase in performance compared to last year's survey and featuring one brand in the top 10 (Post Courrier), logistics remains Luxembourg's worst-performing sector.



2020 LUX customer champions

1. LALUX

+3 Financial services

Insurance provider LALUX tops the table as Luxembourg's number one brand. Keeping 'customer closeness' central to the customer experience, LALUX has a reputation built on resolving customer claims rapidly and with great empathy. Staff and agents maintain a close personal relationship with their customers throughout the claims process.

Great company with an outstanding service. I am very pleased with the agency that serves me: a highly committed agent, excellent products and a well-organized package!

LUX 2020 CEE respondent

2. Spuerkeess

no change Financial services

Delivering high-quality general banking services, Spuerkeess' position remains unchanged on last year's ranking, and it achieved this year's highest loyalty and Integrity scores. Survey respondents particularly appreciated the bank's ability to demonstrate and build trust in uncertain times.

Superb reactivity during the COVID-19 lockdown and great availability for customers. The turnaround time for requests is very short and the processes are well explained.

LUX 2020 CEE respondent

3. Ernster

-2 Non-grocery retail

Having topped Luxembourg's CEE table for the previous two years, locally owned book retailer Ernster claims third place in the 2020 survey. Pillar winner in Expectations, the bookstore demonstrated openness and transparency in times of uncertainty, always making sure its customers' expectations were accurately set and fulfilled.

I noticed that Ernster offers a service that is at least as good and fast as when I order a book from Amazon! The price is the same.

LUX 2020 CEE respondent

4. Raiffeisen Bank

+10 Financial services

Moving up 10 places to rank fourth in this year's study, Raiffeisen Bank performs particularly well on Empathy in comparison to its industry peers. The brand is driven by a desire to build close and long-lasting customer relationships, delivering a personalized experience with empathy and compassion.

Excellent customer advice, also during the COVID-19 crisis via telephone. I am very satisfied.

LUX 2020 CEE respondent

5. Oberweis

+14 Restaurants and fast food

Having climbed 14 places in the last year, Oberweis is the the highest-ranked brand in the restaurants and fast food industry — 20 places above its closest competitor. Scoring highly on Integrity, the Luxembourgish brand was quick to respond to changing customer needs, offering pick-up services and home delivery to avoid close contact during the COVID-19 crisis.

I ordered a birthday cake 24 hours in advance and picked it up at the drive-in station. The cake was delicious as always and the service was impeccable!

LUX 2020 CEE respondent

6. Naturata

+2 Grocery retail

Leading the field in the grocery retail category, Naturata moved up two places to rank sixth in this year's study. The brand was awarded a high Integrity score compared to other grocery retailers, offering a large selection of organic products and delivering a great customer experience in all 11 of its shops.

Very well organized during the confinement period, respect of hygiene rules, monitoring of the number of people who could enter the store, availability of disinfectant gel at the entrance and great supply in various quality products: it was a perfect experience!

LUX 2020 CEE respondent

7. Guichet.lu

-2 Public sector

Earning this year's highest advocacy score, government website Guichet.lu is the leading brand in the public sector category. Scoring highly on Integrity and Personalization, the website played an important role during COVID times, providing helpful information and administrative forms to citizens.

I looked for information on various subjects (COVID-19, taxes, business creation, …). The site is well designed and, overall, the online experience is positive.

LUX 2020 CEE respondent

8. Colruyt

+3 Grocery retail

Ranked second in the grocery retail sector, Colruyt takes eighth place in this year's analysis. Respondents value Colruyt's convenient ordering and shopping platforms, various customer interaction channels, and grocery pick-up service, awarding the brand with high Integrity and Empathy scores compared to its industry peers.

I can place my order online and then pick up the products on-site. The staff is very friendly and there is no long waiting time.

LUX 2020 CEE respondent

9. Post Courrier

+26 Logistics

Moving up 26 places to rank ninth, Post Courrier is the leading logistics brand in this year's analysis — 26 places above its closest competitor. Scoring highly on Integrity, Resolution and Empathy compared to other logistics brands, Post Courrier offers innovative self-service and personalized delivery solutions to its customers.

Great service, on-time delivery and compliance with the COVID-19 security measures. Our deliveryman remained at a good distance and waited for us to pick up the package before leaving.

LUX 2020 CEE respondent

10. PayPal

-3 Financial services

Recognized as a simpler, faster and more secure way to carry out online and mobile payments, PayPal moved down three places to rank tenth in this year's survey. The financial services brand scores highly in three of The Six Pillars: Personalization, Expectations and Integrity.

I used PayPal to pay while shopping online. I am very satisfied — I always feel safe when buying online via PayPal.

LUX 2020 CEE respondent

04

LUX sector and brand focus

In this third *Luxembourg Customer Experience Excellence report,* we look at the research findings in the light of COVID-19 and put the spotlight on those sectors and brands that have best responded to new and emerging customer expectations.



Financial services: Banking

Spotlight on: Spuerkeess



+0

page 22



Financial services: Insurance

Spotlight on: LALUX



+0

page 26



Public sector

Spotlight on: CNS



-1

page 30



Non-grocery retail

Spotlight on: Ernster



-2

page 34

Ranking vs 2019:  **up**  **down**  **no change**

Financial services: Banking

2020 LUX CEE sector ranking: 1st

The Six Pillars: how the sector measures up



Brands captured: retail banks.

Overall result: the financial services sector remains the best-performing sector for the third year running. With a CEE score of 7.63, the retail banking sector's performance exceeds the national average by 3 percent.

The Six Pillar performance: the retail banking sector's performance, just as in 2019, exceeds the survey's average across all of The Six Pillars.

Banks are facing unprecedented disruption due to the COVID-19 crisis. Institutions of all types and sizes — be they central, universal, small or medium-sized, private or retail banks — are dealing with new challenges and risks. And while introducing new measures to support their employees and customers, banks are also trying to strengthen their financial sustainability. All of this is happening on top of the 'usual' higher capital requirements, shrinking interest rate spreads, costly regulatory burden and overall market volatility: the modern banking sector has a lot to handle.

New market entrants such as fintech and BigTech firms, 'super apps' and the challenger banks have been taking an increasing share of the banking market globally. In the UK, which is widely seen as a breeding ground for fintechs, one of the original challenger banks, First Direct, was ranked number one in the 2020 UK *Customer Experience Excellence* report, and has achieved this top spot in UK customer experience five times in the last 11 years. Positioning itself on its website as "[putting] humanity at the heart of everything we do", First Direct demonstrates top customer experience that influences and raises the bar for other market players, across geographies and industries. To remain competitive, incumbents naturally have to either keep up with or exceed their clients' expectations.

Despite all the challenges and the difficulties mentioned earlier, the retail banking sector in Luxembourg demonstrates a better performance than the market average, across all The Six Pillars. The pillars of Time and Effort, Personalization and Integrity were the dimensions that customers appreciated most in their banks during the period of the pandemic. This is encouraging and demonstrates that,

if the banks can perform excellently during times of crisis, the future may be less gloomy than it sounds.

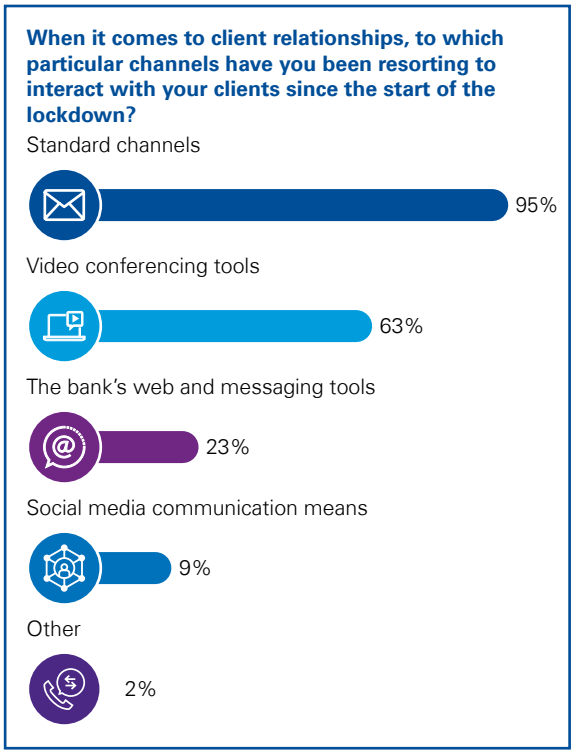
Digital security is a customer priority

Digitalization of the banking sector has been a major trend during the last few years, and will continue, boosted by the COVID-19 crisis. The results of a recent survey from KPMG Luxembourg and the Luxembourg Bankers' Association (*A new reality: Impacts of the COVID-19 crisis on financial institutions in Luxembourg*) showed that 67 percent of respondent financial institutions had accelerated their digital agendas in recent months due to COVID-19. With the sudden need for remote working, and customers not being able to visit bank branches, certain digital projects such as digital signatures and intelligent automation were given a greater priority, and IT systems had to be configured to sustain remote working capabilities and ensure continuous operations.

