A rising tide

How expectations are lifting Luxembourg's brands
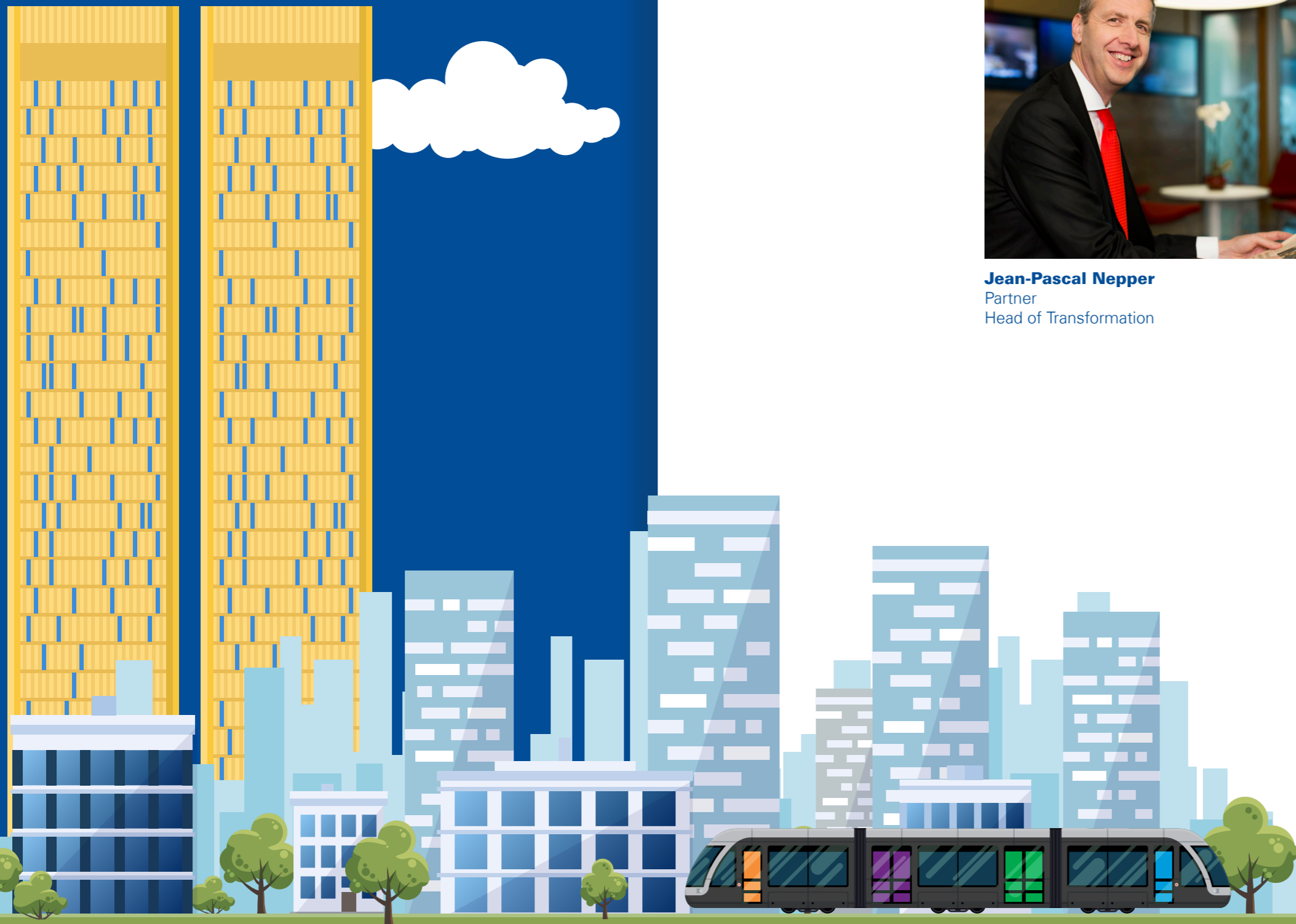
Foreword

Jean-Pascal Nepper
Partner
Head of Transformation

We are all customers! As the founder of Walmart Sam Walton once said, *"There is only one boss. The customer. And he can fire everybody in the company, from the chairman on down, simply by spending his money somewhere else."* The quote might be old but it still holds true today.

So, have a think: how many times a day are you the "boss"?

Today's customer has evolved to no longer want a product or even a service. Instead, we want an "experience". Whether we're buying a new pair of jeans, ordering sushi in a nearby restaurant or binge-watching the latest episodes of *La Casa de Papel* on our favorite video streaming site, the way we enjoy these experiences is a vector of our loyalty to a brand and how willing we are to advocate for it.

As always, our best experiences become our reference points. This may be one of the biggest challenges for brands today: to constantly reinvent themselves to tackle not only their usual sector competitors but also other, unexpected brands from a completely different universe.

In this challenging environment, where brands that don't move forward tend to fall backward, I'm excited to introduce you to the second edition of our Luxembourg Customer Experience Excellence survey.

Like last year, the survey employed a long-established and proven methodology developed with KPMG Nunwood, a leader in the customer experience excellence field. More than 1,000 Luxembourg residents were invited to share their opinion on nearly 80 brands they interacted with across 10 different sectors, allowing us to draw a holistic picture of the Luxembourg customer experience.

Finally, similarly to last year, this research was also conducted in 19 other countries, providing essential insights into how things are being done elsewhere.

Here's to an insightful read.

"

Last year's best customer experiences have become this year's expectations. You cannot rest on your laurels — every brand must constantly push their Sisyphean rock up the hill. In a multicultural landscape, where customer experience standards are set by the best in the world, we see that brands that aren't improving are falling behind.

Jean-Pascal Nepper,
KPMG Luxembourg

Contents

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 May and June 2019 in collaboration with TNS ILRES, a local research company, via an online survey sent to a nationally representative customer sample of 1,002 respondents. Seventy-six brands with a large customer base and local network across 10 sectors were selected.

To be able to answer questions about a brand, respondents were required to have interacted with that brand in the previous six months. At least 100 respondents per brand were needed for the brand to be included in the final research results. KPMG Luxembourg also conducted interviews with selected companies from different sectors during the summer and autumn of 2019 to gather additional customer experience insights.

2. Analyze

The Customer Experience Excellence (CEE) methodology, including The Six Pillars, is the DNA of every outstanding customer experience and the fuel that powers fast business growth. The Six Pillars are the core structure of 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. Brands were given a score out of 10 for each of The Six Pillars which were then combined into an overall customer experience rating, followed by an evaluation of each brand's delivered customer experience. Customers were also asked to indicate how likely they were to recommend a brand (advocacy) and to repurchase (loyalty) from them.

This analysis is therefore based on quantitative research data, written customer feedback and various brand interviews.

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 of 19 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. This includes a ranking of Luxembourg brands by CEE score as awarded by customers, including a benchmarking analysis with regards to last year's results. This report presents the top 10 customer experience brands and shines a spotlight on the customer champions from all 10 industry sectors.

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

Study statistics

May/June 2019
survey period

45
average age of respondents

521
female respondents

1,002
respondents

2.9
average household occupancy

76
brands selected

10 years
of ongoing research in the field of customer experience

476
male respondents

The Six Pillars of Customer Experience Excellence

A decade of research has shown that every outstanding customer relationship has a universal set of qualities – they are The Six Pillars of experience excellence.

The Six Pillar model was developed to provide a precise and practical definition of the kind of emotional outcome a successful experience needed to deliver. Based on over 3 million detailed customer reviews, The Six Pillars have been **validated in 20 markets** this year and modelled against the commercial outcomes of retention and recommendation.

The Six Pillars 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. The leading organizations demonstrate mastery of these pillars and are outstanding at all of them.

Integrity

Being trustworthy and engendering trust.

Integrity comes from 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. For all customers, it is the degree to which the organization delivers on its promises that is consistently top of mind.

Trust and integrity originate in the organization's sense of purpose and how it ethically, morally and socially discharges this purpose.

Resolution

Turning a poor experience into a great one.

Customer recovery is highly important. Even with the best processes and procedures, things *will* go wrong. Great companies have a process that puts the customer back in the position they should have been in as rapidly as possible. But the 'service recovery paradox' teaches us that just fixing problems is no longer good enough; the customer has to feel great about the recovery experience. Some companies call this 'heroic' recovery.

A sincere apology and acting with urgency are the two crucial elements of successful resolution.

Expectations

Managing, meeting and exceeding customer expectations.

Customers have expectations about how their needs will be met, and these are increasingly being set by the best brands they have encountered. Great organizations understand that expectations are set strategically by the brand promise, and every day through touchpoint interactions where they need to meet and - if appropriate - exceed expectations. Some are able to make statements of clear intent that set expectations, while others set the expectation accurately and then delight the customer when they exceed it.

Empathy

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

Empathy is the emotional capacity to show you understand someone else's experience. Empathy-creating behaviors are central to establishing a strong relationship and involve reflecting back to the customer that you know how they feel, then going that one extra step because you understand how they feel.

Personalization

Using individualized attention to drive emotional connection.

Personalization is the most valuable component of most experiences. It involves demonstrating that you understand the customer's specific circumstances and will adapt the experience accordingly. Use of name, individualized attention, knowledge of preferences and past interactions all add up to an experience that feels personal.

But what distinguishes world class personalization, is how the customer is left feeling after their interaction. Do they feel valued, important and more in control?

Time and Effort

Minimizing customer effort and creating frictionless processes.

Customers are time-poor and increasingly looking for instant gratification. Removing unnecessary obstacles, impediments and bureaucracy, to enable the customers to achieve their objectives quickly and easily, have been shown to increase loyalty. Many companies are discovering how to use time as a source of competitive advantage. Equally, there are clear cost advantages to saving time, as long as the other pillars are not compromised.

Drivers of customer loyalty and advocacy

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

The Six Pillars do not only define Customer Experience Excellence but also predict commercial success: a strong performance across The Six Pillars improves customer loyalty and advocacy, which leads to improved financial outcomes. Better customer retention results in higher revenues and a lower average cost to serve. This demonstrates 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 Luxembourg, our analysis shows that the twin pillars of Personalization and Integrity are the biggest drivers of loyalty and advocacy. Like last year, Personalization is the largest driver of loyalty; when customers feel a brand acknowledges, understands and meets their individual needs and circumstances, they are more likely to remain loyal in the future.

While Personalization was the biggest driver for advocacy in 2018, this year it was overtaken by Integrity. This means that customers who believe a brand is trustworthy and delivers on its promises are more likely to recommend it to friends or colleagues.
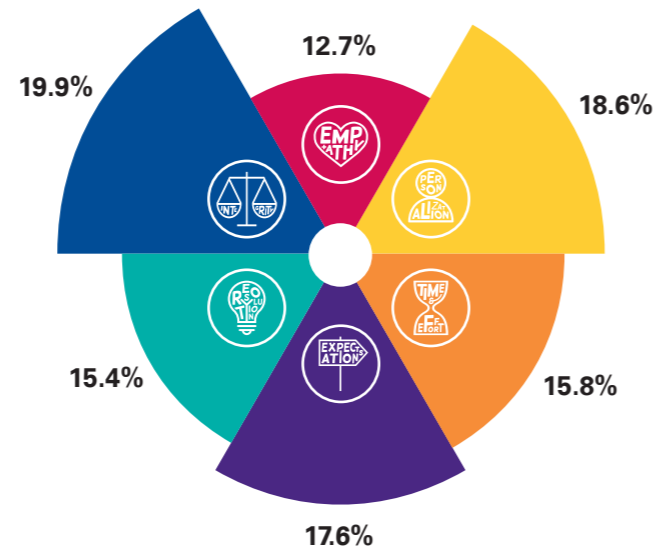
In 2019, the importance of the Expectations pillar in driving customer advocacy and loyalty has increased on average from a 16% to a 17.5% weighting over the last year.
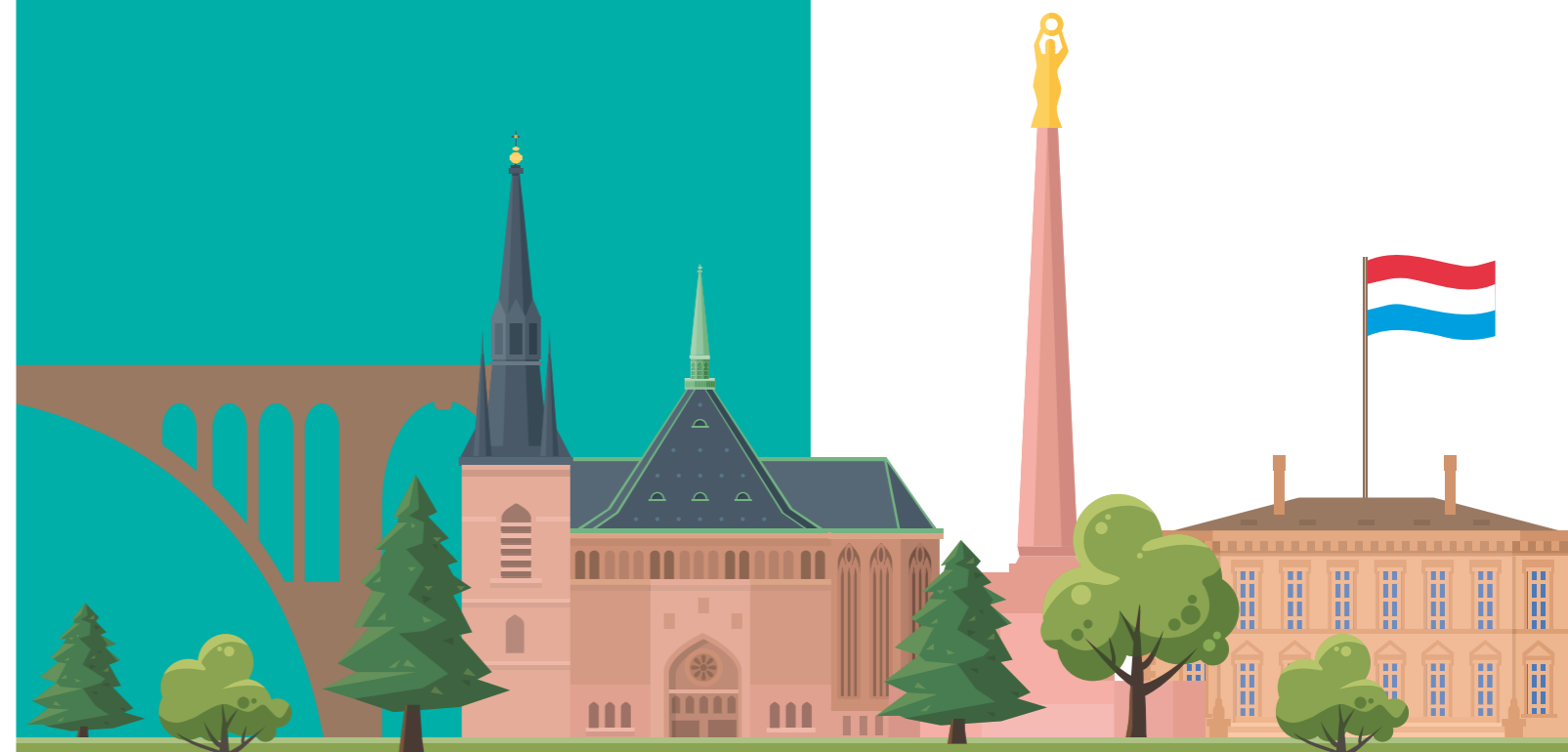
Weighting of The Six Pillars

Pillar impact on loyalty

12.0%
19.0%
18.6%
17.3%
14.4%
18.8%
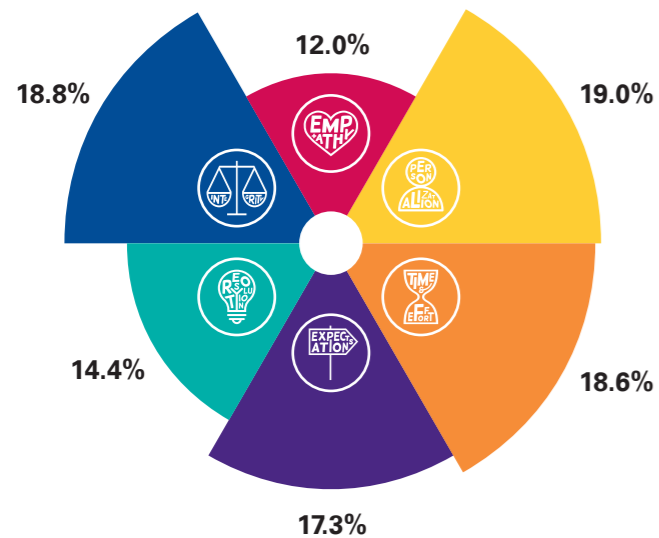
Pillar impact on advocacy

12.7%
18.6%
15.8%
17.6%
15.4%
19.9%

Research Results

The state of the nation

This year's analysis of the Luxembourg customer experience market demonstrates that it is no longer enough to offer a consistently good customer experience. Faced with ever-rising customer expectations, Luxembourg's top 10 organizations understood that they must continue exceeding expectations to stay ahead of the curve — which led to an improvement in the average CEE score from 6.70 in 2018 to 7.15 in this year.

Over the last year, organizations in Luxembourg made progress in improving their customer experiences. The top 10 customer champions and lower-ranking brands alike achieved higher CEE scores across the board, with an average CX growth rate of 6.7%. Of the 65 brands included in this year's ranking, 26 brands performed above the average rate of change and 28 brands performed at average or below. Eleven brands were new entities and therefore not ranked in last year's survey.
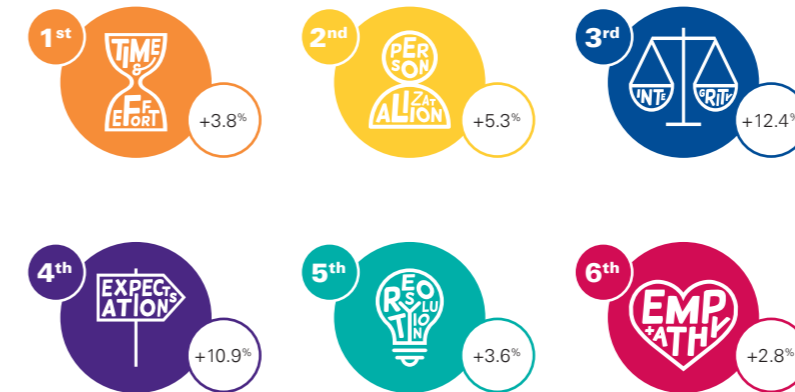
Whilst organizations are performing better overall, three brands met our world-class criteria, scoring over eight in the 2019 study: Ernster, Spuerkeess and Bierger-Center. Having led last year's list of brands, Ernster is still top of the pile in this year's survey. And, even though the brand's position remains unchanged, it's worth noting their CEE score went up by 8.5% from 7.42 to 8.05. Pillar winner in

terms of Expectations (8.04) and Time and Effort (8.35), the bookstore is also the brand that survey respondents would most likely recommend to friends or colleagues.