There is no doubt that technology will become an even more fundamental part of the customer and employee experiences. According to the recent KPMG International report *Consumers and the new reality*, customers want banks to put digital security and personal safety at the top of their digital transformation agendas. Technological innovation, with its increasing focus on artificial intelligence (AI) and machine learning, as well as adaptive and responsive user interfaces, makes it very likely that more intelligent forms of user authentication will soon be available to consumers.

Safe remote working for staff is a must

However, it is not only customers that banks have to protect from fraud attempts and cyber risks, but also employees. Mass migration to remote working has provided an opportunity for increased risk of exposure of staff as well. Oftentimes, people use their own devices to access their company's network at different times of the day, so the usual consistent patterns of user behavior may be disrupted. People often manage their work and private lives at the same time and in the same place, working earlier or later than they usually would in a typical '9 to 6' office environment. This presents a large monitoring challenge for security teams, as distinguishing between normal activity and potentially fraudulent activity is becoming increasingly difficult. Moving into the 'new normal' of remote working, banks' IT systems will very likely have to be adjusted to ensure safe yet flexible access management and a smooth uninterrupted workflow.



Seamless omnichannel experience is key

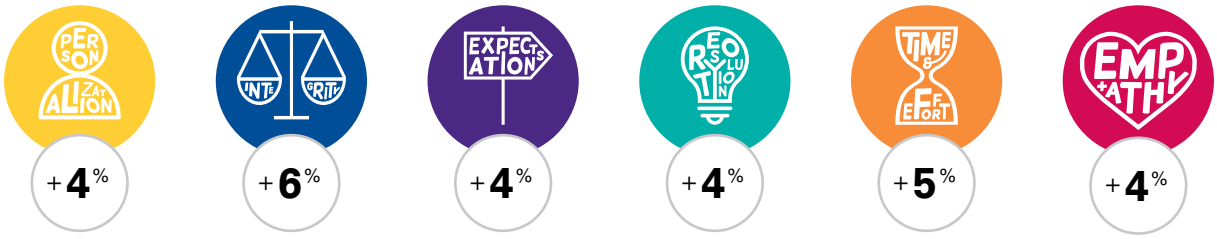
With branches and offices temporarily or permanently closed, more and more client–bank interactions are likely to move to the digital space. Banks' websites and apps will become primary outlets for all client interactions, be they daily communication or purchases of financial products. Going to branches will probably become less common, as emphasized by Luxembourg's Minister of Finance Pierre Gramegna in a recent interview: "In Luxembourg, as in all countries, the number of branches is falling because the digitisation sweeping through the economy and the financial sector will mean that many banking services are delivered online". For banks this means that they should increasingly ensure they will be able to reach their customers across multiple (and sometimes, new) channels. The KPMG–ABBL report found that 95 percent of banks surveyed used standard channels such as phone and email to reach out to their customers during the lockdown, while only 23 percent made use of the bank's web and messaging tools. In the long run, most likely, these dynamics will need to be reversed.

Case study

Spuerkeess

2nd **2020 LUX CEE brand ranking**

The Six Pillars: scores vs industry average



Leading the field in Luxembourg's banking sector, Spuerkeess successfully defended second place in this year's *Customer Experience Excellence report*.

1. Number two for the second year in a row, Spuerkeess was awarded the highest score for Integrity across all brands and industries. How did you ensure you could always deliver on your promises and build rapport with your clients in these times of uncertainty?

We are proud to have scored highest for Integrity and this is a confirmation that our brand DNA is perceived and valued by our customers who always are our top priority. Our constant investment in innovation through digitalization has paid off and has allowed us to be well-positioned to face this unexpected COVID-19 situation.

2. Which channels have you developed to interact with and better serve clients since the start of the lockdown?

We adapted our services and our customer communication channels to the new circumstances in order to guarantee customer relationships without disruption.

Overnight, and as an alternative to our physical branches, Spuerkeess Direct — our new service center accessible online, and by phone for those without internet — was staffed up to take care of our customers and handle their business.

"We are lucky to be a strong and healthy brand which helps in times of crisis, in times when reassuring our customers is essential."

Doris Engel, CFO

We communicated more and in different ways thanks to our campaign management tool which allows us to send personalized and relevant information to our customers via our e-banking S-Net NewsCenter. We focused on reassuring through topics such as general branch information and sanitary measures in place, alternatives for daily banking and payments, or financial market updates.

After a pause during the lockdown phase our new image campaign continued to emphasize Spuerkeess' genuine commitment to

customers and employees and how we strive to make people's dreams come true.

3. What was the biggest challenge you had to face while serving customers remotely?

As a 'systemic' bank, our priority was to keep the bank up and running technically, to rapidly provide staff with the equipment, tools and platforms they needed to work remotely and to continuously assure a high level of service to our customers.

4. More globally, studies show that organizations with superior CX are also better employers and have happier workplaces. Do you see the link between the employee experience and customer experience in your organization? If so, how is this managed?

The strength of our brand is the result of a successful synergy between our loyal customer base, our committed staff members and our trusted owner.

We have by far the largest branch network in the country to welcome and serve our customers — even though, as long as the current situation persists, we recommend they limit their visits to a branch. As part of our commitment towards society, we will maintain Cash@home, a cash-to-home delivery service, which was launched during lockdown to help our vulnerable customers without alternative payment methods to access cash.

A shift towards and an increase in digital banking solutions and alternative distribution channels have happened at an astonishing pace. All in all, we are facing new ways to increase the user experience for our customers.

5. Going forward, how do you think the banking industry is going to be affected, especially in relation to building and sustaining meaningful customer relationships?

There is nothing more difficult than changing people's behavior but we confirm a shift has taken place and we believe it is here to stay. Spuerkeess, as part of a disruptive industry, is constantly challenged. We are investing heavily in innovation through digitalization and we will continue to do so. We learn, manage agilely and are prepared to master new challenges, including the changing behaviors and demands of our customers.

The customer perspective

> I was able to get a credit card in full lockdown while my branch was closed. They sent me the documents I needed to sign and asked me to return them by email, which allowed me to get a new card in just a little more time than usual.

LUX CEE respondent 2020

The Spuerkeess perspective

> It has been a journey, an experience for us all, an opportunity to get out of old ways of behavior, an opportunity to encourage everyone to innovate and to adapt fast. We have adopted this 'new normal' in banking in an amazingly short period of time.

Françoise Thoma, CEO

Financial services: Insurance

2020 LUX CEE sector ranking: 1st

The Six Pillars: how the sector measures up



Brands captured: insurance companies.

Overall result: with a CEE score of 7.93, the insurance sector's performance exceeds the national average by 7 percent.

The Six Pillar performance: the insurance sector's performance exceeds the average across all The Six Pillars, with a particularly outstanding performance in Empathy (at 11 percent above the market performance).

With COVID-19, the insurance sector — along with all business — has experienced a time of monumental challenge. The impacts of this health emergency have expanded into far-reaching economic and societal issues. It seems clear that as we emerge from this period it will be into a new reality that will look very different to what existed before.

Consumers expect the impacts of COVID-19 to be long lasting. According to recent research by KPMG International, almost half of respondents expect that normal life will not resume for at least six months, a view held particularly by those aged 45+. Such anticipation creates increased levels of uncertainty and insecurity about the future. Insurance is fundamentally about protection, which is especially needed in turbulent times. And while insurance cannot protect everyone and everything, it can at least raise the levels of safety and security felt by consumers. The ways these feelings can be reinforced will, however, require some structural changes in the industry.

The insurance sector has traditionally been slower than others to embrace digital transformation, but COVID-19 has required it to embrace digitalization more rapidly. With time, the digitalization of the sector will most likely help bridge the remaining gaps between customers' expectations and insurers' offerings and will be a driving force for the connection of insurers' front, middle and back offices. The industry can therefore expect that anything that can be digitized, will be: innovation is therefore inevitable.