Spuerkeess moved up two places to rank second. Survey respondents particularly appreciated the bank's ability to understand what their clients experience, awarding the bank with this year's highest Empathy score (7.56).

New entrant Bierger-Center claims the third position in our list, gaining this year's highest scores for both Personalization (8.31) and Resolution (7.99). While it's mostly familiar faces among the 2019 customer champions, aside from new entrant Bierger-Center, one other new brand muscled its way into the top 10: Naturata.

Six Pillar performance (2019 vs 2018)

1st TIME & EFFORT +3.8%
2nd PERSONALIZATION +5.3%
3rd INTEGRITY +12.4%
4th EXPECTATIONS +10.9%
5th RESOLUTION +3.6%
6th EMPATHY +2.8%

Progress in customer experience performance is also visible across The Six Pillars. While scores rose in all of The Six Pillars, Luxembourg still performs best in Time and Effort.

This year, the most notable improvements were made in Integrity (+12.4%) and Expectations (+10.9%). Empathy, however, remains the lowest-performing pillar and, compared to the other five pillars, has also made the least progress over the last year (+2.8%).
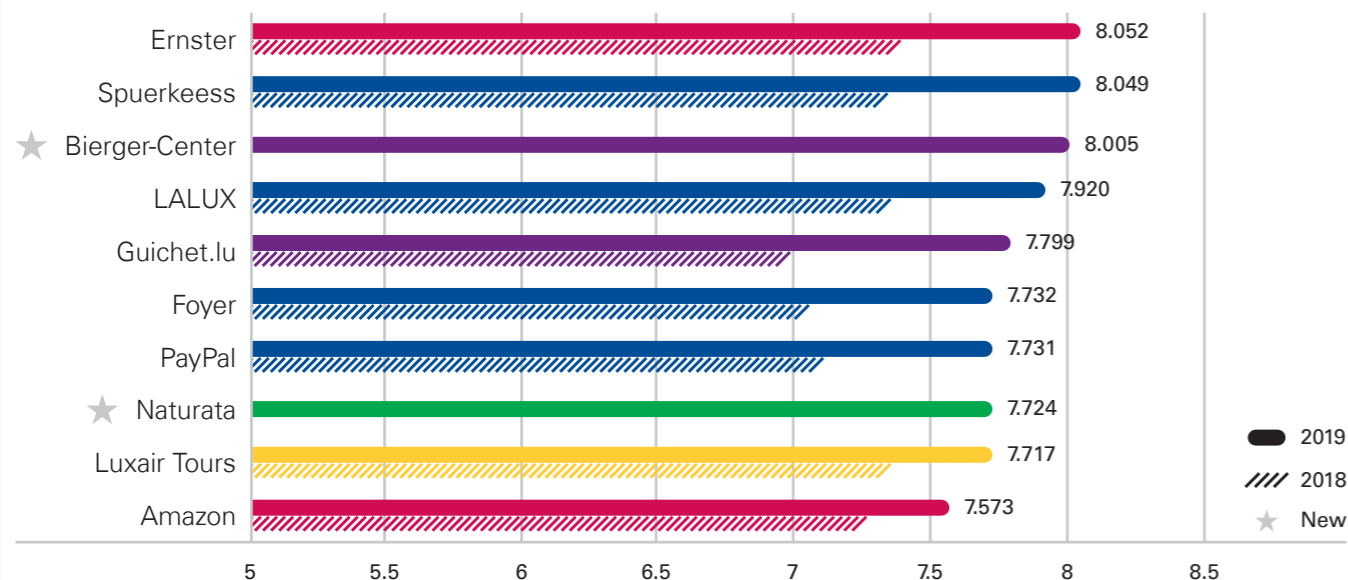
LUX sector performance

In line with the overall CEE performance, all sectors saw an improvement in 2019. The financial services sector, which includes retail banks and insurance companies, remains the customer experience leader. With a CEE score of 7.53, the sector's performance improved by 5.5% and exceeds the national average by 5%.

The public sector has experienced the greatest progress in 2019, moving up five positions to rank second in this year's report. This improvement was particularly driven by new entrant Bierger-Center but also by government website Guichet.lu, which was

able to improve its ranking by 11 places (moving from 16th to fifth).

While the public sector overtook several other industries in the last year, the entertainment and leisure and travel and hotels sectors moved down by five spots each to now rank seventh and ninth by sector performance. Logistics remains Luxembourg's worst-performing sector. Facing some fundamental challenges, the logistics sector scored 8.7% below the study average and does not feature any brand in the top 10.

CEE metric of 10 leaders: 2019 vs 2018

Brand	CEE score
Ernster	8.052
Spuerkeess	8.049
★ Bierger-Center	8.005
LALUX	7.920
Guichet.lu	7.799
Foyer	7.732
PayPal	7.731
★ Naturata	7.724
Luxair Tours	7.717
Amazon	7.573

■ 2019
//// 2018
★ New

LUX sector performance table

LUX sector	2019 vs 2018 CEE score	Sector performance vs LUX average	Ranking vs 2018
Financial services		+5%	+0
Public sector		+3%	+5
Grocery retail		+2%	+0
Non-grocery retail		+0%	+2
Utilities		+0%	+0
Restaurants and fast food		-1%	+2
Entertainment and leisure		-2%	-5
Telecoms		-3%	+1
Travel and hotels		-5%	-5
Logistics		-9%	+0

■ 2019   //// 2018
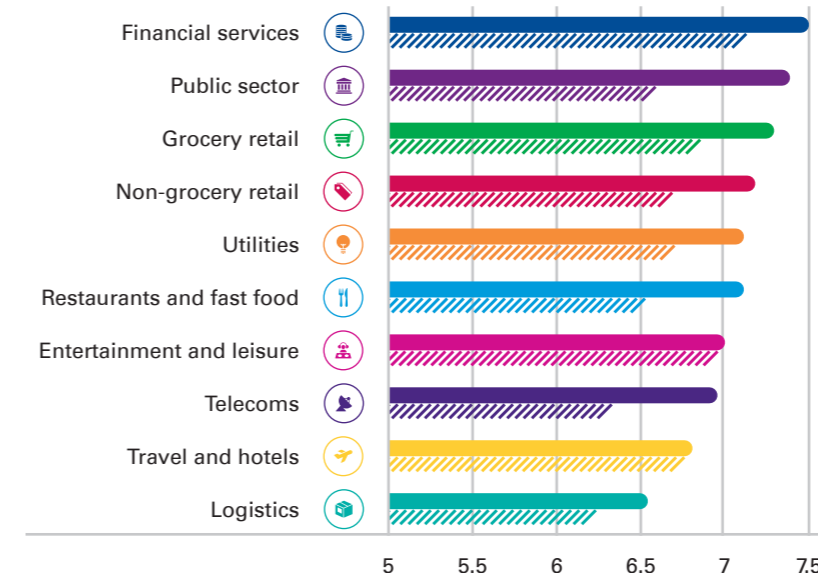
Keeping up with customer expectations

Customer expectations are steadily climbing. Our 2019 Customer Experience Excellence survey shows that Luxembourg's consumers are demanding more from their brand interactions — and brands that aren't keeping up are being left behind. In a world of mounting expectations, successful organizations are pursuing customer experience strategies that offer solutions to customers before they realize they even needed them.

Never before have brands in Luxembourg and abroad been under so much pressure to perform. As customers are now expecting constant improvements, companies that fail to innovate and meet rising expectations are lagging behind and shedding business and customers.

Increased expectations mean whatever worked in the past is no longer good enough — a phenomenon known as *expectation transfer*, where one brand's outstanding performance sets the benchmark for all other brands, regardless of sector. By offering consistently great customer experiences, top-performing brands set a new standard by which all other companies are measured. As a result, firms have no choice but to keep up with their customers' ever-increasing demands.

In the 1960s, Professor Kano, Professor Emeritus of the Tokyo University of Science, published the Kano model — showing that substantial innovations in how brands meet customer expectations eventually become a basic need. This means individual breakthroughs are short-lived. So, companies require a culture that allows them to constantly redefine customer expectations and internal processes that enable fast execution and delivery.

The Kano model
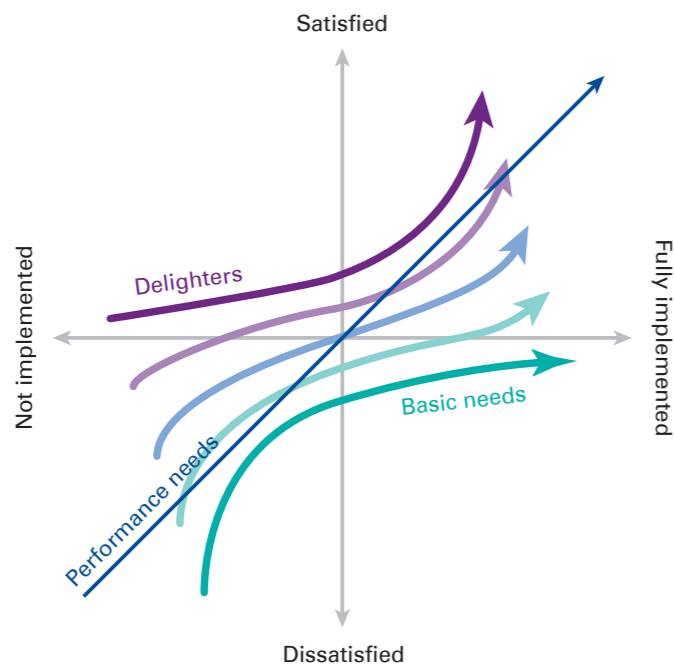
Over time delightful innovation becomes another basic need

"Meeting expectations" is an increasingly important factor in overall customer experience

When examining The Six Pillars over the past year, we see that the importance of "meeting expectations" has had an increased effect on customer advocacy and loyalty in Luxembourg. While in 2018, the Expectations pillar had a 16% weighting on advocacy and loyalty, this increased to 17.5% in 2019 — making Expectations the third-most important factor of a successful customer experience after the more emotive areas of Personalization and Integrity.

The average Customer Experience Excellence (CEE) performance in Luxembourg has risen across the board, as the top 10 customer champions and lower-ranking brands alike achieved higher scores over the last 12 months. While this shows Luxembourg brands are still keeping pace with escalating customer expectations, it also means that brands will need to work progressively harder just to maintain the status quo in the future.

Consequently, it's becoming a minimum standard for brands to understand how to accurately set and then meet customer expectations — or even exceed them.

Forging a deep connection with customers

Brands that are winning the battle against skyrocketing customer demands are structuring their businesses around customer expectations, and delighting their customers in the process by exceeding them. Adept to compete in this expectation-laden world, these firms share a deep and profound connection with their clients. They are so close to their customers that they can anticipate their expectations and fulfill needs that their customers were not yet aware of.

There's a lot we can learn from these best-in-class companies. High-performing brands like Ernster and Spuerkeess are still the CX leaders in our top 10 analysis. These brands keep moving the goalposts by looking at how their customers form expectations — and then going the extra mile to exceed them.

Crowned number one for the second year in a row, Luxembourg's locally-owned book retailer Ernster has scored highly in all of The Six Pillars but especially tops the rankings for Expectations and Time and Effort. By sharing a passion for books with their customers, Ernster's employees can truly connect with clients and keep pace with their expectations. At the same time, owner Fernand Ernster looks beyond his sector to see how the world's leading companies keep improving and follows suit to stay relevant to both customers and employees.

Leading Luxembourg's financial services sector, the bank Spuerkeess also owes its continued customer experience success to a close relationship with its customers. Spuerkeess' focus on Empathy and customer closeness is all-embracing — for example, it is currently redesigning its branches to remove unnecessary physical barriers and improve customer proximity even further.

Some of this year's biggest moving brands also credit their improved CEE score to an increased focus on customer intimacy. Insurance brand Foyer, this year's most improved brand of the financial services sector, has made it a priority to move at their customers' pace. For example, the brand sought clients' opinions to create its interactive one-stop-shop tool Sammy — to make sure the tools' functionalities resonated directly with concrete customer expectations.

The survey's biggest-moving brand, Boulangerie Paul, offers local and personalized experiences to connect closely with Luxembourg customers and adapt to their unique needs. One example of the bakery brand's intense focus on customer expectation is its range of products exclusive to the Luxembourg market in response to local customer preferences.

The science behind customer expectations

Human beings expect certain things to unfold in a particular way and have evolved to constantly predict what's coming next. These expectations help us to feel safe and make sense of the world.

In his book *Thinking, Fast and Slow*, Daniel Kahneman defines two systems of the mind. The first system allows us to move automatically and quickly throughout the world, with little or no effort, as long as everything around us meets with our expectations. But if this is no longer the case, system two activates and draws our attention to the unmet expectation, making us emotional and fearful — because we are no longer able to accurately foresee what will happen next.

This means customers are satisfied when things happen in the way that they expected — or better yet when their expectations are exceeded. This is what makes meeting and exceeding expectations such a crucial part of a successful customer experience.

Understanding the customer

Understanding the customer and what they want, feel and expect is the first step in assessing the quality of the customer experience. It's essential to acknowledge that the customer is "multidimensional" — i.e. that the way they make decisions is influenced by many factors.

With this in mind, KPMG has designed a methodological framework called the "Five Mys"[1] to:
• help identify what consumers value about an experience
• understand the moments that matter to customers
• grow smarter about the connections that contextualize customers' lives
• learn about the trade-offs customers make regarding time and money.

My motivation
Characteristics that drive behavior and expectations

Our best experiences have become our expectations

Business impacts
Knowing what customers truly value in an experience and what's setting the benchmark for their expectations can help companies to eliminate wasted efforts and focus on the ones that truly make a difference in consumer behavior.

Our best experiences have become our basic expectations. We no longer compare a company solely to its closest competitors, but rather to whoever sets the highest standard for our best experience as consumers. We crave quality, convenience and more intuitive, personalized experiences. We value peer reviews and social reference, and many people place more confidence in individual influencers than in companies and institutions. We want the organizations and institutions we interact with to "know me", "value me" and "make it easy for me" — and, in times of heightened trust and anxiety, to "protect me". This is only amplified in the era of fake news.

My attention
Ways we direct our attention and focus

We are making fundamental shifts in how we process and filter information

Business impacts
Knowing how to win the battle for customers' attention can help companies target investments to the moments, interactions and media, or channels, that matter to maximize return on investment.

We're all subject to unprecedented volumes of information, increasingly available whenever and wherever we want it. And we're all increasingly a product of the technologies that ease, define or govern our lives, whether our mobile devices, smart technologies or artificial intelligence and voice-powered connectivity, all of which, in one way or another, have changed our attention spans relative to our more analogue experiences of yesteryear. This abundance of information and hyperconnectivity collide to create constant pressures on our attention. And as our time has become more precious, we are making fundamental shifts in how we process and filter information, and otherwise divide our days. Yet while our patience and attention thresholds are falling, we continue to make time for the things that matter to us. Understanding how we prioritize and marshal our time and attention is essential to breaking through the noise, and to building deeper, more meaningful relationships with each of us as customers.

My connection
How we connect to devices, information and each other

We're getting smarter about the world, and the world is getting smarter about us

Business impacts
Getting smarter about how consumers connect and with whom they connect can fuel better insights and stronger connections.

As a result of our increased connectivity, we are having more digitally connected interactions, which produce a data exhaust or trail that grows seemingly exponentially. Consequently, the world is getting smarter about us: who we are as individuals, about other people like us, communities, cultures, macro and micro trends, and groups sharing commonalities — and, in turn, we're getting smarter about the world. Understanding the shape and patterns of these wide-ranging connections and networks is central to understanding how our decisions are influenced, when and by whom. The companies that cultivate such an understanding will be those best equipped to engage with consumers on their terms.

My watch
How we balance the constraints of time and how that changes across life events

We're increasingly using technology to automate or accelerate tasks throughout our lives

Business impacts
By understanding the impact of life events on the trade-offs between time and money, as well as when and where they occur, and how they are changing based on new life events, companies can engage with us in the right way at the right moment.

How much time we have, or think we have, influences how we interact with other people, services and companies. And we're increasingly using technology to automate or accelerate tasks throughout our lives, whether with recurring grocery and household orders or embracing algorithms that curate and help guide us on what to purchase, watch or listen to next.

My wallet
How we adjust our share of wallet across life events

The shape of our wallet changes across life events

Business impacts
Understanding what the wallet represents and has inside it enables companies to target those able to buy.
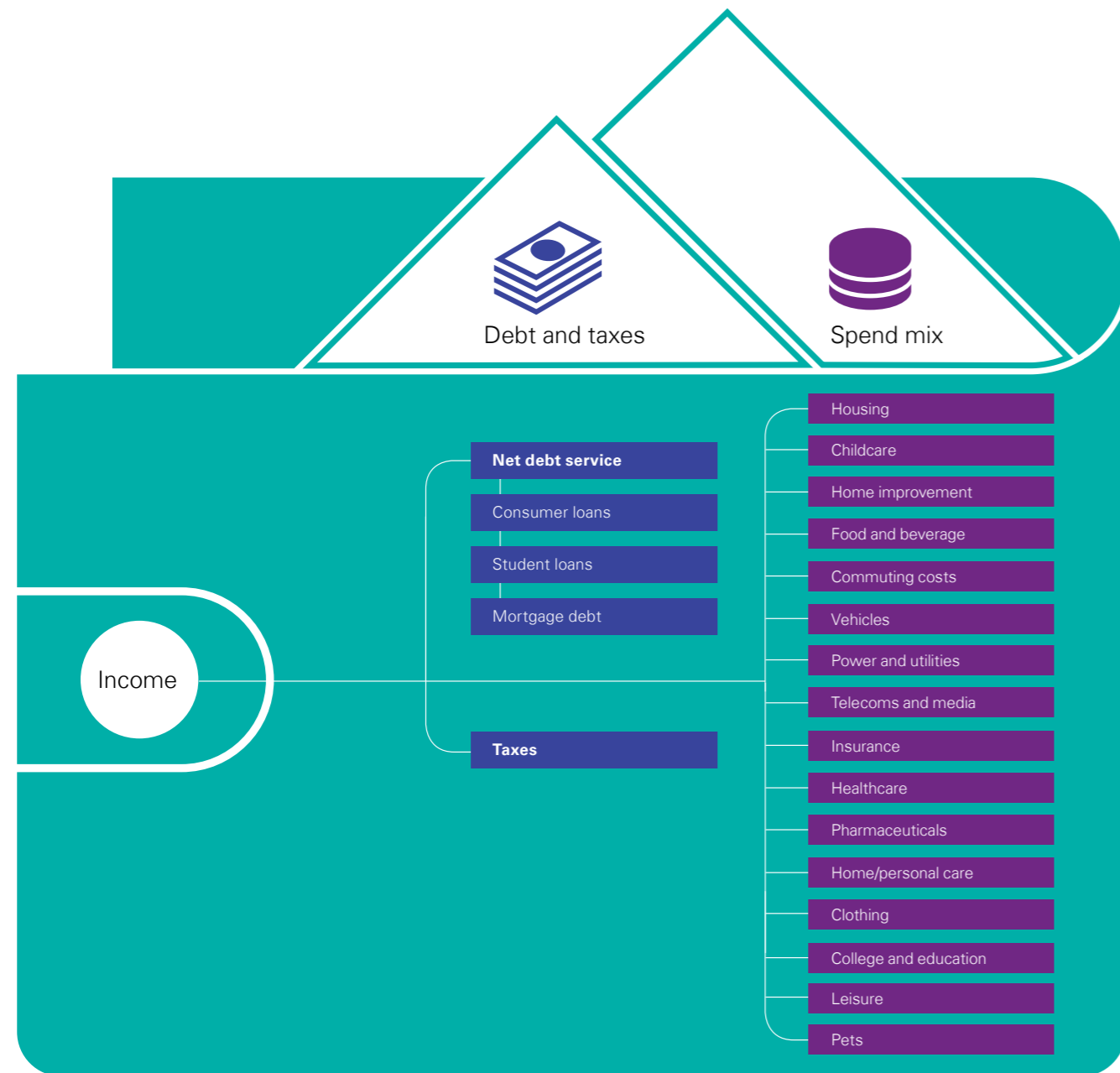
Often in a symbiotic relationship with time, the shape of our wallet changes across life events. How much money we have, how we choose to allocate it and our attitude towards money shifts based on numerous factors, not just our salary or age. And the timing of these life events has been, and continues to shift, when we buy our first house, when we get married, when we choose to have a first child. Understanding the relationship between income, consumption, spending mix and resulting wealth (net savings) or deficits, and how this relationship changes for different generations across various life events, provides a level of insight beyond that offered by traditional demographic models.