The Luxembourgish insurance sector is particularly reliant on agents and brokers, especially for the distribution of insurance products. In the future, these intermediaries will need to be fully integrated at each step

of the value chain via digital interactions and interfaces. This will have implications not only for the way customers interact with their insurance companies but also for the internal organizational structures and business operations of those companies, in order for insurers to offer a streamlined end-to-end process and to improve customer experience.

Adjusting ways of working

The insurance industry has witnessed a huge increase in the volume of customer contacts, which has posed it a considerable challenge. To efficiently deal with this higher level of enquiries, insurers are having to insist that customers contact them for urgent matters only, and to move even more interactions and operations to the digital realm. This also means that insurers should look at their internal resources and how they are configured — potentially temporarily moving as many staff as possible into claims servicing, even if that is not their usual job. Insurance companies may need to adjust their specialist teams too — for example moving staff from one business line to another that is currently experiencing higher demand. This adjusted way of working, which some are calling 'volume shifting', could be one of the new working practices to arise from this situation.

Reinforcing trust and transparency

COVID-19 reinforces consumers' need for more transparency regarding their insurance policies and the details of their cover. Clarity on what is and isn't covered will help insurance businesses further build trust with their customers. Not surprisingly, therefore, the pillar of Integrity is in the top three pillars for insurers in the Luxembourg market (with a score of 7.98), as customers have needed to trust their insurance companies during the crisis.

Data privacy, another element of trust, has traditionally been an obstacle for insurance companies; but with COVID-19, people seem to have become more open to sharing their data, in case this might provide them with more health benefits. Research shows that two in five consumers are willing to share more data with insurers if the insurer's value proposition is clear to them. However, nearly half are looking to keep their data more private, indicating that firms need to explain the benefits of data-sharing to engender greater trust in the sector.

New products, new channels

Shifts in consumer mentality will result in new behaviors and spending patterns, suggesting that the market will have to adjust its product offering accordingly. A lot of insurance companies are already anticipating which products are likely to be in demand and could cover certain risks in the event of future pandemics or epidemics. This is when usage-based products may become more popular and sought after, if people want to pay only for the cover they use.

The way that insurance products are sold and serviced will probably be the most significant change. Due to the demand for new products and product features, new distribution channels may need to be explored and/or integrated in order to offer customers end-to-end digital journeys via a 'digital-first' approach. And this trend may well have the added benefit of increasing the customer value proposition.

Increased efficiency, more personalization

Efficient claims processing is the number one priority for customers globally, and never more so than during this pandemic. Offering innovative products and offering products personalized for their specific needs are the next two on the list of clients' top priorities.

In times of crisis, more than ever, customers appreciate their matters being dealt with quickly and efficiently, yet with a human touch. Personalization has long been a trend across many sectors, and in financial services in particular. It is thus not surprising that, since most of insurance clients' interactions happen (or will have to happen) online, insurers need to figure out more sophisticated ways of delighting customers via digital channels.

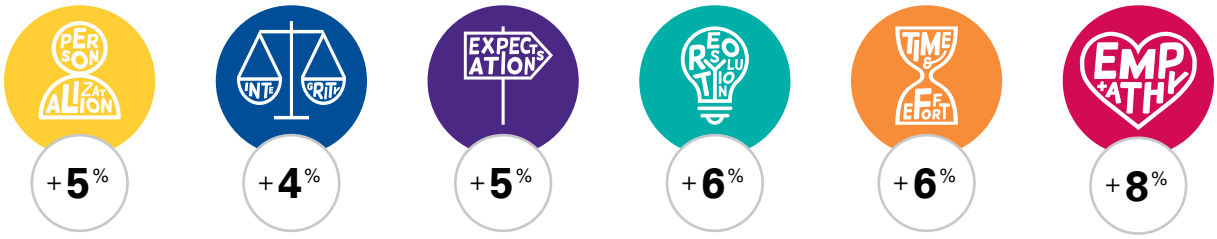
In our survey, the insurance industry's highest scores among The Six Pillars were for Time and Effort (8.09) and Personalization (8.05) — meaning that insurance firms succeeded in minimizing customer effort and creating frictionless experiences while giving individualized attention to their clients during the pandemic.

Case study

LALUX

1st 2020 LUX CEE brand ranking

The Six Pillars: scores vs industry average



Pillar winner in four of The Six Pillars, insurance company LALUX mastered meaningful customer connections during the crisis, topping the Luxembourg customer experience index for the first time.

1. LALUX moved up three places to rank first in this year's *Customer Experience Excellence report*. What do you think drives the organization's CX success?

The main reason for our success lies in the client-oriented nature of our entire organization. The core of our business naturally leads us to empathize with our policyholders: our primary mission is to be at their side when needed, to reassure them and to offer the right solutions.

To achieve this goal, we have the largest network of agents in the country, thereby ensuring close proximity to all our customers, wherever they live. In Luxembourg, the role of the insurance agent is more important than in neighboring countries. For many of our policyholders, the agent is practically a friend of the family, looking after their safety and anticipating their needs in a pragmatic way. Of course, the well-being of our clients is also ensured by our internal teams who work every day to enable and ensure the continuity of our agents' work.

Ensuring a quality service means equipping all our employees with both hard and soft skills, which are essential for building up their expertise. It is also a matter of making sure, on a daily basis, that we continue meeting the changing requirements of our clients and remain attentive to their needs. For example, since 2017, we have been conducting internal surveys on customer satisfaction after a claim. This self-assessment process encourages us to question ourselves and continuously improve.

We take into account the feedback obtained from these surveys, as well as lessons learned in the field, to enhance our product packages and offer a complete, modern and high-performance range of coverage. Thus, LALUX is the only insurer to offer a single contract (easyPROTECT) that combines all insurance policies and gives customers a clear and precise vision of their coverage, allowing for simple and efficient management.

2. LALUX was awarded the 2020 study's highest score for Resolution of all brands and industries (11 percent over market average). What measures did you take to fix customer problems as rapidly as possible?

The trusting relationship with customers built every day by our agents and internal teams enables us to understand our customers' expectations and to respond effectively to their needs in the event of a claim.

From the very beginning of the relationship with each of our policyholders, we must understand their personal situation and anticipate all the risks to which they may be exposed in order to advise them on the best protection. Next, and certainly more importantly, we must be there when they need us. So, during the tornado of Friday 9th August 2019, we were present on site that very evening, alongside our customers, to support and reassure them.

During the crisis we have just gone through — and are still going through — we have been looking for ways to continue providing this personalized service. Very quickly, LALUX took several measures to facilitate case management and streamline procedures. The digitalization of certain processes has enabled us to further enhance all aspects of our business — from the initial contact and the drafting of contracts to the management of claims — and to continue offering a rapid service of excellent quality. We also took the opportunity to further develop our products and customer interaction tools, details of which will be unveiled by the end of the year.

3. What was the biggest challenge you had to face while serving customers remotely?

Introducing remote working within a few days was the 2020 challenge for LALUX teams, who were not familiar with this way of working. However, given the conditions we had to face, it became the best alternative to continue delivering excellent service while guaranteeing the safety of all: employees, agents and customers. Anticipation and the early coordination of leadership and teams — even before the government's announcement of the lockdown — made it possible to quickly implement teleworking practices.

"COVID-19 has definitely changed the way we work, but thanks to our preparation we were able to manage the situation and avoid the worst while protecting everyone working at LALUX and continuing to provide a quality service to our customers."

Marc Parage, head of human resources

In record time, the IT department pulled out all the stops to equip each employee with the necessary equipment and tools so that they could work from home. Despite the crisis situation, the lockdown and occasionally difficult working conditions, employees and agents all quickly adapted to this new way of doing business. Our digital tools, operational before the crisis, enabled us to continue offering a professional and high-quality service under teleworking conditions.

The customer perspective

> We changed our car and therefore the insurance had to be transferred. Everything was handled via email, phone and mail. The re-registration of the convertible and the issuance of the corresponding insurance went smoothly.

LUX CEE respondent 2020

The LALUX perspective

> While we had to set up and quickly get used to new communication tools, the need to be efficient remotely has accelerated the digitization of our processes.

Christian Strasser, managing director

Public sector

2020 LUX CEE sector ranking: 3rd

The Six Pillars: how the sector measures up



Brands captured: government services and public agencies.

Overall result: scoring 2 percent above the study's average, the public sector takes third place in this year's sector ranking.

The Six Pillar performance: awarded the 2020 study's highest score of all industries for Integrity (6 percent above the study's average), the public sector is successfully meeting Luxembourg residents' expectations during the crisis.

Faced with the uncharted waters of recent months, government services and public agencies have been on the front line of the COVID-19 response. The rapid spread of the virus is challenging governments to take swift measures to delay, contain or manage the infection.

While deploying resources to safeguard the health and well-being of the population was a critical and primary concern over the last few months, governments in Luxembourg and abroad also had to move quickly to reduce the wider economic impact of the outbreak on household finances, business performance and cashflow. Contrary to the prevailing stereotype of bureaucratic foot-dragging, governments demonstrated how quickly and decisively they can act in a crisis.

Our analysis shows that respondents appreciated the Luxembourg government's efforts, scoring the public sector 2 percent above the study's average. The sector was awarded the highest score of all industries for Integrity (at 6 percent above the market average) — showing the ability of Luxembourg's public services to build trust in uncertain times.

The public sector also earned a high Personalization score, demonstrating the government's and public agencies' ability to respond to COVID-19 by recognizing the personal needs of both citizens and companies, and providing relevant circumstance-based information. While Empathy is still the sector's lowest score, it is also the pillar which saw the biggest improvement over the last year (up 4 percent).

Responding to citizen expectations in a crisis

The COVID-19 pandemic is characterized by extreme uncertainty: uncertainty regarding the virus' duration, spread, impact and ultimate consequences. Despite this, government services and public agencies faced the challenge of having to react to changing citizen expectations at an unprecedented pace, while ensuring health and economic responses were being formulated with the very latest best practices in mind.

Looking through the lens of The Six Pillars of customer experience, the Luxembourg government's immediate emphasis was on Resolution: responding rapidly to changing citizen needs and finding solutions to new citizen problems. In the short term, this meant focusing on lockdown measures, treatment, and economic viability. The government adopted appropriate measures to both 'flatten the curve' and boost healthcare capacity, e.g. by creating large-scale testing stations and advanced care centers (centres de soins avancés or CSAs) for suspected COVID-19 cases.

The government also acted quickly to manage Expectations and avoid panic. During near-daily press conferences, Luxembourg's government services kept — and are still keeping — the population up to date on the situation. They accurately set citizens' expectations by communicating on prevailing social distancing policies, travel bans, mandated business closures and financial assistance measures.

Faced with a situation they cannot control, citizens are more than ever looking for experiences that are strongly tailored to their circumstances, that make them feel valued and put them back in control. In this fast-moving global crisis where citizens are overwhelmed with the mass of information coming in from different directions, Luxembourg public officials focused on Personalization to provide their community with relevant information, guidance and support, but also on Empathy to demonstrate the correct emotional response.

Minimizing Time and Effort for citizens, especially the most vulnerable ones, was also an essential part of the government's response. Public sector agencies made sure that access to public health information and administrative forms — and also registration for large-scale testing via MyGuichet.lu — was effortless, reliable and consistent for both residents and cross-border workers. With large-scale testing stations set up in multiple places throughout the Grand Duchy, it was also ensured that getting tested would be as convenient as possible. Ever since the pandemic took hold in Luxembourg, the government has demonstrated its ability to create trust in uncertain times — gaining, as mentioned earlier, the study's highest Integrity score across all industries.

Serving the 'new' citizen

As we now move toward a 'new normalcy', governments must find the right balance between protecting citizens' health and boosting operations and economies. The new normal should not be a simple return to business as usual, but it should be considered an opportunity to set the foundation for a more digital, more citizen-centric and more resilient public sector.

Citizen expectations regarding public services will only continue to increase after the COVID-19 pandemic. As governments have to face these growing expectations, the opportunity arises to embrace ways of working and technologies that have shown their effectiveness during the crisis and to invest in long-term enhancements to public sector operations. While old regulations should be reconsidered, new policies and practices, such as working from home, could be maintained to support productivity and employee well-being.

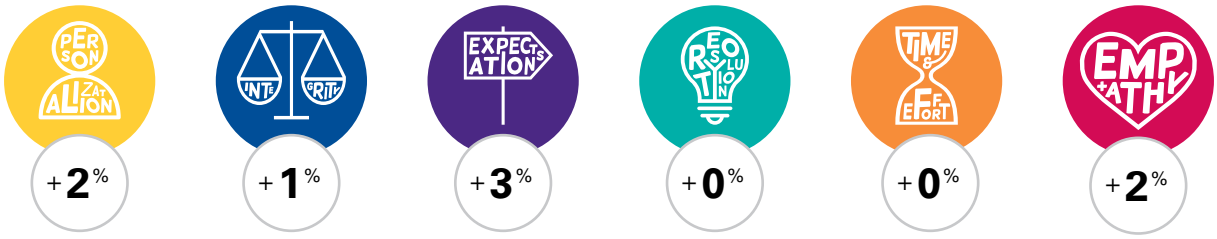
Now that many hospitals and private medical practices have set up virtual health capabilities, there is an opportunity to continue exploring telehealth for remote medical consultations and patient follow-up care. Throughout the pandemic, analytics were essentially deployed to monitor national and international health data such as the numbers of new cases, hospitalization rates and patient recovery rates. Governments could build on this data and extend the use of data analytics and digital tools to support decision-making in other areas of the public sector. It is now more important than ever that public administrations and government ministries collaborate toward creating a more digital public sector experience for citizens. A greater use of technologies such as blockchain, AI and cloud services in the way governments operate and interact with citizens not only offers the opportunity to provide a more seamless citizen experience but can also enhance the public sector's overall agility and resilience when the crisis ends.

Case study

CNS

14th 2020 LUX CEE brand ranking

The Six Pillars: scores vs industry average



CNS — Luxembourg's national health fund — is the biggest-moving brand in the 2020 *Customer Experience Excellence report,* moving up 29 places since last year to rank fourteenth.

1. COVID-19 has caused an especially busy time for CNS. How did you deal with the sudden surge in the number of requests and enquiries from citizens? And were you able to maintain great citizen experience at the same time?

The COVID-19 crisis has been a catalyst and an accelerator with respect to the strategic positioning and actions already under development or planned by CNS — particularly in terms of customer relationship management, such as telephone reception and information provision, and the reception and services offered in agencies, as well as in administrative simplification and the digitalization of services.

During the crisis, CNS recorded peaks of 10,000 telephone calls per day compared to 3,600 at normal times. The number of emails received doubled from 7,000 to 14,000 per month, our number of Facebook followers rose from 3,000 to 6,000, and the number of page views on our website exploded in March (with 1,200,000 views) and then stabilized at 500,000 per month, compared to 400,000 views per month in the previous year.

A coordinated mobilization of forces enabled certain services that were less in demand during the lockdown period to assist the most highly exposed services, in order to meet the immense demand from our insurees. While agency counters had to close, CNS maintained an emergency service in the largest regional agencies throughout the crisis by setting up the ability to make an appointment online or by phone to access the counter services in case of need. Today, CNS processes 300 appointment bookings per day.

At the same time, and due to disrupted postal services, CNS switched overnight to online management of the receipt and processing of certificates of incapacity for work. Since the start of the COVID-19 outbreak, the organization has already received over 50,000 certificates by email.

In the background, CNS focused on ensuring continuity of care through the rapid implementation of technical solutions. These solutions aimed either to meet the needs of healthcare providers with the creation and launch of teleconsultations (in collaboration

with and via the eHealth Agency's eConsult platform), or to guarantee the continuation of existing services within the framework of the third-party payment system (pharmacies and medical analysis laboratories).

2. What will your main areas of focus be in the immediate future in terms of citizen and employee experience? Are there any new services or changes to citizen services that you would like to maintain after the crisis?

CNS will continue to simplify its service offering, to enhance its telephone assistance, information and consulting activities, and to digitalize its services.

The agencies are going to streamline and improve their reception services, service offering and online appointment scheduling to offer more personalized advice — and ultimately to diversify their services by also offering virtual agency counters.

The knowledge acquired during the implementation of teleconsultations has allowed CNS to strengthen its know-how regarding the secure transmission of digital documents — based on which it will be able to continue developing its digital services. Thus, the CNS app which is currently being developed will enable insured persons to exchange digital documents with CNS and to make appointments at the agency of their choice — and even at virtual counters.