1 "Me, my life, my wallet", KPMG International Global Customer Insights, second edition

And let's not forget that — while many organizations still believe their primary competition lies within their industry — research and experience continue to prove the only true competitor is the *customer wallet*: the definite amount of money on which the customer constantly bases their choices.
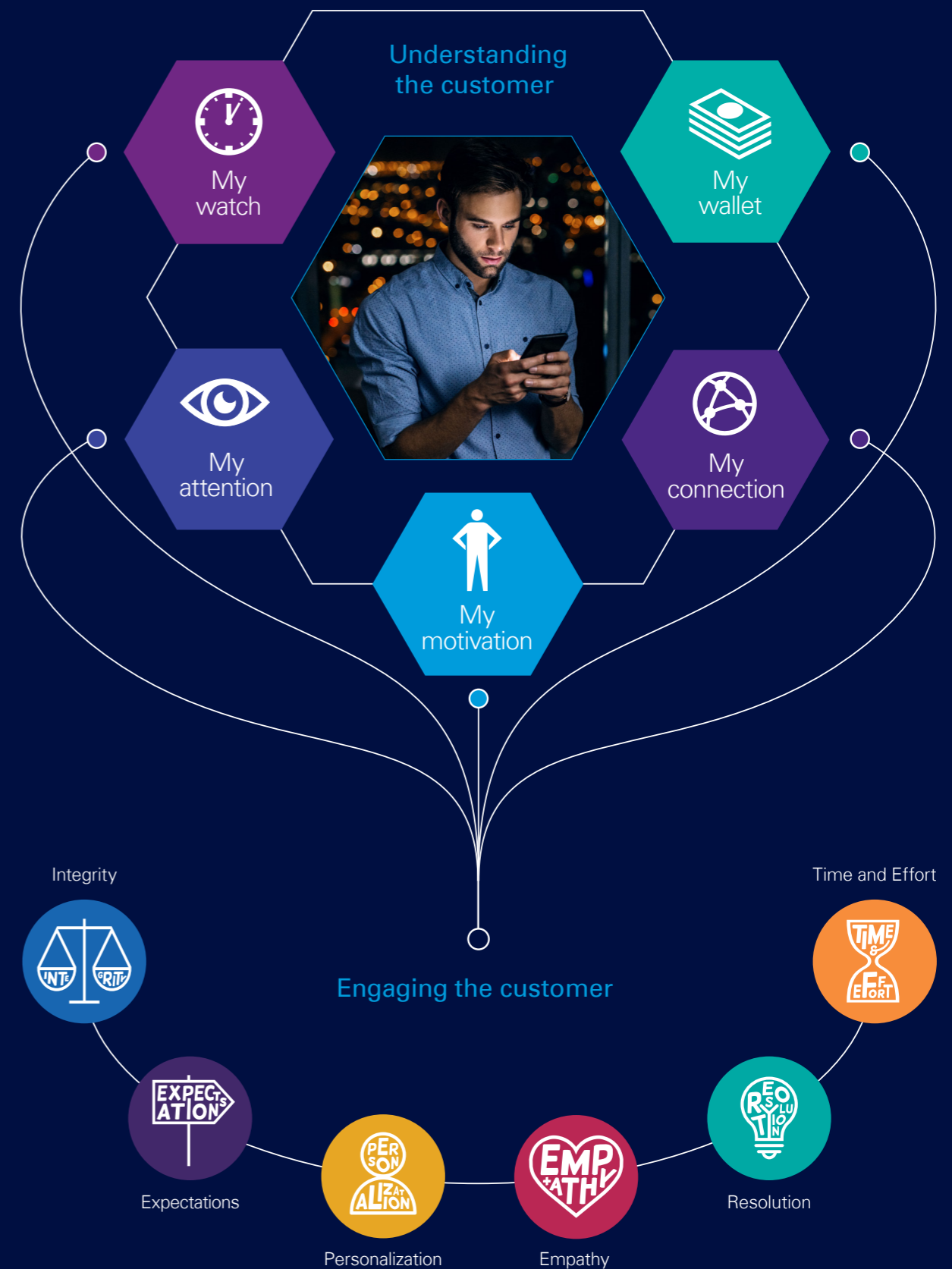
Factors including income, taxes, education, retirement, debt and interest rates all converge to shape individual customers' wallets. The evolution of careers and employment affects wallet contributions too — whether it's the growth of the gig economy and contingent labor or the emergence of semi-retirement and second careers.

How we live and our attitude towards — and the affordability of — home ownership also has a profound effect on younger generations' spending and saving priorities. The transfer of assets and wealth differs across generations and geography and will only continue to evolve under increasing lifespans and rising healthcare costs. It's crucial to understand all the factors that influence the consumers' wallet and the relationship between income, consumption and spending, as well as new ways to explore, buy and receive products and services. Only then can an organization hope to recognize its true competition and determine how to position itself effectively against it.

Debt and taxes

Spend mix

Income

Net debt service

Consumer loans

Student loans

Mortgage debt

Taxes

Housing

Childcare

Home improvement

Food and beverage

Commuting costs

Vehicles

Power and utilities

Telecoms and media

Insurance

Healthcare

Pharmaceuticals

Home/personal care

Clothing

College and education

Leisure

Pets

Illustrations from "Me, my life, my wallet", KPMG International Global Customer Insights, second edition

Activating the customer experience

By understanding the customer through The Five Mys and engaging them through The Six Pillars, it's possible to build a holistic view of Customer Experience Excellence.

Understanding
the customer

My
watch

My
wallet

My
attention

My
connection

My
motivation

Integrity

Time and Effort

Engaging the customer

Expectations

Personalization

Empathy

Resolution

2019 LUX customer champions

1 Ernster

Non-grocery retail

No change

Founded in 1889 and one of Luxembourg's few remaining locally-owned book retailers, Ernster holds its lead in this year's survey. Pillar winner in Expectations and Time and Effort, the book store is highly appreciated for its employees' personalized advice and fast delivery times if a book requires ordering.

I order a lot from Ernster, often for business reasons, and I am impressed with the competence of the staff. Employees are always friendly and helpful and they provide excellent advice. The delivery time is also very fast!

LUX 2019 CEE respondent

2 Spuerkeess

Financial services

+2

Delivering high-quality general banking services, Spuerkeess moved up two places to reach second place in this year's survey. Spuerkeess recognizes that its customers are the beating heart of its operation. Scoring highly on Personalization and Integrity, Spuerkeess received the 2019 study's highest score in Empathy.

Very trustworthy bank with friendly and professional employees. I like their messaging system via S-Net, as it allows me to ask questions and receive answers from the comfort of my home.

LUX 2019 CEE respondent

3 Bierger-Center

Public sector

New

New entrant Bierger-Center claims third place on our list. By allowing citizens to complete all their necessary administrative formalities under one roof and by offering personalized services in a friendly setting, Bierger-Center achieved this year's highest scores for both Resolution and Personalization.

Over the last few years, waiting times have improved dramatically. The many services that can now be requested online simplify my life and help me save time.

LUX 2019 CEE respondent

4 LALUX

Financial services

-1

Ranked among this year's leading financial services brands, insurance provider LALUX scores highest in Time and Effort and Integrity. Customer closeness is a key element of the LALUX customer experience, proclaimed by its brand slogan, "My Insurance in Luxembourg".

LALUX is by far the best insurance company. My agent is very competent and always available. Faced with a cracked windshield I contacted him, and he intervened immediately.

LUX 2019 CEE respondent

5 Guichet.lu

Public sector

+11

Earning this year's top spot for Integrity, government website Guichet.lu is the largest upward-moving brand in the public sector. Guichet.lu connects Luxembourg's public agencies with citizens and businesses, providing fast and user-friendly access to government services and information.

I requested a copy of my criminal record via guichet.lu and two days later it arrived in my mailbox — top!

LUX 2019 CEE respondent

6 Foyer

Financial services

+8

The biggest upward mover in the financial services sector, insurance company Foyer takes sixth place in this year's analysis with a high score in Integrity. Foyer meets customer expectations and delivers a positive experience to all types of customers whatever their circumstances: from students to pensioners and everyone in between.

While pregnant, my wife walked down the stairs holding both of our laptops. She slipped and both laptops broke. Foyer replaced them without much trouble.

LUX 2019 CEE respondent

7 PayPal

Financial services

+4

A leading financial services brand both worldwide and in Luxembourg, PayPal was awarded the study's highest rating for customer loyalty. Recognized as a simpler, faster and more secure way to carry out online and mobile payments, PayPal scores highly in two of The Six Pillars: Personalization and Integrity.

PayPal saved my life several times: when my credit card or token did not work, I used PayPal and the payment went through. Once, a payment was made with my credit card without my authorization. I wrote an e-mail to PayPal and they refunded me. I am very happy with their service.

LUX 2019 CEE respondent

8 Naturata

Grocery retail

New

Leading the field in the grocery retail category, new entrant Naturata claims eighth place in our ranking. The brand was awarded high Time and Effort and Personalization scores, offering a large selection of organic products and delivering a notable customer experience in all eleven of its shops.

I love Naturata. I do not have to worry about pesticides or other pollutants and there is always something new to discover. I believe that Naturata is also good for people with food intolerances. The shop offers a great variety of gluten-free products, which, for me personally, is great.

LUX 2019 CEE respondent

9 Luxair Tours

Travel and hotels

-7

Scoring highly in Integrity, Luxair Tours still leads the pack in the Luxembourg travel and hotels sector. The tour operator sets itself apart from competitors with its all-inclusive service and by providing travel advice and assistance that meets and even exceeds its customers' expectations.

I took a trip to Lanzarote. Everything was perfect — from the moment we boarded our flight on the first day to the moment we landed back in Luxembourg.

LUX 2019 CEE respondent

10 Amazon

Non-grocery retail

-4

Online retailer Amazon still ranks highly in Personalization and picked up a high loyalty score in Luxembourg. Striving to be Earth's most customer-centric company, the brand knows how to deliver emotionally-engaging Personalization without human interaction and is continually innovating to enhance its customer experience.

Quick delivery. What else can you say? Everything is available and no problem with parking. We use it about twice a month. Kindle is particularly good: buy a book and start reading in 10 seconds!

LUX 2019 CEE respondent

LUX sectoral review

Ranking vs 2018: ⌃ Up vs 2018   ⌄ Down vs 2018   — No change vs 2018

1st Financial services
- Banking
- Insurance
— +0
page **24**

6th Restaurants and fast food
⌃ +2
page **50**

2nd Public sector
⌃ +5
page **34**

7th Entertainment and leisure
⌄ -5
page **54**

3rd Grocery retail
— +0
page **40**

8th Telecoms
⌃ +1
page **56**

4th Non-grocery retail
⌃ +2
page **44**

9th Travel and hotels
⌄ -5
page **58**

5th Utilities
— +0
page **48**

10th Logistics
— +0
page **60**

LUX sectoral review

2019 LUX CEE sector ranking: 1st

The Six Pillars:
how the sector measures up

Personalization
7.33 — 7.52

Integrity
7.23 — 7.54

Expectations
7.21 — 7.36

Resolution
6.97 — 7.36

Time and Effort
7.37 — 7.64

Empathy
6.60 — 6.93

● All sectors   ○ Banking

Brands captured: retail banks.

Overall result: compared to last year's study results, the financial services industry remains the best-performing sector. With a CEE score of 7.42, the retail banking sector's performance exceeds the national average by 4%.

The Six Pillar performance: the retail banking sector performance exceeds the survey's average across all of The Six Pillars.

1. Financial services: Banking

To say that banks are facing a large number of challenges today is somewhat of an understatement. While they need to deal with a difficult macro-economic environment — and a low/negative interest-rate landscape that heavily impacts their revenue stream — they must also invest abundantly in managing an increasing regulatory pressure from European and local prudential authorities. In addition, from an IT and operational standpoint, many banking institutions are crippled by old and outdated IT banking platforms dating back 10 to 20 years. Built-up over the years in onion-like layers, they tend to deprive banks the flexibility and agility to adapt to new business needs.

On top of all this, banks must also improve their interactions with increasingly demanding customers, who don't just compare their experiences with other banks but also with other companies, sectors and industries. Their latest and best experience has now become their reference point across all sectors! If they enjoy the flexibility, intuitiveness and user-friendliness of online interactions with Amazon, Netflix or Uber, the openness and empathy of their neighborhood restaurant or the quality of advice from their favorite bookstore, they expect the very same from their bank. But neither Amazon, their favorite restaurant or their bookstore need to deal with pressing regulatory scrutiny, a negative interest rate or vintage IT systems. And to make matters worse, let's not forget the new, digital-native entrants — the N26 or Revolut of this world — that have a clear objective of completely disrupting the market and rocking the traditional banking world.

Faced with such a gloomy picture, you might think that traditional banks are doomed to disappear. But nothing could be further from the truth. Banks continue to maintain a high rating in our Luxembourg CEE survey, with four banks featured in our top 20. One bank has even ranked second, just shy of the top spot. And we're seeing similar results in other countries we surveyed, such as the United Kingdom or the United States. Showing that some banks have figured out how to manage their strengths and constraints to offer their clients a tremendous customer experience.

The augmented banker

As mentioned before, a key driver of a successful client experience is banks enabling their clients to interact with them when and how they want. It cannot be a digital-only relationship — unless the bank wants to only offer limited banking products like payments or credit card management —

but it cannot be 100% physical either. The right mix is key: providing efficient and user-friendly digital interactions for routine, administrative and limited value-added tasks, e.g. paperwork, bank statements, payments, while offering human contact for the important moments in life, e.g. buying a house, facing financial difficulties or succession planning. In this augmented reality, bankers require digital tools to support their human interactions with customers.

Really Know Your Customer

To do this, banks must know more about their customers than just their names and standard Know Your Customer (KYC) files. They need to know their expectations, preferences, issues and what stage they are in their lives. Without being too nosy, they require enough information to be there for their clients when and wherever needed. The famed terms of big data or data and analytics make a lot of sense here. Banks hold a tremendous amount of data on their clients — as they connect with their banks at different points of their lives — but not all banks can identify, sort and use this data. It's hard to believe, but Google often knows more about banks' customers than their own banks do!

One platform to rule them all

Finally, in a globalized world that is more open than ever, a key success factor for banks will be their ability to set up and moderate an entire eco-system of solutions for their clients. But if banks provide their customers with a large array of services, it does not mean they must manage these services themselves. Instead, they need a platform and a partnership with firms whose services can be activated from this platform. These include leasing companies, asset managers or fintechs providing value-added banking or non-banking products. In doing so, they will remain at the center of the client relationship in a "win-win-win" perspective where the client, partnering firms and banks will all benefit.


Aligning banking services to customers' enduring needs

(Extract from "The Future Of Digital Banking", KPMG Australia)

The spectrum of today's customer needs are comprised of the individual's desire for a combination of:

- **Automate:** People who want low control, and have low knowledge want their lives to be automated so processes they don't understand can just happen behind the scenes.

- **Aggregate:** People who want high control, and have low knowledge want their lives to be aggregated so they are provided a list of available options.

- **Orchestrate:** People who want high control, and have high knowledge want their lives to be orchestrated so everything happens according to their plan.

- **Validate:** People who want low control, and have high knowledge want their lives to be validated so their choices are seamlessly reassured.

These are the four needs that Banks of the Future must align their services to, in order to truly service customers of 2030.

Desire for control / Degree of perceived knowledge
Aggregate — Orchestrate
Automate — Validate
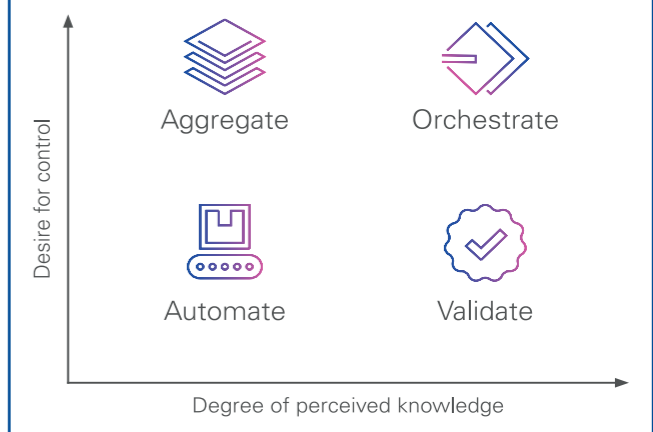
Case Study

**2019 LUX CEE
brand ranking:** 2nd

The Six Pillars:
scores vs industry average

+8%   +7%

+7%   +7%

+6%   +8%

Spuerkeess

Moving up two places to second in this year's ranking, Spuerkeess or Banque et Caisse d'Épargne de l'État, Luxembourg, leads the financial services sector.

Since being founded in 1856, Spuerkeess has stayed true to its ambition of meeting and exceeding customer expectations. Romain Wehles, the executive vice president and executive committee member, believes customer proximity is crucial to the bank's continued success. Whether it's through its branch network or its online and digital channels, Spuerkeess' closeness to its customers allows the bank to develop a deep understanding of its customers and to proactively offer products that fit their needs.

As one of Luxembourg's longest established banks, Spuerkeess focuses on building relationships with customers from a very young age and accompanying them through the different stages of their lives. "While we remain close to our clients by offering services that respond to their needs at the time, we also stay in constant touch with them. Clients, for example, appreciate the fact that we keep an eye on potentially unusual transactions — adding a personal touch to all interactions", says Doris Engel, executive vice president and executive committee member.

When introducing new services, relationship managers always take the necessary time to thoroughly explain any potential changes to their customers. Similarly, the bank has also decided to begin redesigning its branches to remove unnecessary physical barriers and further improve customer proximity. Taking this extraordinary closeness to the customer into account, it is not surprising that Spuerkeess was awarded the 2019 study's highest score in Empathy.

Knowing the customer

For Spuerkeess, the focus on Empathy is all-embracing — knowing and anticipating the needs of the customer defines every aspect of the experience. While most of what they know about their customers stems from their long-term relationship with their banker, Spuerkeess also engages in customer journey mapping and redesigning.

"The design of customer journeys allows us to have a more global view of customer expectations, while also being a powerful tool for customer segmentation."

Luc Sinner, assistant vice president of marketing

Alongside customer-journey mapping, Spuerkeess places great importance on listening intently to its customers. For example, the bank sends questionnaires to its clients following the provision of a service or the launch of a new product. To receive a more comprehensive picture of how Spuerkeess customers perceive the bank, it also measures its Net Promoter Score (NPS) regularly.

Maintaining customer closeness across channels

"We see that more and more people are using our digital channels and web applications to interact with us", says Luc Sinner, assistant vice president of marketing. To adapt to these changing consumer habits, Spuerkeess has in recent years heavily invested in the re-design of its omni-channel offering and introduced innovative digital solutions to its customers. Following the launch of MIA (My Intelligent Assistant), a personal-finance assistant helping customers manage their budgets and cash flow, Spuerkeess recently introduced a fully-digital personal loan.

"One of our biggest challenges is to integrate physical and digital customer experiences, and to maintain the same level of customer closeness across all channels."

Romain Wehles, executive vice president and executive committee member

Romain Wehles believes building an emotional connection digitally and translating the bank's traditional advisory model into the client's preferred channel is a key and successful differentiator from digital-only challenger banks. With this in mind, Spuerkeess launched a digital training and awareness program to help employees make the best use of the bank's digital channels when interacting with customers.

In addition to developing digital solutions to improve the customer-advisor relationship, Luc Sinner believes that the next step is to further digitalize internal processes — ensuring that the digitization of employees' work environment keeps pace with the efforts made to digitalize end-customer services.

The customer perspective

"

I do many things online, but our local Spuerkeess branch is always ready to help when I need it. It is important to keep the small local branches, as for me, the human contact is very important.

LUX CEE respondent 2019

The Spuerkeess perspective

"

Whether through our network of branches or online presence, we are committed to being close to our customers. This closeness allows us to develop a deep understanding of what is happening in our customers' lives and to offer products and services that are relevant to them.

Romain Wehles, executive vice president and executive committee member

Case Study

2019 LUX CEE brand ranking: 7th

The Six Pillars:
scores vs industry average

PERSONALIZATION +6%

INTEGRITY +4%

EXPECTATIONS +4%

RESOLUTION +1%

TIME & EFFORT +2%

EMPATHY -6%

PayPal

Moving up four places to rank seventh in this year's Customer Experience Excellence report, PayPal is the 2019 winner for customer loyalty.

One of the leading financial-services brands in our 2019 Customer Experience Excellence ranking, PayPal is recognized as a simpler, faster and more secure way to make online and mobile payments. Founded in 1998, the online-payment brand is now available in more than 200 markets. It allows buyers and sellers to send money and accept payments without sharing their financial information.

Awarded this year's highest rating for customer loyalty, PayPal's channel partners global strategy director Joachim Goyvaerts believes the company owes its continued customer experience success to a strong focus on integrity.

"At PayPal, we put our customers — consumers or businesses — at the center of everything we do. We want to make sure they can securely, conveniently and cost-effectively send and receive payments online — and, therefore, offering protection to our customers is crucial to maintain their trust."
Joachim Goyvaerts, channel partners global strategy director

To gain and maintain their customers' trust, PayPal uses data encryption and anti-fraud technology to keep customers' information secure. Beyond data privacy and security protection, PayPal's buyer protection also ensures customers can be fully reimbursed if an item ordered online does not arrive or does not match the seller's description. According to Joachim Goyvaerts, the refund includes delivery and return shipping costs, which delivers extra added-value to customers.

Combining secure transactions with frictionless experiences

"Our mission is to give our customers safe access to global shopping and to provide secure and reliable digital payments that make their lives easier," says Joachim Goyvaerts. Always handling customer information with care, the digital-payment company harnesses the behavioral customer data they collect — for example, their customers' spending patterns, habits and location — to improve the digital customer experience.

"While the collected data is first and foremost used to detect fraud and guarantee customers' safety when shopping online, it is also analyzed to ensure a smooth and seamless customer experience, improving key customer processes."
Joachim Goyvaerts, channel partners global strategy director

For example, PayPal harnessed behavioral data to redesign its mobile app. "We recently renewed our PayPal app and, to do so, we measured which functionalities were most used by our customers and made these functionalities more intuitive," explains Joachim Goyvaerts. The app now allows customers to send money to friends and family in the European Union for free.

Another major innovation was the introduction of PayPal One Touch. Customers who opt in to this service can save their username and password in a secure manner to skip logging in when they check out online.

Giving customers a choice

According to Joachim Goyvaerts, for over a year PayPal customers have not only been able to link their PayPal account to their credit card information but also directly to their bank account to keep track of their spending.

"This initiative is part of PayPal's Choice program. Instead of steering customers towards our preferred underlying payment source, the objective of this program is to give customers a choice, letting them select their favorite payment method and choose whether they want to pay their items by card or directly via their bank account."

The customer perspective

"

Efficient, secure, practical and easy to use. High-performance system that inspires trust. No credit card details required.

LUX CEE respondent 2019
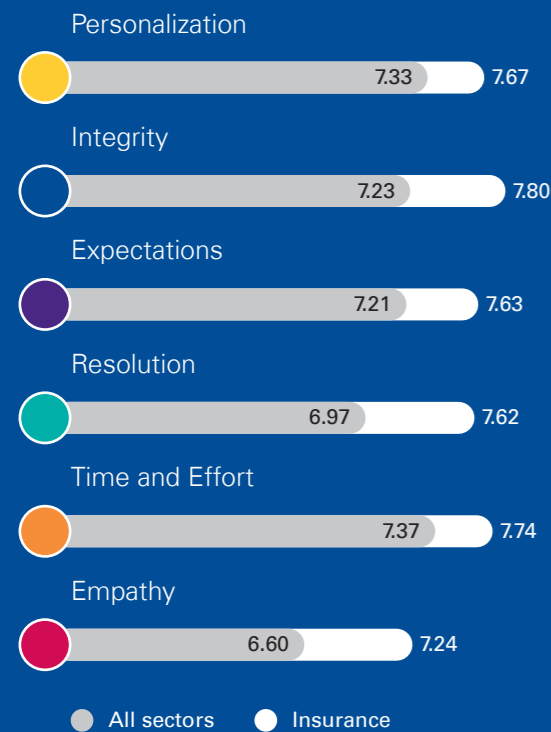
The PayPal perspective

"

We want to make our customers' — consumers or businesses — lives easier by letting them send and receive payments online in a secure, convenient and cost-effective manner.

Joachim Goyvaerts, channel partners global strategy director

LUX sectoral review

2019 LUX CEE sector ranking:

1st

The Six Pillars:
how the sector measures up

Personalization

7.33   7.67

Integrity

7.23   7.80

Expectations

7.21   7.63

Resolution

6.97   7.62

Time and Effort

7.37   7.74

Empathy

6.60   7.24

● All sectors   ○ Insurance

Brands captured: insurance companies.

Overall result: with a CEE score of 7.64, the insurance sector's performance exceeds the national average by 7%.

The Six Pillar performance: the insurance sector's performance exceeds the average of all The Six Pillars.

1. Financial services: Insurance

The insurance industry also faces many challenges, not least from increasing regulatory requirements and persistently low-interest rates. At the same time, there is a growing pressure on insurers to get to know their customers better. In today's digital world, customers across all markets expect an intuitive and continuous experience. Today's consumers no longer compare insurers to their peers but also benchmark them against other companies. They compare insurance carriers against the very best out there and ask themselves: "Why don't they offer the same services as my favorite application or website?"

Traditionally, the insurance industry has been slower than other sectors to embrace digital transformation and the technologies that allow a seamless customer journey. Nowadays, there is a greater understanding than ever before of how important it is to be customer-centric. It begins with a shift from the traditional inside-out focus, driven by customer service, to an outside-in focus, driven by empathy and the customer experience. And the customer can also mean the policyholder, the agent, the broker or other distribution partners. This new approach requires an understanding of and empathy with the customers' roles and motivations, goals and pain points, which drives new and different operational responses.

The local insurance market in Luxembourg has traditionally been dominated by a small number of big players that distribute their products exclusively via tied agents. It is uncommon for customers to switch insurers, as they have a long-lasting relationship with their agent and direct or online insurance offerings are practically nonexistent.

Legacy systems

Customer engagement in insurance was long limited to contracts and the occasional discussion with an agent or a broker. After a policy was sold, insurers rarely engaged with customers apart from the occasional phone call if they had service issues or filed a claim. But we have been witnessing an evolution ever since. Even though building an engaging experience for clients is important, let's not forget that aging legacy systems require their fair share of attention as well. Their ongoing impact is a persistent issue across the industry. Experience shows that large-scale, multiyear technology replacements take too long, fail far too often and are constantly reprioritized due to their size, scale and complexity. Freezing legacy codebases and wrapping systems in modern technology is a better approach, which leverages core data, shortens time to market and enhances the customer experience.

Personalized and tailored experiences

To meet ever-increasing standards of engagement, insurers must deliver personalized and tailored experiences that meet the expectations of today's and tomorrow's customers — because engagement and experience is now a key part of the product. The challenge is to predict opportunities arising from customers' needs, changing behaviors and upcoming trends to transform them into innovative insurance products, services and channels. The following three trends are examples of how the insurance industry will evolve in the years to come.

Internet of Things (IoT)

Connected devices combined with upcoming mobile 5G networks are creating a digital ecosystem that is an ideal environment for insurers to protect themselves and their customers. As client usage of IoT devices is becoming more mainstream, more and more insurance leaders are planning or developing the use of these devices to better position themselves in the market.

On-demand insurance

Increased transparency has created a trend that is changing the nature of the insurance contract. Digital data, advanced analytics and mobile technology let customers break down standard insurance policies into flexible portions of coverage when needed. Insurance companies have on-demand products and services in their sights, with many preparing for this market's future growth.

Emerging trends

New trends will continue to pop up with different adoption rates among the general public. While the sharing economy and drones are gaining in popularity, other developments like bitcoin, 3D printing and autonomous vehicles are seeing a slower uptake. The key is to monitor the adoption of these trends and identify new insurance products and services accordingly.

While the insurance business model has stayed resilient for a long time, the digital age shift is highlighting its limitations. Luckily, it is also uncovering new opportunities that many believe could pose excellent possibilities for growth. The greatest issue that insurers face is focusing on internal needs rather than market needs. In today's world, it's all about the market and the customer. And, when it comes to the customer, providing a valued experience is key.

Trov is reinventing insurance for the mobile generation

American insurance company Trov offers protection for common electronic items, such as laptops, mobile phones and cameras. Claims are handled via an in-app chatbot that poses questions regarding the incident, making filing a claim as easy as sending a few texts.

When a claim is accepted, the item will be replaced or repaired. Or if that isn't possible, the user will be reimbursed. Trov is designed specifically for the mobile generation, who often find the constraints of traditional insurance incompatible with their unbound lifestyles.

Case Study

The Six Pillars:
scores vs industry average

+2%   **+3**%

+4%   **+2**%

+1%   **+5**%

Foyer

While 2019 saw a marked movement for several brands, insurance company Foyer was recognized as this year's biggest moving brand in the financial services sector — moving up by eight places to rank sixth.

Founded in 1922, Foyer is a key player in Luxembourg's insurance market. The company operates in several European countries offering insurance, protection and wealth management services.

In the results of this year's Customer Experience Excellence survey, Foyer significantly moved up the scale to reach sixth position. According to Foyer's head of PMO Laurent Petitcolas, Foyer's strong CX performance is driven by a strategic focus on customer-centricity and a deeply-rooted business culture that is aligned with this strategy: "Since our Executive Committee has made customer-centricity a top priority three years ago, we have invested a huge amount of work into transforming the experience we offer to our clients, but also to our employees."

With an Empathy score of 5% higher than the financial services sector's average, Foyer is truly moving at customer pace. At Foyer, showing empathy does not only mean stepping into their clients' shoes but also really working with clients to create solutions together for their unique problems. One initiative that allowed Foyer to achieve distinctive customer experiences through co-creation is the recent launch of Sammy. Agents can use this interactive tool in client meetings to run simulations of personalized insurance coverage, allowing clients to visualize their options in real-time and finalize contracts.

Many of the features of this one-stop-shop tool came from ideas that emerged in discussions with agents and with customers — thereby ensuring that its functionalities resonate directly with the issues that insurance customers face.

"At Foyer, we try to strike the balance between human and digital, though always privileging human contact for issues with high emotional value."

Michel Etienne, Foyer's IT correspondent for the business

At the same time, Foyer creates a friction-free experience by allowing customers to seamlessly switch between human and digital experiences. For example, customers can reach out to the company through their favorite communication channel — including Facebook Messenger — and then easily connect in person with one of Foyer's 600+ insurance professionals across the country.

Listening to the voice of the customer

For Foyer, one of the most important ways of managing customer insight is with customer journeys. Since 2016,

a dedicated team has worked on customer journey design, becoming an important way to deliver consistent improvement to the customer experience. For example, Foyer builds its customer satisfaction surveys around the different touchpoints of a customer journey. Via the MyFeelBack tool, customers are asked to answer five questions based on their brand interactions — including a subscription or the settlement of a claim. The collected quantitative data and written feedback give Foyer a clear and real-time picture of customer sentiment, which is then discussed in internal whiteboard sessions with all the customer journey stakeholders.

This initiative's success is reflected in the high survey response rate: on average, 45% of customers take the time to respond to the five-question survey. To complete the data collected through surveys, Foyer also uses predictive models to provide better advice to customers based on their coverage and needs.

Promoting a symmetry of attention

Foyer understands that the improvement of customer service starts with its employees. The company appreciates that promoting employee development and a culture of quality are key ingredients to achieving customer experience success. One of the many initiatives that furthered employee engagement is Foyer's employee barometer: every two weeks, employees are encouraged to provide feedback on their wellbeing and the atmosphere within their team. This helps team leaders monitor seasonal stress and rapidly address arising issues.

Company culture lies in the very heart of Foyer's customer experience success. According to Sophie Haas, Foyer's head of communications and public relations, "Foyer's culture is based on a very strong set of values revolving around customer-centricity, employee engagement and continued improvement. We promote these values through internal communications, but they are truly brought to life by our agents in the way they interact with our clients."

To ensure agents always act in alignment with the company's values, Foyer launched a lean management program called ELAN in 2015. More specifically, the program aims at enhancing the quality of services offered to customers, boosting productivity, and increasing employee involvement, autonomy and agility. Every wave of this program is divided into three phases — involvement, improvement and continuous progress — which are deployed over a period of approximately nine months. While employee training on how to better serve customers play a major role in the ELAN program, employees are also encouraged to share ideas on how to improve processes and enhance the experience offered to customers and employees.

The customer perspective

"

I asked a specific question on legal protection in relation to a possible litigation. I received answers in record time. I have been a customer for about 40 years now and I have always been completely satisfied with the rates and services of this company.

LUX CEE respondent 2019

The Foyer perspective

"

Foyer has invested a lot in training agents and equipping them with the tools they need to deliver exceptional service. As a next step, we would like to focus even more on harnessing the collective power of our employees, freeing up some more of their time to get involved in continuous improvement initiatives.
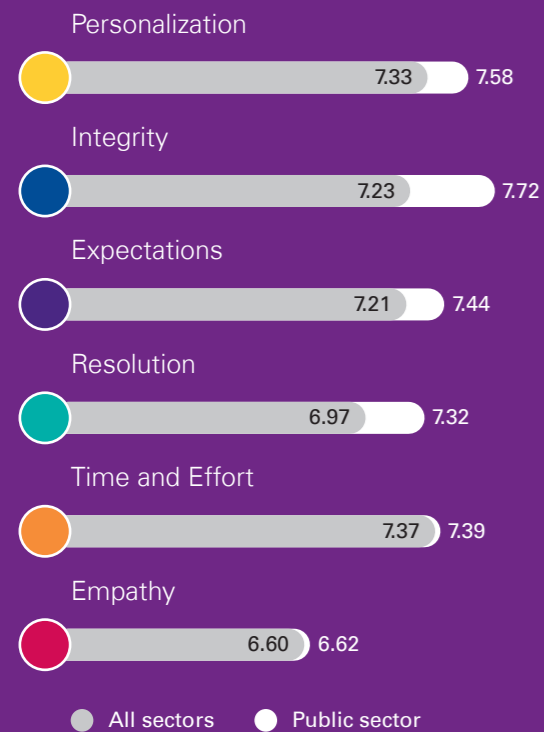
Laurent Petitcolas, Foyer's head of PMO

LUX sectoral review

2019 LUX CEE sector ranking: 2ⁿᵈ

The Six Pillars:
how the sector measures up

Personalization
7.33 | 7.58

Integrity
7.23 | 7.72

Expectations
7.21 | 7.44

Resolution
6.97 | 7.32

Time and Effort
7.37 | 7.39

Empathy
6.60 | 6.62

● All sectors   ● Public sector

Brands captured: government services and public agencies.

Overall result: scoring 3% above the study's average, the public sector has experienced the most progress compared to 2018. The sector moved up five spots to claim second place under financial services in this year's CEE research.

The Six Pillar performance: performance exceeds the average across all of The Six Pillars. Awarded the 2019 study's highest score for Integrity across all industries (7% above the study's average), the public sector is successfully meeting Luxembourg residents' expectations.

2. Public sector

As mentioned earlier, in a world where our last best experience shapes our expectations, customers no longer just compare brands to their direct competitors. They also measure brands against the last experience they enjoyed — no matter which sector delivered it. This means CX leaders of different industries are putting pressure on brands across all sectors to deliver relevant and valuable experiences — and the public sector doesn't escape this trend.