In terms of communication, CNS will undertake to further develop its use of channels such as Facebook which allow the organization to push information to clients or insurees who can then share it with their networks. In this way, CNS will proactively address potential concerns in order to strengthen its relationship with insurees and to build trust. CNS will be more present and its communication simplified.

3. What are your key lessons learned from the crisis in terms of employee experience?

Ninety percent of CNS agents worked from home at some point during the crisis. According to an internal CNS survey, agents who took advantage of teleworking were very satisfied with the experience and rated it at 8.6 out of 10. CNS did not offer the possibility of working from home before the pandemic, but will now implement a teleworking framework and adapt its processes.

The extensive use of teleworking has also accelerated the introduction of new forms of training (e-learning and webinars). The development of agents' skills is vital for the continuous improvement of the relationship with insured persons.

Moreover, the more flexible organization of work has had a positive impact on employees. Peaks in traffic have thus been regularized, which has notably improved service quality and reduced stress. This also contributed to improved insuree satisfaction and, as a result, increased employee job satisfaction. It is a virtuous circle.

The customer perspective

> Just recently I applied for family-related leave during the COVID-19 period and had no problems. The form was pretty simple to understand. I also sent in invoices for consultations and received the reimbursements without any problems.

LUX CEE respondent 2020

The CNS perspective

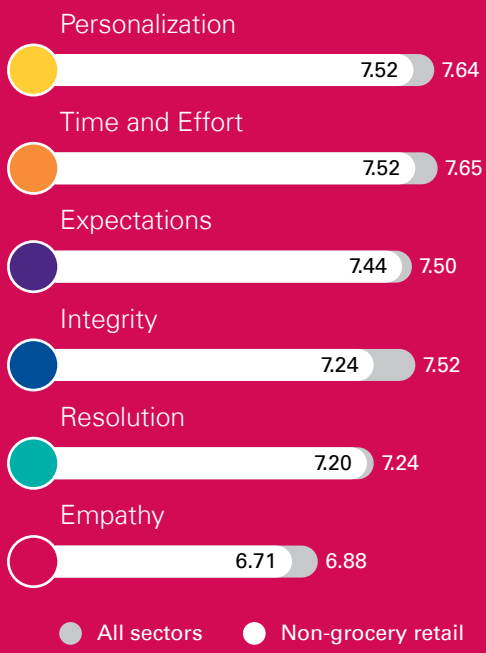
> The CNS has played its full social and societal role during this COVID crisis. We fulfilled our public service missions in a serious and agile manner vis-à-vis our policyholders and service providers — and this is a source of great satisfaction for me.

Christian Oberlé, President

Non-grocery retail

2020 LUX CEE sector ranking: 6th

The Six Pillars: how the sector measures up



Brands captured: brands in this sector range from bookshops, hardware and electronics retailers and clothing shops to online retailers.

Overall result: the non-grocery retail sector takes sixth place, moving down two places from last year's survey.

The Six Pillar performance: performance is below average across all pillars, with the non-grocery retail sector's highest scores being for Personalization and Time and Effort.

Global economies have been massively disrupted by COVID-19 and the consequences will be long lasting. The non-grocery retail sector has witnessed a heterogeneous impact on its subsectors with impacts varying widely depending on the types of products sold and the distribution channels used. Consequently, retailers who were able to offer essential goods via channels other than physical stores found themselves in a better position than small local shops selling non-essential products.

Companies that managed to establish a robust online presence — with integrated infrastructure, channels and distribution — have indeed been better off during the pandemic. Online-native retailers, such as Amazon, experienced extraordinary growth. Not only did Amazon increase its sales by roughly 30 percent during the crisis, but it also hired an additional 175,000 fulfillment and delivery workers to support its online shopping operations. However most businesses do not have the benefit of similar economies of scale and have therefore had to adapt their business models and operations to the new circumstances.

A recent KPMG survey, *Consumers and the new reality*, found that 67 percent of consumers prefer online shopping for non-groceries because they consider it cheaper and 65 percent choose it for convenience purposes. Such massive adoption of digital may irreversibly affect and change customer behavior going forward as, once people get used to shopping for a wider range of products online, it may be difficult to change their habits — and many companies will probably be compelled to escalate their online presence as a result.

Retail business models are evolving

Gone are the days when, in order to be a successful retailer, it was sufficient to have a store in a prime location. During the periods of stricter lockdown and general public prudence toward social interactions, the number of physical in-store visits of course dropped significantly. Today, and most likely in the post-crisis period, non-grocery retailers will need to rethink and adjust their value chains, potentially integrating new channels and technologies in order to better serve both online and offline customers and ensure a good balance between inventory stock and smart use of space.

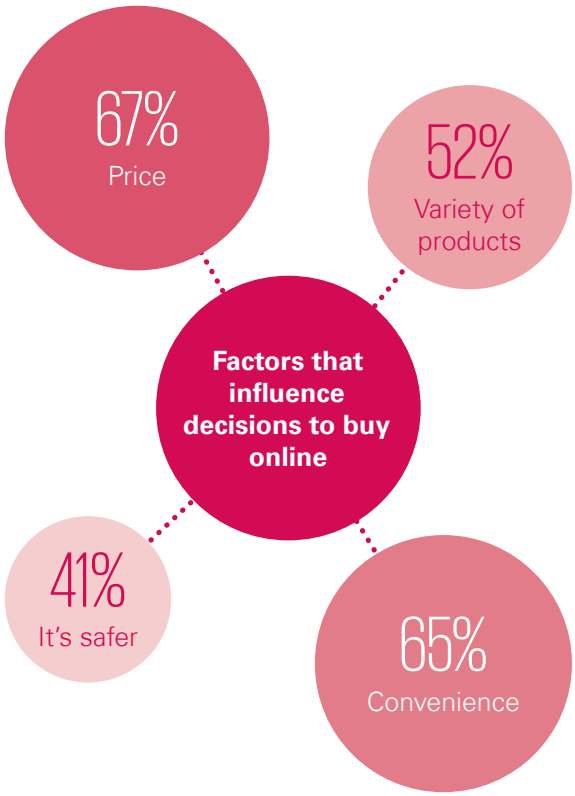
In these circumstances, many retailers have turned and will continue to turn to established online platforms whose existing digital capabilities may add value and help them revamp their operations. While this will be a substantial investment for some companies, the long-term benefits will likely become apparent. As a rule, companies today face a choice between becoming a platform, leveraging other platforms or continuing with their business as usual.

Enhanced customer journeys

In the quest to enhance the customer journey, we will most likely see a lot of innovation in the online customer experience, with an increased use of augmented reality and virtual reality (AR/VR) to engage customers and convey information, as well as personalized engagement, optimization of interfaces via user experience and user interface (UX/UI) design, and gamification. Overall, the trend toward 'retailtainment' (shopping experiences supplemented with entertainment activities) that had been developing over the past few years, will undoubtedly continue, but largely transferred to the digital space. For physical stores, however, there are big opportunities for innovation that would have the effect of enhancing their product offerings, distribution channels and customer interactions.

Going local

The lockdown period has created a greater sense of community, solidarity and mutual support for some. As a result, even though most local retailers experienced an overall dip in sales during and shortly after the lockdown, there is now an upward trend in demand for locally sold products in the non-grocery retail sector. When surveyed recently, respondents thought that in the post-COVID reality they would turn more to local suppliers and less to well-established global brands. Whether or not this will be true, only time will tell; and we will see whether the trend in favor of local and sustainable products and purchasing will continue.



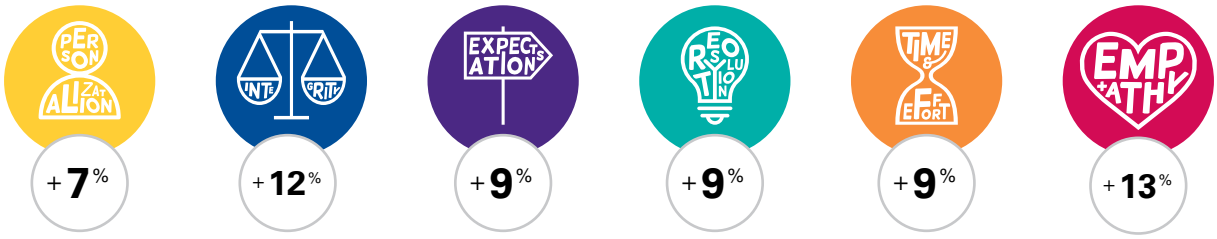
Source: *Consumers and the new reality*, KPMG International, June 2020

Case study

Ernster

3rd **2020 LUX CEE brand ranking**

The Six Pillars: scores vs industry average



Luxembourg's CX leader for the previous two years, locally owned book retailer Ernster ranks third in this year's study.