Today's citizens look for the same level of transparency, responsiveness and accessibility from government services as they do from commercial brands. Accustomed to connected and seamless experiences in the private sphere, they expect experiences with public services to also be as frictionless as possible.

To meet this shift in citizens' expectations, the Luxembourgish public sector is undergoing a major transformation to make public services more modern, interactive and accessible — and more focused on citizens' individual needs. In December 2018, the newly formed Luxembourg government presented its 2018 – 2023 coalition agreement with a chapter entirely dedicated to digitalization.

At the same time, the introduction of a ministry for digitalization reflects the government's ambition to prioritize digitalization and continue developing digital public services offerings. As announced by Prime Minister Xavier Bettel in December 2018, "a major part of the activities of the ministry for digitalization is to make people's life easier."

Our analysis shows that Luxembourg residents appreciate these efforts, scoring the public sector 3% above the study's average. The sector was awarded the highest score for Integrity across all industries — demonstrating the ability of Luxembourg's public service to establish trust with its citizens. However, like last year, there is still room for improvement in terms of Empathy, as it seems the more we move towards digital experiences, the more important human interactions become. Therefore, public service agents must continue to put themselves in citizens' shoes and create proximity throughout the citizen journey to drive a deep rapport.

From customer to citizen experience

As other sectors are going digital and raising the bar on customer expectations, there's pressure on the public sector to deliver increasingly relevant citizen experiences. Luxembourgish government services and public agencies are recognizing the importance of the citizen experience

and moving towards a more intelligent, digital and integrated public service — offering a simple and seamless experience that builds trust between citizens and public institutions. One example is the government website Guichet.lu — fifth in this year's ranking — which connects Luxembourg's public agencies with citizens and businesses, offering nearly 250 administrative procedures online.

A digital-first approach to citizen experience

Taking advantage of recent progress in digital technologies, the Luxembourg public sector is pursuing digital transformation initiatives to improve the citizen experience. In fact, digitalizing public services to benefit Luxembourg's citizens is at the very heart of the Luxembourg government's Digital Lëtzebuerg strategy, launched in 2015. It reflects the government's commitment to accelerate its digital transition and was translated into concrete terms through creating the ministry for digitalization.

As an improved and digitalized citizen experience cannot be achieved without efficient and digital internal processes, the ministry for digitalization follows the Einfach Lëtzebuerg action plan, focusing on using new digital tools to simplify internal administrative procedures and increase transparency. With this, the Luxembourg government can enhance internal efficiency and, consequently, provide citizens with easy-to-use, streamlined and secure services — thereby greatly improving the quality of citizens' public sector experiences.

Four digitalization principles

In Luxembourg, the digitalization of the public sector is based on four key principles:

1. **Digital by default:** making sure that every new administrative procedure is 100% digital from the beginning.

2. **Once-only:** encouraging data sharing between ministries and administrative offices so that Luxembourg's citizens only need to provide their details once.

3. **Transparency:** allowing citizens to track their data so they can see which government service or public agency is using their information and why.

4. **Single access:** allowing citizens to access all available digital public services from one place.

Based on these four principles, the government's digitalization strategy has brought about different digital initiatives to benefit citizens' public service experience. These include the government website Guichet.lu, Vosidées.lu, Gouvernement.lu and MaCommune.lu. The Luxembourg government is also pursuing an open data strategy and has set up the official portal data.public.lu, making it easier for

individuals and businesses to access public-sector data. The challenge for the Luxembourg public sector is to continue developing those platforms — for example by increasing the number of administrative processes and the amount of open data available online.

Alongside these digital efforts, it looks as if the offline experience offered to Luxembourg residents is also meeting rising expectations from citizens.

Driven by the high CEE performance of both the new-entrant Bierger-Center and government website Guichet.lu, the Luxembourg public sector has made the largest progress across all sectors, moving up five positions compared to last year's sector ranking.

e-Estonia — an example to follow

While Luxembourg ranks above the EU's average in public sector digitalization, the Grand Duchy still lags behind Estonia's efforts, dubbed "the most advanced digital society in the world" by technology magazine Wired2.

With 99% of public services available 24/7 online, e-Estonia is a success story for public sector digitalization and has revolutionized the relationship between citizens and public institutions. Via the X-Road data-sharing platform, Estonian citizens can, for example, use their electronic ID to anonymously and securely vote in national elections online. The success of the e-Estonia story is mainly driven by private-public partnerships, which allow the Estonian government to constantly develop new digital solutions to make the citizen experience more relevant, connected and secure.

Case Study

2019 LUX CEE brand ranking:

3rd

The Six Pillars:
scores vs industry average

PERSONALIZATION +**10**%

INTEGRITY +**5**%

EXPECTATIONS +**6**%

RESOLUTION +**9**%

TIME & EFFORT +**8**%

EMPATHY +**14**%

Bierger-Center

Citizens' service center Bierger-Center is a new entry into the 2019 Luxembourg Customer Experience Excellence ranking — moving into third place behind Spuerkeess.

A new top-10 entrant, the Bierger-Center is a one-stop-shop for Luxembourg citizens, grouping departments under one roof including the population bureau and the civil registry office. "When the Bierger-Center was first created in 2001, it was our objective to allow current and future residents of Luxembourg city to complete their administrative formalities in the same place and as fast as possible," says Jean-Paul Blau, director of the Bierger-Center.

Compared to other public sector organizations, the Bierger-Center positively shines in the Empathy pillar. Jean-Paul Blau believes that, "as an administration, it is our duty to provide a welcoming atmosphere and receive our citizens as well as possible." Before its move to the heart of the capital — the Place Guillaume II in 2014 — the Bierger-Center was first located at Centre Hamilius and then the corner of Avenue Monterey and Boulevard Royal. According to Jean-Paul Blau, each relocation was driven by the same goal: to improve the citizen experience by offering an accessible, modern and welcoming space for citizens to file their administrative paperwork.

Aside from an emphasis on a friendly and welcoming atmosphere, another example of the organization's empathy with citizens is in its ticketing system redesign. Boasting an average of 600 tickets a day, the Bierger-Center's ticketing service has become more user-friendly, including streamlining its ticket selections from eight to three.

Speaking the citizen's language

"On all of our 16 counters, employees speak four languages — Luxembourgish, French, German and English — and some of them even speak Portuguese, Italian, Spanish …, if necessary," explains the director. This focus on languages is another factor in the organization's strong Empathy performance — and according to Jean-Paul Blau, it is also a very important part of the Bierger-Center's recruitment process.

"While the goal of the Bierger-Center is certainly to allow citizens to perform their paperwork in one place, we also want citizens to be able to do this fast and seamlessly," says

Serge Laghezza, manager of the Bierger-Center's IT department. "To make sure our services are easily and rapidly accessible to citizens, the Bierger-Center remains open during lunchtime. We also try to be as reactive as possible when responding to citizens' requests — be it by phone, e-mail, post or in person."

With this in mind, the Bierger-Center recently launched a new feature on its website. Citizens can now check estimated waiting times for each administrative process online and then plan their visit to the Bierger-Center accordingly.

Digitizing administrative processes

In line with the Luxembourg government's ambition to develop its digital public service offerings, the Bierger-Center aims to increase the number of administrative processes available online. In this regard, the citizen service center collaborates with the Guichet.lu team. For example, for the 2018 local elections, the Bierger-Center and Guichet.lu combined forces to allow voters to request online postal votes and non-Luxembourgish residents to register online on the electoral rolls. Meaning that, instead of having to visit the citizen service center in person, citizens were able to submit requests online through the MyGuichet.lu portal — which were then processed by the Bierger-Center. This new digital offering seems to have been popular with voters — according to Serge Laghezza, over half of postal vote requests were submitted online.

"We will pursue the digitalization of administrative processes to make our citizens' lives easier — an effort that requires important amendments to the existing legislative framework."

Jean-Paul Blau, director of the Bierger-Center

According to Jean-Paul Blau, digitalizing administrative processes can be restricted by regulations: the law requires that most processes be performed in person. Therefore, digitalizing public service offerings can take time as it requires the law to be amended. For example, the electoral law had to be updated to allow online postal vote requests and voter registration. "Looking into the future, we will continue working closely with the Guichet.lu team to push the digitalization of administrative processes even further and make sure our public services are as accessible and user-friendly as possible," says Jean-Paul Blau.

The customer perspective

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Fast, functional and practical. Administrative interactions like nowhere else — to be put in perspective with the hell experienced in the past with Belgian administration!

LUX CEE respondent 2019

The Bierger-Center perspective

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Ever since the Bierger-Center was created in 2001, we have been working hand-in-hand with the state to innovate and make access to public services as fast and easy as possible for the citizens of Luxembourg city.
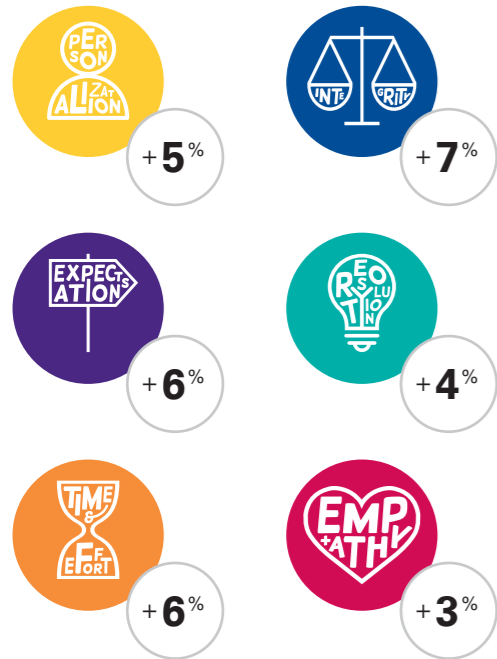
Jean-Paul Blau, director of the Bierger-Center

Case Study

Guichet.lu

2019 LUX CEE brand ranking: **5**th

The Six Pillars:
scores vs industry average

- PERSONALISATION +**5**%
- INTEGRITY +**7**%
- EXPECTATIONS +**6**%
- RESOLUTION +**4**%
- TIME & EFFORT +**6**%
- EMPATHY +**3**%

Government website Guichet.lu ranks fifth in this year's Customer Experience Excellence report and is one of 2019's biggest movers, having climbed 11 places in the last year.

Taking this year's top spot for Integrity, government website Guichet.lu aims to streamline citizens' and businesses' interactions with public agencies, offering user-friendly, 24/7 access to all government services and information. State-funded and run by the Government IT Center (Centre des technologies de l'information de l'État — CTIE), this front-office portal also features the secure interactive platform MyGuichet.lu, where administrative formalities can be carried out with the relevant public agency.

The biggest-moving brand in the public sector, Guichet.lu has climbed 11 places compared to last year's report. According to Dany Thielen, manager in charge of Guichet.lu, the website's strong CX performance was not an overnight success but the result of years of perseverance.

Ever since Guichet.lu was launched in 2008, it has stayed true to its ambition to aid communication with Luxembourg's administrative departments — constantly finding ways to improve the exchange between public agencies on the one hand and citizens and businesses on the other. One way to guarantee this proximity is to make sure the information published on the website reaches and is understood by the target audience:

"To make sure the information that is shared on Guichet.lu is easily understood by the often-heterogeneous audience, yet legally correct, it is written in collaboration with an editor and a lawyer — and then validated by the administration in charge of the described process."

Dany Thielen, manager in charge of Guichet.lu

The government website was also entirely translated into English two years ago — mainly to be more accessible for Luxembourg's ever-growing expat community.

Adapting to the unique needs and requirements of every citizen, the Guichet.lu helpdesk can be reached online — by digital form or via Facebook Messenger — but also by phone or in person at the Guichet.lu agency located in Luxembourg's city center.

"Maach et online"

Two years ago, the Guichet.lu website underwent a complete redesign. Reflecting the Luxembourgish government's ambition to move towards a smarter digital and integrated public service, Guichet.lu's new slogan "Maach et online" encourages citizens to use digital tools for administrative

tasks. According to David Thomas, web & user experience manager at CTIE, the first step of the website redesign was data analysis: "We had a look at past usage and traffic statistics, and analyzed this data in order to get an idea of the things that needed to be improved on the new website."

Just like the previous Guichet.lu website, the new website is structured entirely around citizens' life events, meaning concrete cases that citizens face. "Being user-centric means understanding that the citizen is looking for concrete information to solve a problem. The citizen wants information about a particular process and not about which administration is in charge of the process", says David Thomas.

To make sure the new website would be as accessible as possible, it was tried and tested by citizens. Users from different age groups and people with disabilities such as the visually impaired were asked to follow scenarios on the website. In addition to these tests, the Guichet.lu team also sent surveys to citizens and businesses via the Guichet.lu newsletter, including questions on their preferred design elements.

Creating an entirely digital experience

One of CTIE's latest developments that aims to improve citizens' experiences was the launch of the GouvCheck app in June 2019. It allows citizens to verify the authenticity of official documents issued by the Luxembourg state by scanning the QR code on the documents. GouvCheck is currently available for certificates of residence, certificates of registration at a reference address, electoral roll registration certificates, birth certificates and fishing licenses.

With an eye on the future, the next step is to redesign the MyGuichet.lu user interface and develop a MyGuichet.lu application. "In this context, we are currently looking into online alternatives to the multiple PDF forms that still need to be printed and filled out by citizens and businesses — pursuing our vision to offer user-friendly and digital experiences for everyone", explains Dany Thielen. "I am very pleased with the support we are receiving from our parent ministry, the ministry for digitalization, especially regarding these future developments that we are currently undertaking."

The customer perspective

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Well-structured and user-friendly website, which simplifies administrative steps, such as the filing of tax returns for example.

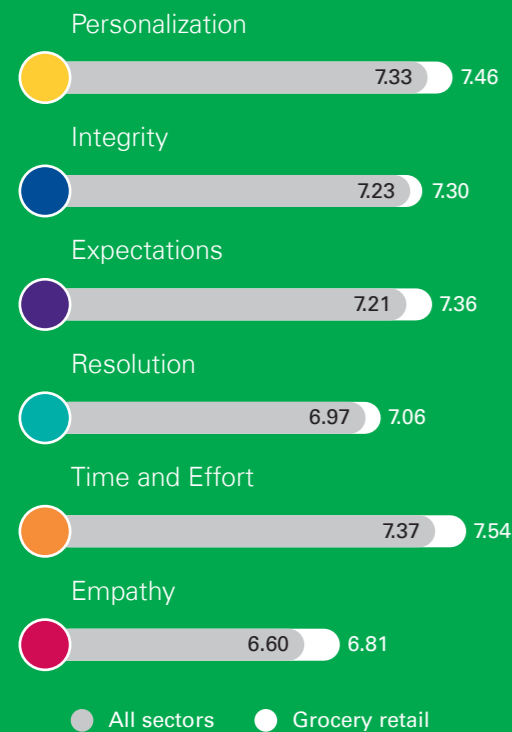**LUX CEE respondent 2019**

The Guichet.lu perspective

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When developing the new Guichet.lu website, we put a great focus on engaging citizens and businesses in the design from the very start.

David Thomas, web & user experience manager at CTIE

LUX sectoral review

**2019 LUX CEE
sector ranking:**   3ʳᵈ

The Six Pillars:
how the sector measures up

Personalization
7.33   7.46

Integrity
7.23   7.30

Expectations
7.21   7.36

Resolution
6.97   7.06

Time and Effort
7.37   7.54

Empathy
6.60   6.81

● All sectors   ○ Grocery retail

Brands captured: supermarket chains with traditional stores in Luxembourg.

Overall result: performing 2% above the study's average, Luxembourg's grocery retail sector has successfully defended third place in this year's CEE report.

The Six Pillar performance: The Six Pillar performance in the grocery retail sector is above-average across all pillars, with the highest score awarded for Time and Effort.

3. Grocery retail

The grocery retail market is one of the sectors that has experienced the most disruption in recent years. Faced with changing consumer habits and preferences, growing competition and new digital developments, only brands that make the in-store experience as smooth and easy to navigate as possible can succeed.

Like last year, the grocery retail industry was ranked as the third-best performing sector in customer experience in the Luxembourgish market. While the sector's Six Pillars performance is above-average across all pillars, Luxembourg's residents awarded it the highest score for Time and Effort. They see the food-retailing sector as strong in the distribution of fast and efficient services and products.

Acting as anchor stores, Luxembourg's hypermarkets and supermarkets are often located in the center of large shopping malls. This allows customers to save time by combining their trip to the grocery store with shopping for new clothes and eating out. Many of these retailers also offer Sunday shopping, home delivery and drive-in services.

While most of Luxembourg's grocery retail sector is dominated by these big hypermarkets and supermarkets, the trend of the small neighborhood grocery store is returning to some parts of the country. Considering the large number of nationalities in Luxembourg, it is also not surprising that the country boasts many specialty food stores that stock products from across the globe.

As consumer demands keep changing, new technologies keep emerging and international competition continues to intensify, Luxembourg's grocery retailers must persist in adapting to fundamental changes and finding new trend opportunities to surprise and delight customers.

Being planet-friendly and going hyper-local

A consumer movement that is currently challenging the grocery retail industry is the trend of hyper-local sourcing. With the green generation making sustainable shopping a priority, consumers are now more likely than ever to choose brands based on their social and environmental impact.

Morally-driven consumers are increasingly demanding products that are sourced, grown, farmed, manufactured, designed and packaged locally. They are seeking out products that uphold ethical standards.

Embracing the hyper-local trend can help grocery retailers tackle competition from international brands, as products offered by a local brand or grocery store may provide a symbolic value that international competition cannot. Therefore, offering locally-sourced products can be a key competitive difference that resonates with the informed consumer, who is often prepared to pay a premium.

Providing convenience and proximity

Another global challenge for grocery retailers is a shift in the retail-mall market. Newly-opened and high-end malls are designed to provide a new and different shopping experience. For example, the Cloche d'Or shopping center in Luxembourg, which opened its doors in May 2019, offers a unique, modern and cosmopolitan experience — featuring a world-food hall, dedicated event areas and comfortable seating arrangements around the main anchor grocery store. In comparison, older shopping centers worldwide are experiencing increasing store closures and are deteriorating at a faster pace than before.

Even if big modern shopping centers still attract shoppers, consumers are increasingly seeking convenience when grocery shopping — finding this either online or in smaller village boutiques, which are closer to their homes and where products are easier and quicker to find.

The return of the small neighborhood grocery store is also visible in Luxembourg. Village grocery stores like the "Duerfbuttek beim Lis" in Roodt-sur-Syre or the "Epicerie am Duerf" in Schrondweiler don't just offer a place to shop, but are also where neighbors can connect: a social center for the community that reflects the shopping experience of the past.