1. Leading the way in our *Customer Experience Excellence* analysis in 2018 and 2019, Ernster claims third place on this year's list. What do you think has driven the organization's continued CX success, especially in COVID times?

Our CX success is driven by our highly dedicated and passionate employees — one of their greatest passions being to meet their customers. We also continued to offer free shipping during the crisis, and maintained our telephone support service during the entire lockdown period, staffed by our highly competent customer advisers.

2. Ernster stands out particularly for the pillar of Empathy, compared to other organizations in your industry. What do you think has made the brand perform so strongly in this particular pillar?

Thanks to our long-serving and experienced employees, who are very committed and know their customers well, we have managed to maintain and develop the strong bond with our customers.

As far as orders were concerned, personalized responses to customer requests — by email as well as by phone — made all the difference. And, as well as the deliveries carried out by our usual couriers, we delivered some parcels to our customers' doors ourselves, by bike carrier and van. These deliveries, especially those on Saturdays, Sundays and public holidays, have been very popular and were shared on social networks.

3. What was the biggest challenge you had to face while serving customers remotely?

Our company has been operating its online shop on the internet since 1997. We had never considered this channel as a unique distribution method, but the health crisis challenged us to adapt our logistics to accommodate the explosion of online, email and telephone orders. Our biggest challenge was the logistics of collecting books from different sources for the same customer: partly from our warehouse stock and partly from publishing houses and distributors in other countries, some of which were completely closed during the crisis.

4. While the crisis put a big constraint on the operational and logistical sides of your business, Ernster is this year's pillar winner in terms of Expectations. How did you manage to meet client expectations and deliver on your promises?

Given our experience in delivering online orders, we were well prepared to meet the increasing customer expectations during the crisis. Since we were able to focus on our core business — books and stationery — we were even able to outperform our online competitor Amazon.

5. What will your main areas of focus be in the immediate future in terms of customer and employee experience?

The biggest challenge in the near future is to make customers feel safe when they enter our stores. At the same time, a particular point of attention is the health of our employees, and the respecting of protective measures in order to be able to guarantee the continuity of our business. From an economic point of view we need to closely monitor the progression of our turnover in order to restore the company's profitability.

6. What are your key lessons learned from this crisis in terms of customer experience?

We have learned that a strong bond with a physical customer can motivate them to pursue and explore other ways and channels to shop at their favorite store, if these exist and work.

The crisis has also enabled us to see the true commitment of our employees and we would like to take this opportunity to thank those who have been on the ground every day, serving our customers and keeping our business going. We also believe that customers have realized that, beyond the simple meeting of a need for merchandise, physical stores fulfill a social purpose.

7. In what ways do you believe customer behavior has changed and will continue changing in the next one to three years?

We are not yet fully out of this crisis and are not yet prepared to determine what will really change in the future. That said, a company that is celebrating 131 years of existence has evidently been able to adapt to the continually evolving behavior of its customers.

8. Going forward, how do you think the retail industry is going to be affected, especially in relation to building and sustaining meaningful customer relationships?

The retail sector will have to be significantly better prepared to use digitalization as an opportunity and a sales channel. Logistics processes will have to be optimized in order to make online sales profitable. While multi-channeling must sustain and strengthen the customer connection created at the point of sale, in the future, the retailer will need to bring their customers together as a community to build meaningful customer relationships.

The customer perspective

> During the lockdown, I bought a book from Ernster via the Lëtzshop platform: The book was delivered earlier than expected! Simple and satisfying experience.

LUX CEE respondent 2020

The Ernster perspective

> The most important thing for me during the lockdown was to maintain the connection with our customers and employees. I believe we succeeded and, beyond that, even created new meaningful relationships.

Fernand Ernster,
Ernster owner

05

Travel and hotels: a ticket to nowhere

The travel and tourism industry has probably been one of the sectors most affected by the global pandemic. The World Travel & Tourism Council estimates that up to 198 million jobs in the sector are at risk globally. And the EU tourism sector, which employs around 13 million people, could be losing up to EUR1 billion in revenue per month, according to the European Parliament.

Aside from the economic data, workers in the sector and tourists have both been experiencing the crisis's impact in very tangible ways: non-essential travel is restricted, quarantine or self-isolation is often required, public gatherings are reduced, large events are canceled, bars and restaurants are obliged to follow social distancing measures. Normal life, as we knew it, has been completely disrupted by the pandemic — and, unsurprisingly, the whole industry has gone into crisis mode. The lasting impacts of COVID-19 are likely to be seen for years to come, demonstrating the shifting priorities of service providers, and reflected in the product and service offerings available to consumers.

Governments all over the world are developing strategic recovery plans for their tourism industries, either via extending taxation deadlines or developing incentive mechanisms to boost consumer spending. The Luxembourg tourism sector has also been severely affected: in July 2020 the sector was operating at only 25 percent of its usual capacity compared to 2019. To counter this, Luxembourg's tourism ministry has focused its efforts on attracting tourists from neighboring countries and incentivizing Luxembourg residents to spend locally. A key recent incentive has been the "Lëtzebuerg — Dat ass Vakanz!" program, whereby each resident and cross-border worker received a EUR50 voucher in their mailbox to spend in local hotels. The road to recovery will be long, and no doubt bumpy, but hopefully there is light at the end of the tunnel.

A new, cautious customer

With so many holidays and trips canceled, consumers have become much more cautious when it comes to making travel arrangements. It is particularly difficult at this time of uncertainty, when one doesn't know if flights will be canceled at the last minute, a country of destination will be put on the 'red list' overnight or a two-week quarantine will be required upon arrival or return. Uncertainty about the future, and the difficulty of making long-term plans, are key factors guiding current consumer behavior, topped by safety and health concerns. Overall, the psychological effects of the crisis and lockdown have impacted and will continue to affect consumer behaviors, especially with regard to mobility.

It goes without saying that the crisis has been particularly hard on airlines, which have had to handle huge volumes of cancelations, reimbursements and schedule changes. Customers want to be reassured that they will get their money back, or receive vouchers, or will be able to adjust their flight dates to remain flexible in the changing circumstances. The crisis has also shown that we could travel a lot less by plane — something that environmentalists have long been campaigning for, and which is now being heard more than ever before.

All of this makes things extremely hard for the industry. However, those companies that have managed to keep their customers up to date, and communicate with them in a transparent and honest manner, should gain even more trust in the future. Treating every customer with empathy and care requires time, but those who do it win loyalty and will benefit in the long run.

Staycations and local experiences on the rise

With international travel being restricted or banned, many people have been obliged to spend their holidays 'staycationing' elsewhere in their country of residence, or even from their homes — staycations being holidays taken in one's own country rather than traveling abroad. Originally viewed as an environmental decision aimed at reducing the impact of travel on the environment, or for its financial implications, the staycation has gained considerable momentum during the pandemic.

Road trips, local travel and food experiences have all been in demand as alternatives to visiting longer-distance travel destinations. For example, Luxembourg's media has been actively promoting local travel experiences with its "Staycation series: Vakanz Doheem", sharing photos of local towns and villages, and giving descriptions of things to do and places to visit. The national tourism portal "Visit Luxembourg" offers a variety of local leisure activities, featuring best-in-class hiking routes, indoor and outdoor activities and much more, enabling people to gather in smaller groups and explore what is available, right where they are.

Balancing human and tech for outstanding guest experiences

Hotels are embracing technology to deliver more personal and human experiences to their customers.

Top-tier hotels have been investing heavily in their human resources and digital technologies in order to enhance both employee and customer experiences. Employees should have fast and seamless access to data and analytics tools, while customers want seamless platform experiences similar to those of Airbnb and Booking.com.

More and more hotel chains are exploring the possibilities being opened up by virtual reality (VR) and augmented reality (AR) technologies which take the guest experience to the next level. Virtual hotel visits, interactive room layouts, gamification and entertainment solutions — the possibilities offered by tech are vast. It is all, however, about striking the right balance between technology use and human intervention to create frictionless and delightful customer journeys. Now, in the context of COVID-19 and an increasing trend for digitalization, we can expect that the sector will evolve even more, taking digital further and embedding it more deeply into end-to-end customer journeys.

06

Reconnecting during the chaos

Striking a work-life balance in turbulent times

The global pandemic has had a profound impact on all areas of our lives. In the professional realm, industries, sectors and companies of all sizes have been affected. The health and safety of employees and customers, along with business continuity, have become the main priorities for most enterprises. The sudden shift of operations to a remote working environment has been challenging not only for businesses, but also for individuals for whom, in no time, home also became an office, school and kindergarten. Balancing the multiple roles of employees, consumers, parents and students in this new environment has been unprecedented for most people and has presented both challenges and opportunities.

Employees are consumers, and consumers are employees. While the roles we play daily may change, one thing remains constant: we are humans. It is crucial to keep this perspective in mind, especially when times are turbulent. Across industries and sectors we observe changing consumer behaviors, with new patterns emerging and some old habits disappearing. These same consumers work for companies and sustain the livelihood of businesses and economies, and require attention and empathy to help them treat their own 'new reality' customers in a different way.



18%

Organizations with the highest employee experience ratings average 18 percent lower employee turnover than competitors.



27%

Organizations with the highest employee experience ratings have average operating margins in excess of 27 percent.



3X

Organizations that invest in employee experience are seen to be growing profits as much as three times faster than their competitors.



80%

Nearly 80 percent of millennials value personalization, greater transparency and trust. Offering this to employees means attracting the best talent.

Source: *Global CEE Report*, KPMG International

Essentially, employee experience (EX) is inseparable from and deeply intertwined with customer experience (CX). We can see the emergence of a new type of employee: one who wants more trust and flexibility from their company, and who wants to be heard and treated with empathy. Better-equipped, healthy and happy employees provide for the customer to have a better experience. So it is imperative for companies to focus on their employees as well as their customers, since it is through better employee experience and engagement that a more satisfied and loyal customer emerges, making this a win–win situation.

Regardless of industry or type of business, leading companies are focused on increasing customer satisfaction and retention by taking an organization-wide, customer-centric approach. If they are succeeding, it is likely because they also understand that this type of approach starts with designing a competitively superior culture, as well as skills and behaviors, that will enable employees to deliver such an experience. Why? Because innovation, creativity, passion, commitment and the desire to do great things for the customer start and finish with the employee.

Organizations tend to assume that in order to increase productivity and boost financial growth they need to enhance employee engagement. And that's mostly true. But then the question is, why are we still seeing companies struggling to implement HR strategies that deliver tangible business outcomes?

The reason behind this is quite simple though: it's likely because they are looking in the wrong place. Engagement is the outcome, not the starting point.

EX is the key: if you focus on employee experience, employee engagement is bound to follow. But focus on employee engagement alone and you'll come up short.

Research demonstrates that, where an excellent employee experience is created, an improved customer experience is far more likely to be prevalent. EX builds customer retention and loyalty which in turn improve the overall performance of the business.

Employee experience DNA: the work, the worker, the workplace

The work: the work allows employees to use and develop their unique skills, while being clearly linked to the organization's higher purpose. All work is connected through transparent technologies, organizational structure, workflows and knowledge management, hence delivering a positive day-to-day experience.

The worker: employees have productive experiences with the organization because they possess the appropriate skills, capabilities and benefits to be successful. Their success is driven by various talent management strategies: performance management, learning and development programs, mentoring/coaching and challenging professional opportunities.

The workplace: EX is positively enhanced when the working environment promotes creativity and collaboration. The physical and digital environment is enhanced through the organization's effectiveness, purpose, operating model, inclusion and diversity, and agility.

Connecting employee and customer experiences

CX and EX can be built on the same principles since, first and foremost, they are about an emotional connection with a human being, be that a consumer or an employee. They are linked through a 'human value chain' which starts with the company culture, which is an enabler of the worker experience, which in turn translates into daily, concrete behaviors and decisions. When the customer's experience is enhanced through their relationship with company employees, they are more inclined to view company products favorably, which ultimately generates business outcomes. And as employees experience positive, meaningful and impactful interactions with clients, they in turn are more likely to provide clients with a better experience. It's simply a virtuous circle.

The Six Pillars methodology — first established a decade ago as the DNA of customer experience excellence — provides a framework that establishes the critical links between CX and EX, and ensures that the employee experience is rooted in the experience that organizations want to deliver to the customer. Now commonly used for both CX and EX design, it is as relevant to the chief human resources officer as it is to the CX director.

Delivering EX excellence requires high performance in each of The Six Pillars:



Employees' shifting expectations

Multiple forces shape modern workplaces, including demographic factors such as increasing life expectancy and the prevalence of millennials in the workplace. Technological innovation, including intelligent automation and machine learning, is becoming more and more embedded into the fabric of organizations — leading to upskilling of the workforce and automation of certain tasks. People will live longer, change jobs multiple times and expect that their work environment will be a place of fulfillment and continuous self-development. If companies want to hire the best talent today, they need to accommodate changing circumstances and expectations.

COVID-19 has had a profound impact on the way we live and work, shifting even more the way we perceive today's workplaces. This period has also provided time for self-reflection: Am I happy in this role? Am I fulfilled in my career? (and most importantly) Why am I here?

If employees had the choice of whether or not to show up at work tomorrow, would they? What can organizations do to start positively influencing that decision? For most organizations, (re)designing the employee experience requires a shift in mindset and deep cultural change, a transformation which includes rethinking strategy and business processes, and also recognizing the role humans play at each step of the way. In other words, treating employees as 'internal customers'.

How can organizations respond to these changing expectations?

Organizations need to design EXs that fit evolving needs, starting with recruitment and continuing through new hires' journeys to become longer-term employees, since existing staff also need to be engaged, or reengaged. To attract, engage, develop and retain the necessary talent, companies must deliver the right employee experience: one that feels personal, relevant and responsive to individual needs. Today, this necessitates providing a technological component that empowers employees to collaborate and innovate. Equally important is the sociocultural experience that gives employees a sense of purpose and shared values with the organization.

KPMG has developed a comprehensive methodology regarding the EX value chain, comprising three major components:

1. Figuring out the **value proposition** — in order to attract talent and stand out from the competition
2. Creating a unique **employee experience** — to retain people while adapting to their needs
3. Fostering **employee engagement** — to engage talent in a personalized manner.

This means that today companies have to:

- **Think differently:** with the organization as a platform, and with a fluid rather than fixed structure
- **Work differently:** rather than having titles, map the skills for the job
- **Respond differently:** conduct more frequent appraisals and feedback sessions to constantly address evolving employee needs
- **Engage differently:** instead of supervision, engender trust and encourage a partnership mode between employer and employee.

Elaborating on the three dimensions of the EX value chain outlined above:

1. Figuring out the value proposition

Today's employment marketplaces are extremely competitive when it comes to attracting candidates. Gone are the days when top talent came to organizations in search of any job available. As the search for such talent becomes more competitive, potential employees are much more in control. Today's candidates not only have more employment choices but also more transparency in their evaluation of potential employers, thanks to resources like Glassdoor, LinkedIn, etc.

The changing business context increases the urgency for organizations to act differently. Those that demonstrate a clear employee value proposition from their very first interactions with a potential employee (via social media channels, job fairs, etc.) will stand a higher chance of attracting their desired candidates. And while there is no one-size-fits-all solution, every organization can pick and choose which components it would like to focus on in order to demonstrate value to prospective candidates.

The anatomy of today's Employee Value Proposition (EVP)

Learning and development	Career path	Leadership	Rewards and recognition	Culture	Talent brand
• Formal learning • Informal learning • On-the-job experience	• Location mobility • Career development • Skills and competencies	• Mentoring program • Tone at the top • Feedback and coaching	• Compensation and benefits • Recognition program • Performance management	• Mission and vision • Values and behaviors • Inclusion and diversity	• Onboarding • Ambassador program • Recruitment marketing

2. Creating a unique employee experience

As COVID-19 stops being a short-term event and we start to see its long-term impacts, organizations need to figure out new ways of working. More than ever, today's workforce needs to have digital tools at hand to perform its daily tasks in these changed circumstances. Certain digitalization and transformation projects have been given priority, accelerated by the crisis.