The evolution towards locally-relevant grocery stores goes hand in hand with the trend to source hyper-local, as it reflects the customers' need for proximity and connection, often resulting in increased customer loyalty for grocery retailers.

Speeding up the checkout

Customers are visiting grocery stores more than ever before — on average two to three times a week — but buy less per store visit. Many shoppers use self-checkouts to save time, but this system is far from perfect.

While grocery retailers are increasingly offering self-checkout options, customers often feel they need to choose between a poor user experience at the self-checkout or a long wait at the traditional checkout lanes. One way to address this pain point could be to remove checkouts altogether. For example, Amazon Go has launched its first checkout-free store in Seattle using "just walk out" technology to end queues.

Amazon Go's "Just Walk Out" takes convenience up a notch

The Amazon Go shop in Seattle sets a trend that could significantly alter the bricks-and-mortar retail market. The store offers its customers an experience where they never have to wait in line or even open their wallets.

Before entering the store, customers must install the Amazon Go smartphone app and log in with their Amazon account. To start shopping, they just scan the app in the store. Cameras and sensors then track what shoppers remove from the shelves and what they put back. Customers are billed after leaving the shop using the credit card information on their Amazon account — making cash registers and checkout counters redundant.

Case Study

2019 LUX CEE brand ranking: 8ᵗʰ

The Six Pillars:
scores vs industry average

PERSONALIZATION +5%	INTEGRITY +7%
EXPECTATIONS +5%	RESOLUTION +6%
TIME & EFFORT +5%	EMPATHY +9%

Naturata

Organic food and cosmetics store Naturata claims eighth place in its first appearance in the Customer Experience Excellence ranking, leading the field in the grocery retail sector.

Founded in 1989, Naturata boasts 11 shops across the Grand Duchy offering a large selection of organic food and natural cosmetic products. While its stores in the south, west and the capital include cafés, the Munsbach shop's restaurant allows customers to try out the products available in-store. Naturata is part of the Oikopolis group, which also includes the "coopérative agricole des fermiers biologiques du Luxembourg" BIOG and the wholesaler Biogros. As a new entrant in the Customer Experience Excellence survey, Naturata was awarded impressive scores in Time and Effort and Personalization.

"Since Naturata was created in 1989, our objective has remained the same: to support ecological agriculture and encourage all stakeholders of the food supply chain to engage in dialogue and collaborate in order to build a sustainable economic structure."

Änder Schanck, founder and chairman of Oikopolis group

The founder and chairman of Naturata's parent company Oikopolis, Änder Schanck, believes the brand's consistent pursuit of its goals — and the resulting customer trust — are key to its customer experience success. He adds that "at the same time, a rising awareness of sustainability and a greater emphasis on personal and environmental health are gaining momentum in Luxembourg, driving a greater number of consumers to seek out locally-sourced and organic foods provided by stores like Naturata."

Building an associative and sustainable economic structure

One of the key principles of Naturata's culture is to build a fair, sustainable and associative economic structure. "Being associative means that all the actors along the value chain — from the producer, the processing company, the wholesaler and the retailer up to the final consumer — engage in a dialogue to discuss current market trends. The objective is not to maximize profits one-sidedly, but to achieve a cooperation which benefits all the partners of the value chain and allows them to fulfill their shared social responsibility," explains Änder Schanck.

To fulfill this aim, Naturata actively communicates with its customers. "At Naturata, we consider that direct and close interactions with our customers are very important. We also place a lot of value on offering personalized advice — which is why, at Naturata, we still use meat, cheese and bread counters to advise and serve our clients," says Naturata manager Sigmund Walbaum.

Entering into a dialogue with customers

To learn more about customer needs and expectations, the brand also conducts client surveys with open-ended questions about customers' shopping experiences, the in-store product offering, the reason why they visit Naturata and what they know about the brand. Customers are also encouraged to share their ideas and suggestions for improvement.

"A recurring topic when talking to customers is food packaging. We also receive many questions on this topic via our Facebook page. Whereas customers have very high expectations in this regard, finding a suitable solution that complies with regulatory requirements and the health and safety aspects of consumer products is very difficult," claims Änder Schanck. "We are constantly working to innovate in the field of packaging, and we try to find solutions that best respond to our customers' expectations, but it remains an important challenge in our industry."

The organic food and cosmetics store also keeps a close eye on how digital trends are evolving in Luxembourg's retail sector. According to Sigmund Walbaum, "while we consider and pursue certain digital trends, we believe that some options, such as self-checkouts, defeat our purpose of achieving close customer relationships."

To strengthen these customer relationships, the brand is eager to involve its clients even further going forward. "When promoting the importance of a close collaboration between farmers and end-consumers, we would especially like to raise more awareness among consumers about their shared responsibility and the important role they play in the food value chain," says Änder Schanck.

The customer perspective

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Friendly service and very good selection of high-quality organic products.

LUX CEE respondent 2019
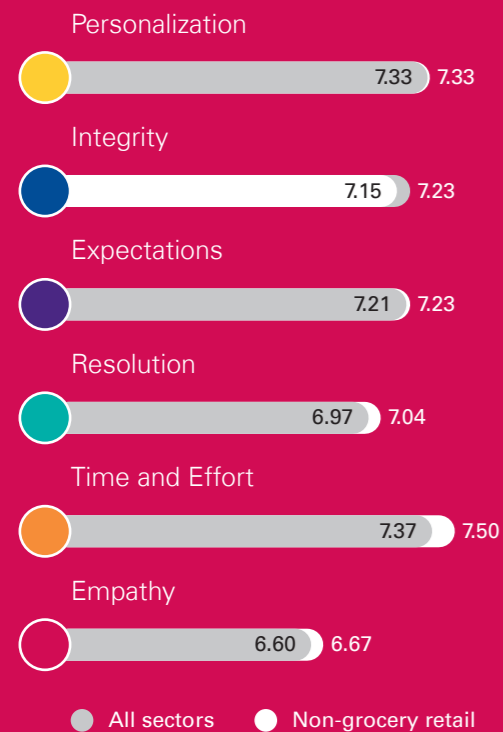
The Naturata perspective

"

We aim to build bridges between all the actors of the value chain — from the farmer to the end-consumer — in order to promote a fair, sustainable and associative economic culture, which offers equal benefits to all partners.

Änder Schanck, founder and chairman of Naturata's parent company Oikopolis

LUX sectoral review

2019 LUX CEE sector ranking: 4th

The Six Pillars:
how the sector measures up

Personalization
7.33   7.33

Integrity
7.15   7.23

Expectations
7.21   7.23

Resolution
6.97   7.04

Time and Effort
7.37   7.50

Empathy
6.60   6.67

● All sectors   ○ Non-grocery retail

Brands captured: brands in this sector range from bookshops, electronic and online retailers to sports retailers.

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

The Six Pillar performance: performance equals or exceeds the average for all of The Six Pillars, except for Integrity.

4. Non-grocery retail

As technology continues to change the rules of engagement, consumers are becoming more demanding than ever. Amid all the market noise, getting consumers to notice a brand is an ever-growing challenge for retailers. Offering a successful customer experience is more important than ever before for retailers that strive to differentiate themselves in a challenging and crowded market.

Successful retailing comes down to obsessing about the customer experience, and the best way to achieve this is to combine digital and physical touchpoints seamlessly.

When it comes to e-retail, beyond algorithm-based hyper-personalization, customers from all over the world are increasingly fine with communicating with robots if it allows them to save time and experience a more personalized service. In the global retail sector, the adoption of artificial intelligence (AI) continues to substantially increase in two key areas: chatbots and smart speakers that are enabled with voice-activated virtual assistants. Considering that rising numbers of today's customers rely on AI-powered conversational interfaces and voice assistants to make purchases, retailers are now using this technology to answer routine questions, supplement human customer support and provide personalized online customer experiences.

However, despite the predicted demise of brick-and-mortar stores, physical retail isn't dead. Rather, the brands that succeed are those that seek to understand how their consumers shop and offer an experience that meets or exceeds customer expectations — whether that means having a showroom, having a strong e-commerce presence or both. Customers will shop where they enjoy their experience, whether it's on a single channel or a combination of channels.

Moving towards hyper-personalization

Today's retail customers are increasingly looking for shopping experiences that are easy, fast, intuitive and tailored to their individual preferences. This is forcing retailers to move away from a one-size-fits-all approach and to deliver the hyper-personalized experiences customers have come to expect.

Driven by this hyper-personalization trend, some retailers can anticipate their customers' needs before they even know them themselves. Increasing numbers of retailers are investing in data and analytics to gather an in-depth understanding of their consumers' behaviors.

By leveraging new technologies, they can analyze product searches, purchases and views — even study emotional data and eye movements with more sophisticated technologies. Retailers can take advantage of these insights to make the shopping experience as personalized and unique as possible. For example, Amazon uses customer-centric data to anticipate its customers' needs and create personalized homepages based on their previous shopping habits, wish lists and shopping carts.

Engaging through social media

Social media has embedded itself in many customers' purchasing journeys. Customers are increasingly seeking out peer reviews or listening to recommendations from social media "influencers" to gather information about a product.

Influencers are people who have built a presence on social media about their passion — for example, fashion or fitness — and can influence potential buyers by promoting or recommending products and services on their social media channels. Customers trust these influencers' recommendations more than traditional advertising because they feel that influencers have thoroughly vetted the products they promote to avoid the risk of losing followers.

As this influencer-based marketing plays a significant role in shaping consumer buying behavior, retailers need to actively engage with social media and enable seamless experiences across all platforms where customers may want to interact with their brand.

From selling products to selling experiences

To attract new customers and encourage shoppers to stay in stores, retailers must add value to the shopping process and offer rewarding in-store experiences. To do this, more and more retailers are now harnessing the power of experiential retail, also called retailtainment, which enriches the shopping experience with entertainment activities. For example, some stores offer fun activities like indoor climbing, coffee tasting or dining experiences in their physical stores to encourage more engagement with shoppers and strengthen brand loyalty.

Another example of retailtainment is special events that celebrate the launch of a new product or annual shopping events like Black Friday or Cyber Monday that take place both offline and online. Today's shoppers are leveraging every channel available to them, from researching deals online to experiencing the excitement of an in-person shopping trip. So, retailers must align their online and offline marketing strategies and offer a seamless experience when customers move from one channel to another to complete their purchase.

Using retailtainment for immersive experiences

IKEA hosted a sleepover in one of their shops for over 100 customers. The night included all the trimmings of a classic sleep over and featured a sleep expert with tips for a good night's rest, including how to find a mattress to fit your sleeping style. The idea for the event came from the consumer insights the company gains from social media.

"Social media has opened up a unique platform for us to interact directly with our customers. Listening to what they want is what we do best, and the Big Sleepover is just one example of how we're using such instant and open feedback to better inform our marketing activity."

Lois Blenkinsop,
IKEA's U.K. PR and internal communications manager[3]

3 https://adage.com/article/global-news/ikea-u-k-hosts-sleepover-store-100-facebook-fans/231733

Case Study

Ernster

2019 LUX CEE brand ranking: 1st

The Six Pillars:
scores vs industry average

PERSONALISATION **+11%**

INTEGRITY **+15%**

EXPECTATIONS **+11%**

RESOLUTION **+12%**

TIME & EFFORT **+11%**

EMPATHY **+13%**

For the second consecutive year running, Luxembourg's locally-owned book retailer Ernster leads the way in our Customer Experience Excellence analysis.

Founded in 1889, Ernster is one of Luxembourg's last remaining locally-owned book retailers. The Ernster family owns a chain of eight bookshops — two featuring a coffee corner — and a stationery shop in the center of Luxembourg. Number one for the second year in a row, Ernster has again achieved consistently high scores in all of The Six Pillars. Across all brands measured, Ernster tops the rankings for Expectations and Time and Effort.

Owner Fernand Ernster believes the key to the brand's continued customer experience success lies in the passion that Ernster's employees have for books and their ability to share this with customers.

"Our objective is to put our customers first and, among the variety of new books published every month, select the books that will most likely appeal to our customers."
Fernand Ernster, Ernster owner

According to Fernand Ernster, something that all 65 Ernster booksellers have in common is their passion for books: reading and discovering new books, but also staying ahead of new trends in the sector. This passion allows employees to serve and advise customers in the best way possible, to connect with customers — and, through interaction, to get to know the customers that walk in and out of the store. "Our employees are specialists in the sector, but they also know what our customers are looking for. That is why we let the employees in every store decide which books they would like to offer in their shop." So, store managers are in charge of selecting books for their shop based on their customer knowledge, but also according to their own interests — making every Ernster store unique.

The way books are selected for in-store sales reflects Ernster's company culture. Allowing employees to help shape the store's offering is one of the ways Ernster recognizes and rewards employees.

The importance of people

Fernand Ernster recognizes that, "the experience we offer to our customers is deeply rooted in our employees' behaviors that emerge from the company culture." Employees are considered to be the main drivers for a great customer experience, which is why the brand puts a strong emphasis on the right recruitment approach. The company focuses on finding people that are committed, motivated and have a passion for the sector — and, most importantly, who are a good fit with the company culture.

Hiring the right people was also a key element prior to the opening of Ernster's new shop in Cloche d'Or in May 2019. Along with a main space dedicated to literature and stationery, the shop has a stage for readings and a dedicated area for children, inspired by the Erny Store in the Belle-Étoile shopping center. The new shop also has a coffee corner. But unlike the Belle-Étoile coffee corner, which is located outside the storefront, the coffee corner in Cloche d'Or is tucked inside.

"Our coffee corner in Cloche d'Or has become a true insider tip for regular visitors: a hidden space where they can work or relax while enjoying a steaming cup of coffee and high-speed Wi-Fi access."
Fernand Ernster, Ernster owner

To ensure a consistent customer experience throughout the store, the company decided not to use third-party providers to set up the coffee corners. Instead, Ernster hired a consultant to advise on coffee quality and train the dedicated baristas chosen by the Ernster family.

Ensuring a digital presence

To meet evolving customer expectations across digital touchpoints too, Ernster's e-shop offers a click and collect service with free delivery in Luxembourg. The e-shop is directly linked to Ernster's physical stock, comprising of over three million books in four languages: German, French, English and Luxembourgish. According to Fernand Ernster, over 50% of client orders are currently placed with the click and collect option. To compete with other online retailers, Ernster is also able to deliver most of its German books in less than 24 hours.

Connecting with the customer of the future

Fernand Ernster believes that a European country like Luxembourg should have a good bookselling offer and is therefore also actively involved in the Luxembourg Bookseller Federation to share experiences with local competitors. While Ernster faces less and less competition from other locally-owned bookstores in Luxembourg, the company owner believes that the real competition does not necessarily come from the book sector. Instead, he thinks that, "in recent years, reading has given way to social media and other distractions, so that customers might find it hard to return to unplugged hobbies."

New consumption trends, the growth of the sharing economy and concerns about the carbon footprint of books are challenges Ernster will need to face in the future. "We will continue taking inspiration from other sectors and industry peers to truly connect with our customers and stay relevant to both our customers and employees."

The customer perspective

❝

I really like Ernster, as they offer a great selection of books for their young and older audience. Also, if you can't find what you are looking for, the staff offers to place an order.

LUX CEE respondent 2019

The Ernster perspective

❝

We care for our employees in the same way we care for our clients. I believe that when employees are fulfilled and proud of where they work, their passion creates the excellent service our customers are looking for.

Fernand Ernster, Ernster owner

LUX sectoral review

2019 LUX CEE sector ranking: 5th

The Six Pillars:
how the sector measures up

Personalization
7.29   7.33

Integrity
7.23   7.31

Expectations
7.15   7.21

Resolution
6.97   7.09

Time and Effort
7.21   7.37

Empathy
6.40   6.60

○ All sectors   ○ Utilities

Brands captured: Enovos and Creos are the only brands in the utilities sector in Luxembourg.

Overall result: the utilities sector holds onto the fifth spot, the same as last year.

The Six Pillar performance: utilities scores above the study's average on Resolution and Integrity. The other four pillars score slightly below the analysis average.

5. Utilities

The past few years have seen a shift in how individuals consume energy. While more consumers than ever are installing solar panels on their roofs to reduce their carbon emissions and costs, the rise of fully-connected homes and e-mobility also play important roles in how and where consumers source their electricity.

Today's empowered, environmentally-conscious and ultra-connected customers expect more from their utility company than just power — they want the spark too, seeking out utilities to help them save costs and be more sustainable.

At the same time, competition in this sector is emerging from new sources as nontraditional new entrants – coming for example from the technology, finance, automotive and telecommunications sectors – are disrupting the market. Technology-related energy solutions like Tesla Energy or Google Nest put pressure on utilities to move from supplying simple "commodities" to providing sophisticated energy solutions. Therefore, utilities worldwide are broadening their product offerings to provide new value-added services like smart home solutions, solar products and electric vehicle charging stations.

In early 2019, Luxembourg's government published a draft version of its National Energy and Climate Plan, to be finalized by December of this year. Covering the period from 2021 to 2030, the roadmap's objectives include a 50%–55% reduction in greenhouse gases compared to 2005 and the improvement of energy efficiency by 40%–44%. By 2030, the Grand Duchy also aims to achieve a 23%–25% renewable energy share in the overall energy consumption mix — and Luxembourg's utility players are paying attention.

Investing in renewable energy

While Luxembourg's government has set ambitious renewable energy targets, environmentally-conscious citizens are also increasingly looking to buy clean energy and reduce their carbon footprint. To respond to this growing demand, Luxembourg's main energy suppliers are investing in renewable energy production with a focus on photovoltaic energy and wind power.

In the Grand Duchy, for example, customers can select "Nova Naturstroum". This comprises 100% renewable energy, of which the majority is generated through hydropower, biomass, wind and photovoltaic power at national power stations. In line with the government's ambition to decarbonize the transport

sector, Luxembourg's utility companies also offer at-home electric vehicle charging solutions with green-only energy sources.

Keeping an eye on energy consumption

Beyond turning to green energy sources, energy consumers are increasingly looking to control their rate plans and electricity consumption. The EU-wide roll-out of smart meters caters to this demand, promising tailored and flexible packages that mirror residents' real energy consumption.

Since 2016, electricity and natural gas meters are being replaced by smart meters in Luxembourg. These smart meters allow customers to access information about their energy consumption and production — for example, if they have a photovoltaic installation — in close to real-time, thus controlling their energy costs. Using this information, energy providers can offer tariffs that are better suited to the customers' unique consumption profiles and issue bills based on actual consumption rather than an estimate. Another benefit of smart meters is that readings and routine servicing can be performed remotely, marking the end of annual at-home meter readings.

At the same time, private structures and public agencies are advising citizens on how to be more energy-efficient at home, like myenergy, Luxembourg's national agency for the promotion of a sustainable energy transition. For example, myenergy introduced the myAAA app with an interactive 3D game providing information on high energy performance and sustainable housing, giving tips to citizens on how to reduce their energy consumption.

Offering digital solutions

As more and more consumers are seeking out digital technologies to control their energy consumption, utility companies all over the world have started developing digital solutions today's customers have come to expect.

For example, utility providers are increasingly investing in innovative energy solutions like smartphone thermostat apps. These apps aim to give customers more control — letting them monitor energy usage

from heating, lighting or window blinds in real-time and keep an eye on their monthly bill — and provide power-outage alerts along with the estimated restoration time.

Digitalization in the utilities sector is leading to significant disruption, ushering in a new type of competitor that explores opportunities around smart energy solutions. In 2011 for example, internet giant Google introduced its flagship product, the Nest Learning Thermostat, which optimizes heating and cooling to save energy. Consumers must regulate the thermostat during the first few weeks of use to teach it their schedule and preferred temperatures. After that, the smart thermostat can automatically regulate the temperature and even go into energy-saving mode when no-one is at home.

Rewarding users who turn their lights off

OhmConnect helps residents in California, Texas and Toronto make environmentally-conscious choices by rewarding them for saving energy that's generated from carbon-intensive power plants.

Working in collaboration with utility providers, the company sends a notification to customers when the power grid is overloaded, forcing the utility to pull energy from unsustainable sources.

If customers cut back on their power use and consume less energy than forecasted, for example by turning off lights or electronics, OhmConnect rewards them with cash payments.

LUX sectoral review

2019 LUX CEE sector ranking: **6**th

The Six Pillars:
how the sector measures up

Personalization
7.28 — 7.33

Integrity
7.08 — 7.23

Expectations
7.20 — 7.21

Resolution
6.78 — 6.97

Time and Effort
7.37 — 7.43

Empathy
6.60 — 6.73

● All sectors   ○ Restaurants and fast food

Brands captured: bakeries, fast food chains and restaurants.

Overall result: moving up two places to rank sixth in this year's study, the performance of the restaurants and fast food sector is 1% below the study's average.

The Six Pillar performance: Empathy and Time and Effort score above the study's average for restaurants and fast food, while the other four elements of The Six Pillars score slightly below the study's average.

6. Restaurants and fast food

Today's customers expect more from their restaurant than just a good meal. Good quality food is still important, but it is only one of the many factors that create a successful culinary experience. Growing preferences for healthier food options, adapting to food allergies and dietary restrictions such as gluten- or lactose-free diets, concerns over environmental sustainability, increased competition from grocery stores and rapidly advancing technology are forcing the restaurant and fast food sector to reinvent the traditional eating-out experience.

While convenience and health are important to consumers, they also want to know where their food comes from. When dining out, they are increasingly likely to consume locally-sourced and healthy foods. A growing awareness of sustainability and a focus on personal and environmental health drives customers to seek out alternative, plant-based menus — allowing restaurants that go the extra mile in offering these healthy and sustainable options a powerful opportunity to make a difference.

In line with this trend, the concept of fast-casual dining has significantly grown in popularity. Today's customers are looking beyond the traditional fast food model. While price and service speed still play important roles, customers are willing to pay a little more to have a better experience overall — which means higher food quality, locally-sourced ingredients, healthier options, more personalized service and a cozier atmosphere.

Fast-casual restaurants typically offer the convenience and service speed associated with fast food, but in a more inviting and stylish atmosphere. The food is usually a little more expensive but is also healthier and fresher than in fast food restaurants. This trend is also visible in Luxembourg, where more and more restaurants are pursuing the "fast-casual" concept — fast food with a healthy and local twist.

Offering an "Insta-worth" dining experience

Along with adapting menus to customers' evolving preferences, these days restaurants must offer a different experience. They don't just have to sell great food but also great experiences too — which customers can then share with their friends on social media.

As customers are increasingly seeing dining out as an opportunity to post on social media, restaurants must redesign the dining experience with Instagram in mind. The pressure to offer "Instagrammable" or "Snapchatable" moments has made many restaurants — including Luxembourg's — rethink their food presentation and decor to help make dishes look flawless on a smartphone camera.

Aside from engaging with their own community, today's diners also have a strong desire to connect with restaurants via social media channels — be it to research opening hours, take a look at the menu or read reviews posted by other users. Therefore, restaurants should not just offer a social-media-worthy experience to their on-site customers, but also have a presence on social media. Social media profiles allow restaurants to interact and communicate directly with their customers — for example with Facebook Messenger — and to nurture relationships and build brand advocacy.

Improving convenience through delivery

Going beyond the physical dining experience, restaurants across the world are beginning to use new technologies to offer the most convenient and intuitive experiences to their diners. For example, they are harnessing new technological developments to create seamless apps, enhance drive-in services and optimize food ordering, tracking and delivery.

As customers increasingly wish to eat restaurant meals in their own homes, delivery is a major disruptor in the restaurants and fast food sector. Being able to reach customers where it is most convenient for them — in the comfort of their own homes — can be a key differentiator in the restaurant sector.

Considering that increasing numbers of customers worldwide are ordering their food online, delivery apps are starting to play an important role in connecting customers with restaurants. For example, the Uber Eats food delivery app lets customers browse nearby restaurants by cuisine, restaurant name, dish or dietary preference. Customers can then pay for their food online, track their meal on a real-time map and receive a notification when the order arrives.

Another trend linked to food delivery is the DIY food box concept, where customers subscribe to food boxes that contain everything they need to prepare a healthy, high-quality and home-prepared meal. From fitness shakes to high-end recipes, this concept lets diners prepare their own healthy meal at home without losing precious time shopping for groceries.

Food delivery from London's finest restaurants

Food delivery service Supper allows customers to enjoy a Michelin-starred dining experience in the comfort of their own home. Customers can order a high-end takeaway online from London's most exclusive restaurants. The food is delivered on specially-designed bikes that feature control temperature compartments on the back — making sure the meals arrive fresh and hot.

To guarantee the best food quality and avoid disappointment, restaurants exclude dishes from their online menu that are unlikely to survive the delivery.

Case Study

2019 LUX CEE brand ranking:

29th

The Six Pillars:
scores vs industry average

- Personalization **−1%**
- Integrity **+2%**
- Expectations **+2%**
- Resolution **+2%**
- Time & Effort **+1%**
- Empathy **+3%**

Boulangerie Paul

Boulangerie Paul is the biggest-moving brand on the 2019 Customer Experience Excellence report, moving up 14 places from last year to rank 29th.

Founded in 1889 by the Mayot family in the northern French town of Croix, Boulangerie Paul has franchised bakeries in over 33 countries worldwide. The French chain of bakery/café restaurants is easily recognizable by its distinctive traditional artisan-bakery décor and aims to share the French way of life and passion for bread with the world.

In 2012, Boulangerie Paul opened its first bakery in Luxembourg on the Place d'Armes. The brand has expanded since then, with a priority on meeting and exceeding customer expectations in Luxembourg by offering the most personalized experience possible. "Instead of rapidly extending our presence throughout the whole of the Grand Duchy, our objective is to maintain our position as a business that is close to its customers", explains Luxembourg operations director Sylvie Obelleiro.

Our analysis shows that Luxembourg residents value these efforts, as the bakery brand moved up 14 places in this year's customer experience ranking. While Boulangerie Paul has gained ground in each of the Six Pillars, the brand particularly stands out in Empathy compared to its industry peers.

Sylvie Obelleiro believes this success is driven by the company's strong focus on customer closeness. Even though the brand's image and production techniques stem from the franchisor, the experience could not be more local at the Luxembourg level. The governance of Boulangerie Paul's Luxembourg franchise is based in the Grand Duchy, the franchise works with Luxembourgish partners and they source their products locally — allowing the brand to closely connect with Luxembourg customers and adapt to their unique needs.

"One example of a product that is offered in response to Luxembourg's customer preferences is the chocolate croissant. This product is not sold in any other Boulangerie Paul's around the world other than Luxembourg."

*Sylvie Obelleiro,
operations director of Boulangerie Paul's Luxembourg franchise*

Meeting the customers' needs of the moment

Thanks to its around-the-clock production in Foetz, Boulangerie Paul can offer fresh products to its clients at every moment of the day. Receiving five deliveries per day, bakery employees regularly adapt the store's window display to reflect the time of day, from breakfast through to lunch and dinner.

The brand, which will open its 10th Luxembourg bakery in December 2019, takes the customization of its service one step further by adapting their experience to the different types of customers visiting its bakeries. "To enhance convenience for our busier customers visiting the Kirchberg bakery, we have launched a Click & Collect and Click & Delivery service. In our bakeries in Mamer or Foetz, we welcome a more residential clientele. These customers are often looking for more personalized advice, so we take more time to provide this assistance." says Boulangerie Paul director Christophe Gavazzi.

To reach customers outside of its traditional bakeries, the brand also sells its fresh products from a food truck — for example, at the traditional "Glacismaart" every third Sunday of the month — offering another opportunity for Boulangerie Paul to create close and long-lasting relationships with its customers.

Offering a human touch

One way that Boulangerie Paul can stay ahead of expectations and ensure customer proximity is by listening to its clients. "We are very committed to interacting with our customers when they visit one of our bakeries and to listen to their suggestions.

Personally, I often sit down and have a coffee with regular visitors to have their insight and be able to take action if needed", explains operations director Sylvie Obelleiro.

This commitment to listening is not only directed at customers but also employees. While employees receive training on how to best serve customers and are encouraged to listen to their clients, they are also encouraged to share their own feedback and help shape the product offering in their bakery. According to director Christophe Gavazzi, the brand focuses on employee development and wellbeing: "We listen to our employees just as much as we listen to our customers, as we believe that happy employees make happy customers."

The customer perspective

❝

I purchased a sandwich menu at the station in anticipation of a train trip. Very warm welcome and fast service. I was offered a menu with a special price, which allowed me to add items to my order without exceeding my budget.

LUX CEE respondent 2019

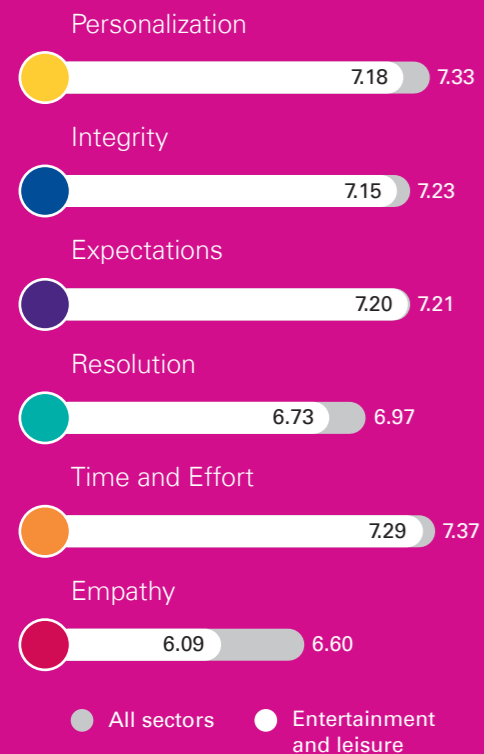### The Boulangerie Paul perspective

❝

We have a great deal of autonomy in running our Luxembourg Paul bakery. This allows us to be extraordinarily close to our customers and in line with their needs.

Sylvie Obelleiro, operations director of Boulangerie Paul's Luxembourg franchise

LUX sectoral review

2019 LUX CEE sector ranking: 7th

The Six Pillars: how the sector measures up

Personalization — 7.18 / 7.33
Integrity — 7.15 / 7.23
Expectations — 7.20 / 7.21
Resolution — 6.73 / 6.97
Time and Effort — 7.29 / 7.37
Empathy — 6.09 / 6.60

● All sectors ○ Entertainment and leisure

Brands captured: primarily cinema chains and online streaming services.

Overall result: moving down five places compared to last year's study, the entertainment and leisure sector performs 2% below the study's average.

The Six Pillar performance: performance is below average for all of The Six Pillars, with the highest score awarded for Time and Effort.

7. Entertainment and leisure

Today's customers want to experience personalized entertainment tailored to their unique taste and schedules. Using an expanding range of connected devices, they are building their own media environment that is designed to be consumed for their own gratification and at their own pace.

While the shift towards personalized experiences is visible across many sectors, hyper-personalization is central to the entertainment and leisure sector. Media and entertainment companies are moving away from a one-size-fits-all approach to create offerings tailored to individual preferences. For example, streaming services increasingly rely on data and algorithms to anticipate users' needs and offer the most individual experience possible to billions of viewers. The launch of next-generation 5G networks will further drive the hyper-personalization trend — and 5G's improved transmission and download speeds, quality and reliability will create new opportunities for personalized media interactions across the sector.

As the skyrocketing growth of streaming is significantly altering how consumers watch TV, cinemas all over the world must find new ways of attracting visitors. According to Kinepolis Group's 2018 annual report, cinema attendance has declined by 3.9% in 2018 compared to the previous year in Western Europe. With a 9.9% drop in cinema attendance, Luxembourg is one of the countries in Western Europe where attendance has dropped the most in 2018 compared with 2017.

While the new opportunities emerging from industry disruptions are immense, satisfying customers and offering relevant and immersive experiences remain a big challenge for media and entertainment companies. At the same time, questions around the protection of viewers' personal information are putting pressure on the industry to consider more stringent privacy and data protection policies.

Personalizing experiences with algorithms

With the rise of global providers like Netflix or Amazon Prime Video that deliver content on-demand, customers can now create their own, personalized media environment — shaped by artificial intelligence algorithms that recommend new content based on previous selections.

Global streaming providers today have mastered the art of harnessing big data to cater to users' personal needs and create strong customer engagement. While they rely on data collected from subscribers' tastes and consumption history to make personalized recommendations, streaming services have also begun using this data to make decisions about their own content.

Increasingly investing in original content, streaming giant Netflix uses data gathered from subscribers' viewing habits to create and improve its so-called "Netflix Originals" movies and series.

Engaging with users on their preferred platform

As streaming platforms proliferate, it is increasingly difficult for viewers in Luxembourg and abroad to access all their content in one place. To consume all their preferred movies, sports shows and TV series, users often must subscribe — and pay monthly fees — to different media and streaming services. This platform fragmentation — and the resulting customer demand for one single platform and bill — creates opportunities for new forms of aggregation. For example, pay-TV operators worldwide have started offering subscriptions that include streaming services like Netflix and Amazon Prime Video.

At the same time, the entertainment market's fragmentation increases complexity for marketers. As global users move away from standard TV packages, marketers must find ways to engage with their customers on whichever platform they are using — completely changing the dynamics of advertising and e-commerce.

This market fragmentation could also explain the 2019 CEE study results of the Luxembourg entertainment and leisure sector, which moved down five places to rank seventh in this year's sector index.

Offering immersive cinema experiences

As cinema attendance is dropping in Luxembourg and other European countries, cinemas must reinvent the experience they offer to visitors. As more and more content is being streamed at home, going to the movies has become an "appointment to view" experience.

To drive traffic to cinemas, movie production firms worldwide are increasingly using social media to market new movies, creating a buzz around big releases. One method that is popular in Luxembourg is creating events around newly-released movies, such as special ladies' nights or family screenings. While another way to attract viewers is by featuring live streams of concerts, theatre pieces or sports events on the big screen.

To compete with at-home streaming services and to engage visitors, Kinepolis in Luxembourg recently started offering the 4DX cinema experience. Since April 2019, cinemagoers can watch movies in the 4DX screening room featuring moving seats and different special effects — including rain, wind, fog and scents — for a truly immersive experience.

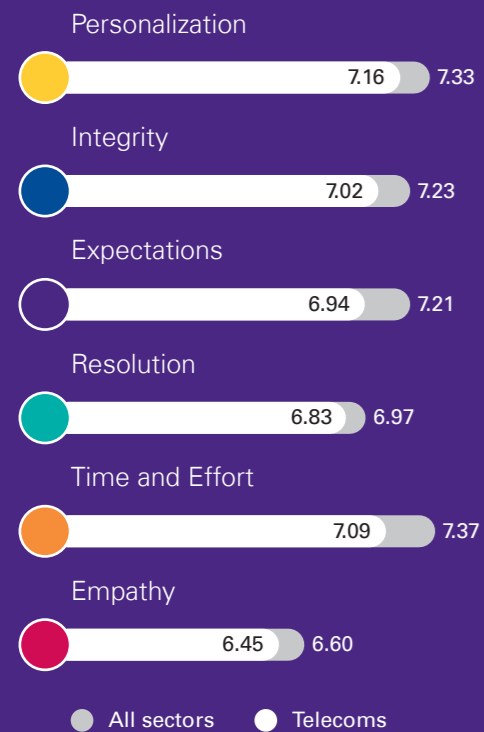### Taking personalized media consumption to the next level

In December 2018, Netflix released the "Bandersnatch" episode of its TV series *Black Mirror* – an interactive episode that lets viewers design their own narrative and decide the characters' fate as the story unfolds. So far, "Bandersnatch" has been Netflix's biggest interactive-format success, paving the way for more interactive content and "choose your own adventure" projects.

Beyond increasing user engagement through a more immersive viewing experience, interactive storytelling offers several other benefits for the streaming giant. Interactive content is harder to pirate than linear TV episodes and the data collected from users helps Netflix improve future "Netflix Originals" productions and further personalize customer experiences.

LUX sectoral review

8. Telecoms

The Six Pillars:
how the sector measures up

Personalization
7.16   7.33

Integrity
7.02   7.23

Expectations
6.94   7.21

Resolution
6.83   6.97

Time and Effort
7.09   7.37

Empathy
6.45   6.60

○ All sectors   ○ Telecoms

Brands captured: telecommunication players and operators.

Overall result: performing 3% below the study's average, Luxembourg's telecom industry was able to move up one place compared to last year's ranking.

The Six Pillar performance: telecoms performs below average across The Six Pillars. Of these, it scores best in Personalization.

Today's telecommunications customers have varying expectations: they are looking for speed of service, cover for multiple devices and services, clear and flexible contracts, freedom of choice between operators and purchasing processes that are transparent and easy to navigate.

While telecom providers in the industry essentially compete on price and service — for example by offering free access to streaming or additional satellite services to retain customers and attract new ones — customer experience is also an important factor in building and maintaining a competitive advantage.

Faced with increasing competition from non-telecom providers, as well as challenges arising from advances in high-speed mobile services and inter-device internet connectivity, telecom operators need to adapt their business models and service offerings to maintain their market share.

One of the global hot topics in the telecommunications sector is 5G, which is set to significantly disrupt the industry. To ensure a coordinated deployment of the fifth generation of wireless technology throughout the European Union, the European Commission published its 5G Action Plan in September 2016. And in 2017, European telecommunications ministers agreed on a common 5G roadmap. This targets 5G rollout in at least one major city per member state by the end of 2020 and uninterrupted coverage in all major cities and along important transport lines by 2025.