The crisis has demonstrated that people can work remotely perfectly well and that their productivity levels are not significantly impacted — in fact, sometimes it is quite the contrary. As long as employees have access to digital tools to perform their jobs, in the right social and environmental context, they can give their best to the organization. In the context of COVID-19, KPMG has developed a framework that looks at the crisis through the lenses of three distinct phases: how companies have been able to react and remain resilient in the face of the crisis (Reaction and Resilience), what actions they have taken to recover from it (Recovery) and how they decide to go forward into the new reality (New Reality).



Recovery	New Reality
• Identify gaps that exist across technology domains and develop options for filling gaps • Identify areas of AI/ automation enhancements • Implement upgrades/ enhancements to availability/ reliability as needed • Institute tools for measuring workforce productivity • Adjust remaining IT operating models	• Security and resiliency by design • Implementations at scale • Develop AI/automation enhancements • Innovative technology solutions that support a flexible workforce
• Identify work habits and behavioral patterns within a population to develop personas and prioritize unique and emerging needs • Explore associated journey maps to determine where the relationship with the organization is breaking down, requiring extra interaction • Establish mechanisms to capture the voice of the employee to keep a pulse on barriers to engagement	• Action the gaps determined during persona needs analysis and journey map points • Customize engagement tactics for those uniquely impacted by remote work, e.g. those in primary childcare roles, caregivers, and other segments
• Enhance leadership capabilities to successfully manage in a remote environment • Develop workplace planning principles that align with the new ways of working	• Adjust the organizational model to support an on-premises and remote workplace • Design a socially-supportive environment to enable an expanded network for a positive motivating effect and sense of belonging

3. Fostering employee engagement

For the success of any organization, employee engagement is a crucial element: it is like a glue that holds people together, connected by a common purpose, vision and goals. Emotional connection is what really makes people feel engaged.

In times of crisis especially, it is essential to reinforce strong employee engagement. This is not, however, built overnight. In order to create enhanced engagement, companies will need to examine current levels of engagement, identify the gaps and leverage on the drivers that engender high engagement levels. Just as with the development of customer journeys, persona profiles of employees can be built and needs identified, in order that an elaborate strategy eliminating pain points can be developed and put in place. After all, employees are humans and, with empathy and attention, organizations can build the truly striving workplaces of tomorrow, despite the ever changing circumstances.

07

How KPMG can help

COVID-19 presents challenges for businesses — but also opportunities. It throws light on the need for organizations to put the customer at the heart of the business, to embrace technology, to have a coherent, consistent intent across their front office functions — and indeed to connect the entire enterprise. To flourish rather than flounder, businesses must determine the correct strategy for making investments across their front office operations by considering their customers, their brand and their place on the economic curve, in order to invest with a greater certainty of return.

Customer strategy

Using innovative approaches to product development and new business models, KPMG member firms help organizations focus on their customer strategy. KPMG's network of strategic alliance partners brings innovation and mastery of new digital technology to help build strategies that respond to digital disruption.

Customer experience

Using the KPMG Customer Experience Excellence Centre that has led this research, we help define winning customer experience strategies, help businesses redesign customer journeys which improve customer loyalty and help maximize customer lifetime value.

Marketing, sales and service transformation

KPMG member firm consultants can help you to digitally enable and transform the effectiveness of your marketing, sales and service functions to create a connected enterprise — integrating front, middle and back office operations to enable a more agile and responsive business.

Customer-centric organization

Helping organizations to empower employees and improve the customer experience with engaging digital solutions.

Customer data, analytics and insights

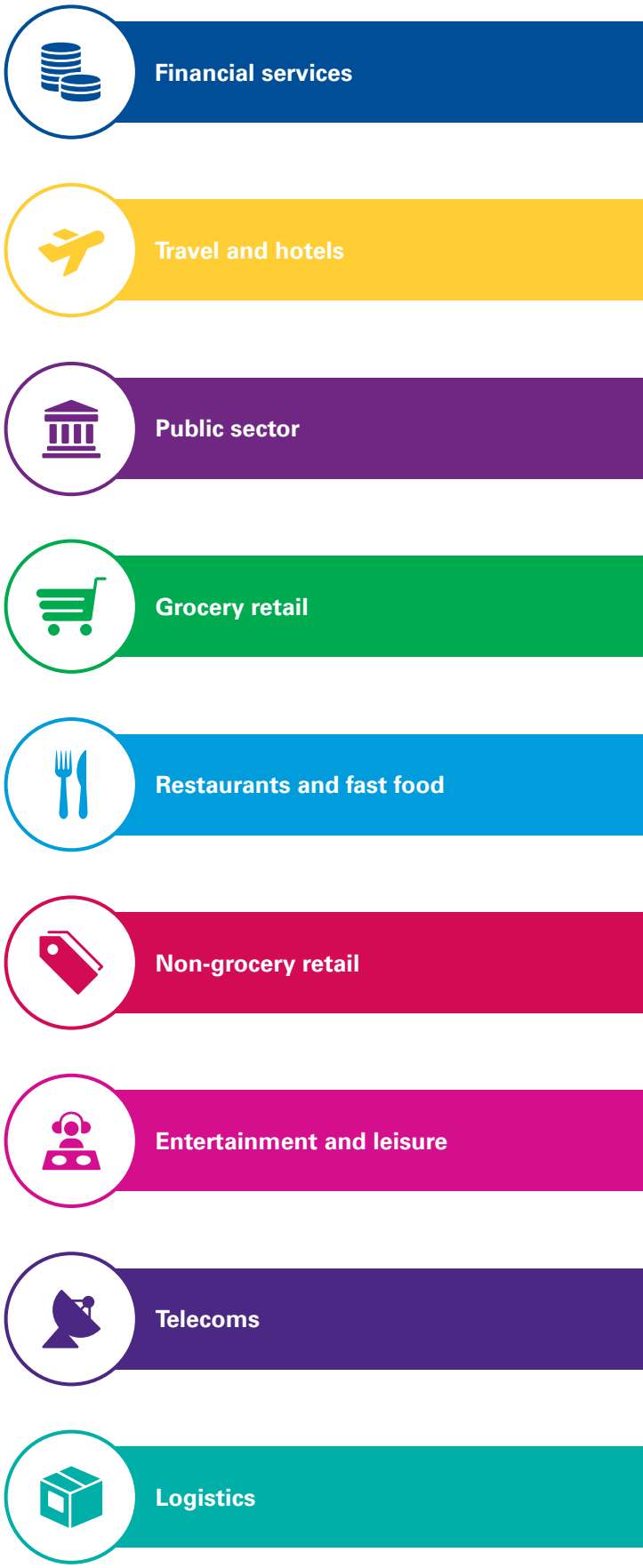
KPMG customer analytics solutions and decision engines can help harness insights to power improvements in customer experience and customer lifetime value.

Digital transformation

KPMG digital specialists can help you succeed in the digital world. From strategy to technology enablement to cultural change, our member firm multi-disciplinary teams take a holistic view of how processes, platforms and behaviors across the front, middle and back offices need to evolve — and offer clear methodologies for executing that transformation.

08

2020 LUX top 10 results



01 **LALUX**

02 **Spuerkeess**

03 **Ernster**

04 **Raiffeisen Bank**

05 **Oberweis**

06 **Naturata**

07 **Guichet.lu**

08 **Colruyt**

09 **Post Courrier**

10 **PayPal**

Ranking vs 2019: up down no change

Contacts

Jean-Pascal Nepper
Partner
KPMG Luxembourg
T: +352 22 51 51 - 7973
E: jean-pascal.nepper@kpmg.lu

Stanislas Chambourdon
Partner
KPMG Luxembourg
T: +352 22 51 51 - 6206
E: stanislas.chambourdon@kpmg.lu

Patrick Wies
Partner
KPMG Luxembourg
T: +352 22 51 51 - 6305
E: patrick.wies@kpmg.lu

Jérôme Bernard
Partner
KPMG Luxembourg
T: +352 22 51 51 - 7255
E: jerome.bernard@kpmg.lu

Lis Dahm
Assistant Manager
KPMG Luxembourg
T: +352 22 51 51 - 7514
E: lis.dahm@kpmg.lu

Ekaterina Iuraga
Assistant Manager
KPMG Luxembourg
T: +352 22 51 51 - 7420
E: ekaterina.iuraga@kpmg.lu

kpmg.lu

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