Luxembourg aims to be one of Europe's leaders in 5G. Over the past few years, the country has invested heavily in key digital infrastructure through broadband-rollout, datacenters and the Digital Luxembourg initiative. Luxembourg is also one of the 10 EU member states that has published a national 5G roadmap. To enable 5G and tackle growing consumer demands, the telecom industry in Luxembourg and abroad is now preparing for the launch of 5G networks.

The 5G promise of improved data speed, lower latency and increased capacity will benefit the end-customer by improving areas like video streaming, connected homes and cars, smart home security and augmented or virtual reality. However, global telecom providers that increase their 5G technology investment will face an inevitable rise in infrastructure costs to help usher in these innovative use cases that benefit the end-customer.

Embracing hyper-personalization with 5G

Accustomed to an "on-demand" service model, today's highly-connected customers are used to having what they want when they want it. As more brands across different industries are offering personalized, relevant and on-demand services, instant gratification and hyper-personalization have become new standards for customer expectations.

In the telecom industry, introducing 5G technology can help operators around the world take personalization to a new level. Beyond providing high-performing networks and improved mobile broadband speeds, 5G's technological advancements allow telecom operators to provide differentiated and context-aware service offerings tailored to customers' unique connectivity needs. For example, telecom companies can provide smart car drivers with complex interconnectivity services that perform the automatic and constant updates required to ensure safety.

This shift away from the traditional model of providing standard mobile broadband services for all also may affect pricing models, which will become even smarter and more flexible — meeting customers' increased desire for control over their expenses and insight into their accounts.

Harnessing the power of AI

Another way telecom providers can respond to the demand for better and more personalized customer experiences is by harnessing the power of artificial intelligence (AI). They can use AI to process and analyze the vast amounts of data collected from their large customer bases to extract actionable insights, enhance operations and increase revenue through new products and services.

One example is using AI-driven predictive analytics for network optimization and predictive maintenance. Telecom operators can use data-driven insights to detect and anticipate network failures, analyze root causes and proactively fix problems before customers are negatively impacted.

Another AI application in the telecom industry is virtual assistants. Globally, more and more telecom providers are turning to conversational AI platforms — so-called chatbots — to provide immediate answers to customers' support requests, for example regarding the installation and maintenance of their devices.

Adding a human touch

With customers' growing concern about the sharing and storage of their personal data by third parties, data security and privacy are critical issues for telecom providers. What's also important is the human touch — while telecommunications companies are at the heart of the digital revolution, they must not lose sight of how essential human involvement is.

Rather than just pushing digital solutions, telecom operators must carefully consider which requests customers can solve themselves and which may require human interaction — thereby avoiding missed opportunities to build valuable customer relationships.

Vodafone uses a live chatbot to offer immediate support

In April 2017, Vodafone launched its virtual agent, artificial intelligence (AI) chatbot TOBi, to respond to simple consumer requests with the speed demanded by today's customers. Continuously learning new skills and information, the chatbot can now offer immediate support in resolving more than 70% of customer queries.

While TOBi offers quick access to advice and allows customers to solve their immediate problems, the chatbot can also seamlessly hand over to a real person when needed.
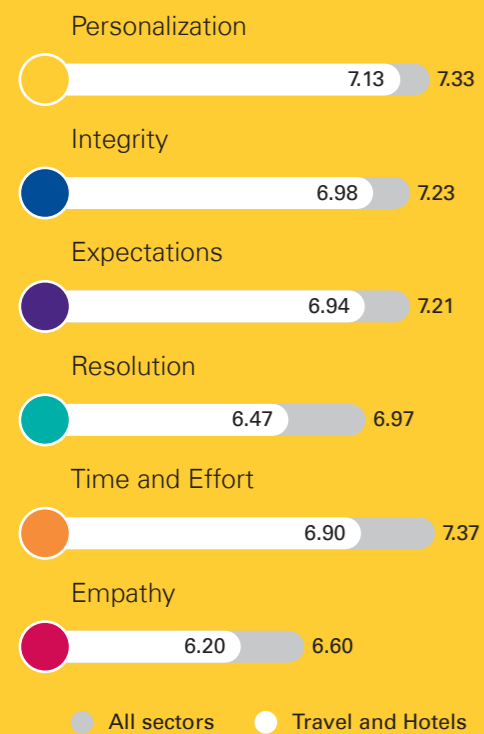
LUX sectoral review

2019 LUX CEE sector ranking:

9th

The Six Pillars:
how the sector measures up

Personalization
7.13   7.33

Integrity
6.98   7.23

Expectations
6.94   7.21

Resolution
6.47   6.97

Time and Effort
6.90   7.37

Empathy
6.20   6.60

⬤ All sectors   ⬤ Travel and Hotels

Brands captured: the travel and hotels sector includes airlines, holiday companies and rail and bus operators.

Overall result: the travel and hotels sector moved down five places to rank ninth in this year's survey.

The Six Pillar performance: performance is below average for all of The Six Pillars. Personalization scores highest in this sector.

9. Travel and Hotels

A constantly-growing customer demand for conscious, sustainable and immersive travel experiences has delivered major shifts to the travel and hotels industry. True to the motto "don't be a tourist, be a traveler", customers are increasingly choosing experience over sightseeing. From where they sleep, shop and eat, travelers pursue immersive experiences and authentic cultural connections with local experts.

The desire for a more authentic travel experience is also driving tourism activity outside of the peak season. With the rise of over-tourism, travelers are steering clear of the masses. They travel outside of the peak summer months and wander off the beaten track to connect with the local community.

At the same time, sustainable travel and ecotourism have gained ground. Travelers now look for more sustainable experiences that allow them to lower their journey's carbon footprint. As a rising awareness of the environmental impact of air travel gains momentum in Europe, the conscious traveling trend also puts pressure on tour operators and hotels — for example, to support the local flora and fauna and reduce plastic usage.

As in other industries, new digital developments like artificial intelligence, robots and automation are taking over the travel and hotels sector. Current trends to watch out for include keyless room-access via an app, interactive robot concierges and hotel or flight bookings with the help of chatbots.

The challenge to keep up with these global trends and growing customer demands might explain the sector's 2019 CEE study ranking, which has moved down five places to rank ninth in this year's index.

Living like a local

When visiting foreign destinations, travelers today demand new, authentic and even transformational experiences that go way beyond traditional sightseeing. They want to feel like temporary locals and to have more meaningful interactions with the local community. As a result, they are seeking out culturally immersive experiences. To engage with the local culture, visitors can stay with host families in under-explored neighborhoods, celebrate traditional festivals and holidays, enjoy regional delicacies or dine with locals. They crave eye-opening experiences to reconnect with themselves and their environment, returning home with what they have learned on their visit.

The sharing economy's business model of "access over ownership" successfully responds to this customer demand and has disrupted no other industry more than the travel and hotels sector. Utterly transforming traditional business models, sharing-economy platforms like Airbnb, Couchsurfing, Uber or BlaBlaCar create a unique value by allowing travelers to "live like a local". Be it by sharing a ride with a local or by staying in someone else's home, the sharing-economy model creates many opportunities for visitors to learn about new ways of life and soak up the local culture.

Traveling with a conscience

Another trend connected to the "living like a local" mindset is the growing demand for more ethical and sustainable tourism options. Travelers are becoming more conscious about how they travel and want to reduce tourism's negative impact on the natural and cultural environment.

The desire for more sustainable travel does not just influence customers' decisions about potential destinations, but also about how they get there. For example, the Swedish-born movement of "flight shaming" — flygskam in Swedish — is currently gaining pace across Europe. It encourages flyers to reduce their carbon footprint by limiting flight travel in favor of more environmentally-friendly means of transportation.

While environmentally-conscious travelers are increasingly choosing trains over planes in their personal life, reducing time spent in the air might pose problems for professionals who have to fly for their jobs. Even though air travel is far from sustainable, the travel search engine Skyscanner adds eco-tags to flights with the lowest CO_2 emissions based on aircraft type, number of stops and seating capacity, allowing users to make an informed decision.

Traveling with a conscience also impacts tourists' accommodation choices. For example, when booking a hotel, conscious travelers look for resorts with a plastic-free policy and that have a low impact on the surrounding natural environment and local culture. At the same time, hotels are also starting to offer financial and emotional incentives to encourage more sustainable behavior from their guests. For example, guests that forgo a room clean or fresh towels are offered loyalty points or vouchers for the hotel's gift shop or restaurant.

Enjoying a local experience by learning a new skill

For an authentic and fully immersive travel experience, travelers are increasingly learning traditional skills to enrich their lives beyond their travels. In response to this customer demand, hotels across the world are offering lessons for guests to enjoy a local experience and expand their skill set.

For example, the Italian five-star hotel Rome Cavalieri hosts workshops at an authentic, family-run shoemaker where guests can create their own made-to-measure sandals. And in Bali, guests of the luxurious Katamama resort can learn the Balinese tradition of wood-carving at Pak Made Ada's workshop, Bali's original Garuda carver.

LUX sectoral review

2019 LUX CEE sector ranking: **10**th

10. Logistics

The Six Pillars:
how the sector measures up

Personalization

6.76 — 7.33

Integrity

6.63 — 7.23

Expectations

6.61 — 7.21

Resolution

6.27 — 6.97

Time and Effort

6.73 — 7.37

Empathy

5.96 — 6.60

○ All sectors   ○ Logistics

Brands captured: delivery services.

Overall result: as in last year's report, the logistics industry closes the sector ranking, performing 9% below the study's average.

The Six Pillar performance: logistics performs below average across The Six Pillars, scoring best on Personalization.

With the rise of e-commerce, customers now have access to an unlimited product offering from online retailers across the world. They expect to receive products faster, with more flexibility and with a low or no delivery cost. As consumer expectations grow, ensuring a seamless delivery experience has become a critical success factor for online retailers — driving the move away from process improvement to customer-centric logistics.

Supported by Luxembourg's export-driven economy, Luxembourg-based logistic service providers offer a wide range of services dedicated to online retailers. With its location at the heart of Europe's strongest consumer markets, Luxembourg has become an important intercontinental and multimodal logistics hub in Europe. For example, Luxembourg's international airport is the sixth-largest airfreight platform in Europe and provides direct access to European motorways to reach any European city in under 24 hours. Luxembourg's national railway company offers multimodal connections to major hubs in the European Union and beyond, launching its first rail route to China in early 2019. Connected to rail and motorway networks, the inland river port of Mertert provides further access to other inland and North Sea destinations.

While Luxembourg's logistics and supply chain hub plays a major role in transporting large quantities of packages, parcels and letters across the globe, improving last-mile delivery remains a major challenge. Last-mile delivery is the final delivery to the client — the very last step of the entire supply chain, but also the most crucial one in the journey to the customer. It is this step that determines the client's perceived experience and satisfaction with a brand.

Whether it's parcel or letter deliveries, our analysis shows that this last leg of the chain — the only one customers care about — does not yet live up to the expectations of Luxembourg residents, who scored the logistics sector 9% below the study's average.

Offering "instant gratification"

Used to seamless in-store and online shopping experiences, today's shoppers expect transparent, quick and flexible product delivery. They crave free shipping, next-day or even same-day delivery, immediate visibility of a shipment's status and delivery options that fit into their busy lives.

In today's digital era, clients have come to believe that everything is just a click away. Therefore, creating satisfying customer experiences means providing the instant gratification that customers have grown to expect from today's on-demand economy. In the light of these rising customer expectations, access to time- and cost-effective supply chain management solutions has become a critical success factor in managing last-mile delivery for logistics companies globally.

Making clever use of technology

Digitalization and new technological developments, such as predictive analytics, artificial intelligence, robotic process automation and the Internet of Things (IoT) are revolutionizing processes along the entire logistics value chain — from warehouse management to transportation and last-mile delivery.

To optimize processes and anticipate disruptions that create negative customer experiences, logistics companies across the world are starting to rely on artificial intelligence technology and advanced data analytics. They are beginning to use artificial intelligence capabilities to automate supply chain processes.

By taking advantage of internal and external data sources, logistics companies are also increasingly able to identify future opportunities and mitigate risk by anticipating disruptive events such as weather or traffic conditions. For example, global logistics leaders use predictive analytics to optimize routes for their fleet, space capacity in trucks and containers and driver efficiency. This allows them to anticipate supply and demand and improve inventory and labor management — all aimed at creating a frictionless and on-time client delivery.

Keeping customers in the loop

Once a premium feature, real-time tracking is now an industry standard. To ensure the end-to-end traceability of goods and to keep customers notified of their delivery's status in real-time, logistics companies are increasing their use of Internet of Things (IoT) solutions based on RFID tags and GPS.

On the one hand, this real-time fleet tracking through RFID tags and GPS helps logistics companies optimize operations, monitor fuel costs and keep track of driver performance. The data acquired from RFID and GPS lets logistics companies track the delivery all the way to the customer and back again if returned. Highlighting expected delays, the data also allows logistics providers to notify customers in advance and search for alternative routes to complete the delivery. And on the other hand, this access to real-time data allows customers to keep track of their ordered products from the time they make the purchase until the moment their parcel arrives.

Keeping customers up-to-date with regular, automated notifications through the order-fulfillment lifecycle significantly increases the chance of a successful and convenient last-mile delivery.

Whether a parcel is delivered to a customer's doorstep, locker or pick-up point, the key is to engage with customers and put them in control of their own delivery location and schedule. Allowing customers to update their preferred delivery slot before the parcel is even loaded into the delivery vehicle and to re-schedule failed deliveries go a long way to enhance the clients' overall shopping experience, but also help avoid the costs and reputational damages that occur when deliveries go wrong.

Using autonomous vehicles to improve last-mile delivery

With logistics providers constantly looking to shorten delivery times and reduce costs, autonomous vehicle and drone delivery technology represents the biggest potential disruption to last-mile logistics.

In line with this trend, Luxembourg has recently launched a 5G rollout strategy aiming to encourage first 5G deployments by 2020. The strategy relies on co-financed pilot projects, including one that focuses on testing autonomous and connected driving technologies with France and Germany.

How KPMG can help

Today's customers are better informed, better connected and more demanding than ever before. Customer experience is overtaking price and product as the number one brand differentiator. Organizations are investing record amounts on customer-related initiatives, but not all are seeing a credible return on investment.

Customer strategy

Using innovative approaches to product development and new business models, KPMG helps clients focus on their customer strategy. KPMG's network of strategic alliance partners bring 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 to define winning customer experience strategies, help clients redesign customer journeys which improve customer loyalty and help maximize customer lifetime value.

Marketing, sales and service transformation

KPMG 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 clients to empower employees and improve the employee 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.
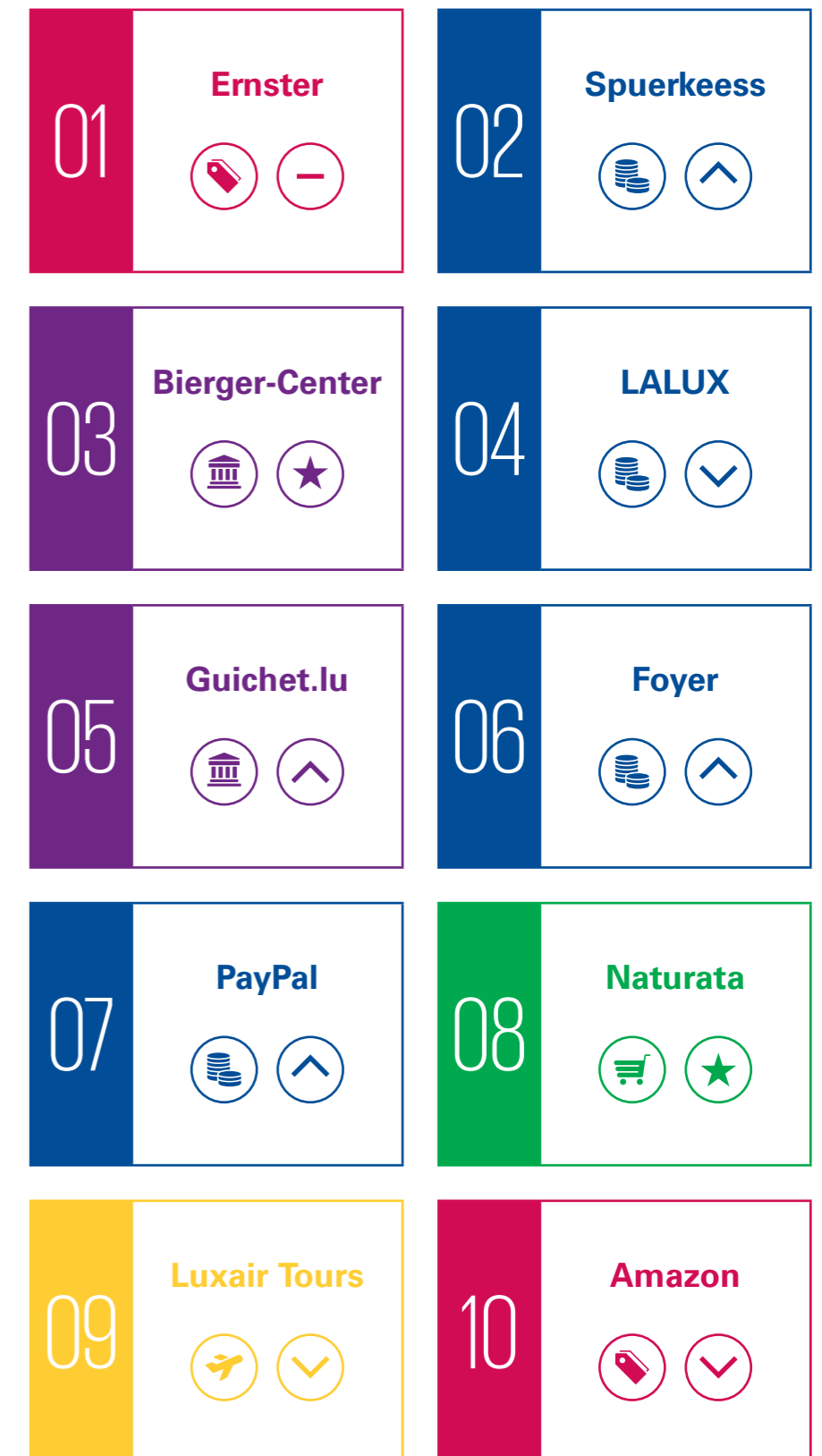
Digital transformation

KPMG digital specialists can help you to succeed in the digital world. From strategy to technology enablement to cultural change, our 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.

2019 LUX Top 10 results

Sector key:

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

- ∧ Up vs 2018
- ∨ Down vs 2018
- — No change vs 2018
- ★ New to 2019 analysis

01 **Ernster**

02 **Spuerkeess**

03 **Bierger-Center**

04 **LALUX**

05 **Guichet.lu**

06 **Foyer**

07 **PayPal**

08 **Naturata**

09 **Luxair Tours**

10 **Amazon**

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