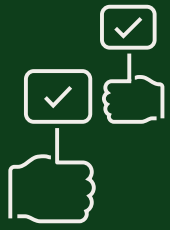




Building Customer Experience for the Future

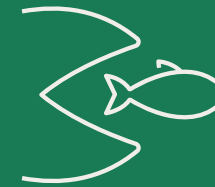
APRIL 2023





Why CEOs need to pay attention to their customer experience (CX)

- 01** Unlock short-term profitability gains while building long-term sustained advantage
 - Advanced digital and data technologies are advancing, creating new possibilities
 - The customer landscape is evolving fast
 - Competitor and new-entrant innovation is disruptive
- 02** Careful CX orchestration offers companies a huge opportunity to win



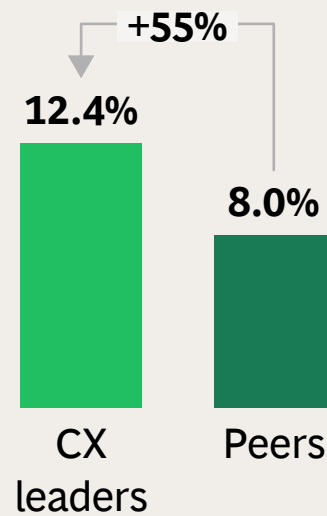
How customer-experience champions are outcompeting the market

- 03** CX is a top investment priority for CEOs
- 04** CX orchestration is aligned across the organization
- 05** Advanced CX innovators embrace data & AI
- 06** Winners build CX capabilities along each phase of the digital journey

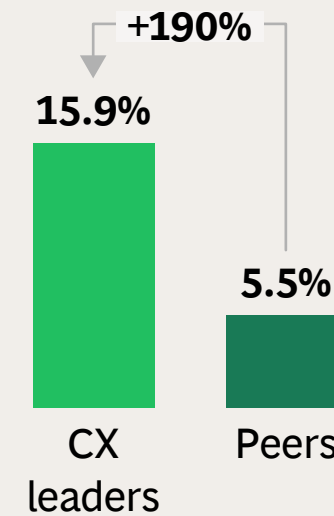
Customer experience is a fundamental way to drive growth and core business outcomes

Companies leading in CX ...

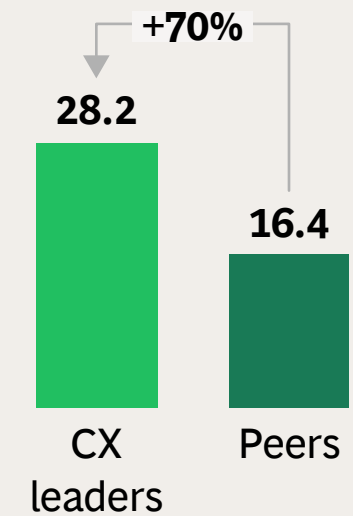
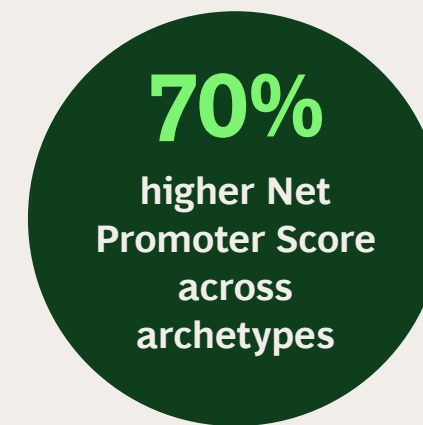
Create more value



Generate more growth



Drive more trust



Source: BCG Global Company of the Future Survey 2022; n=263.

Note: CX leader and peer scores refer to total shareholder return, revenue, and NPS scores based on the survey.

¹Total shareholder return.

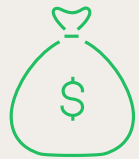
By improving the customer experience, companies can realize short-term gains and unlock long-term opportunities



Enhanced customer satisfaction



- Higher customer engagement; increased loyalty
- Personalized offerings; greater appreciation



Efficiency gains



- Efficiency of change delivery; greater productivity
- Increased automation; reduced cycle times
- Reduced IT and operating expenses



Strengthened capabilities



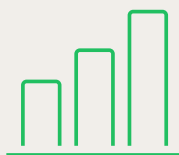
- Greater employee engagement
- Faster decision making
- A cadre of experienced journey practitioners



Improved compliance



- Lower risk through systems-driven checks
- Greater visibility of risks
- Enhanced compliance and risk monitoring



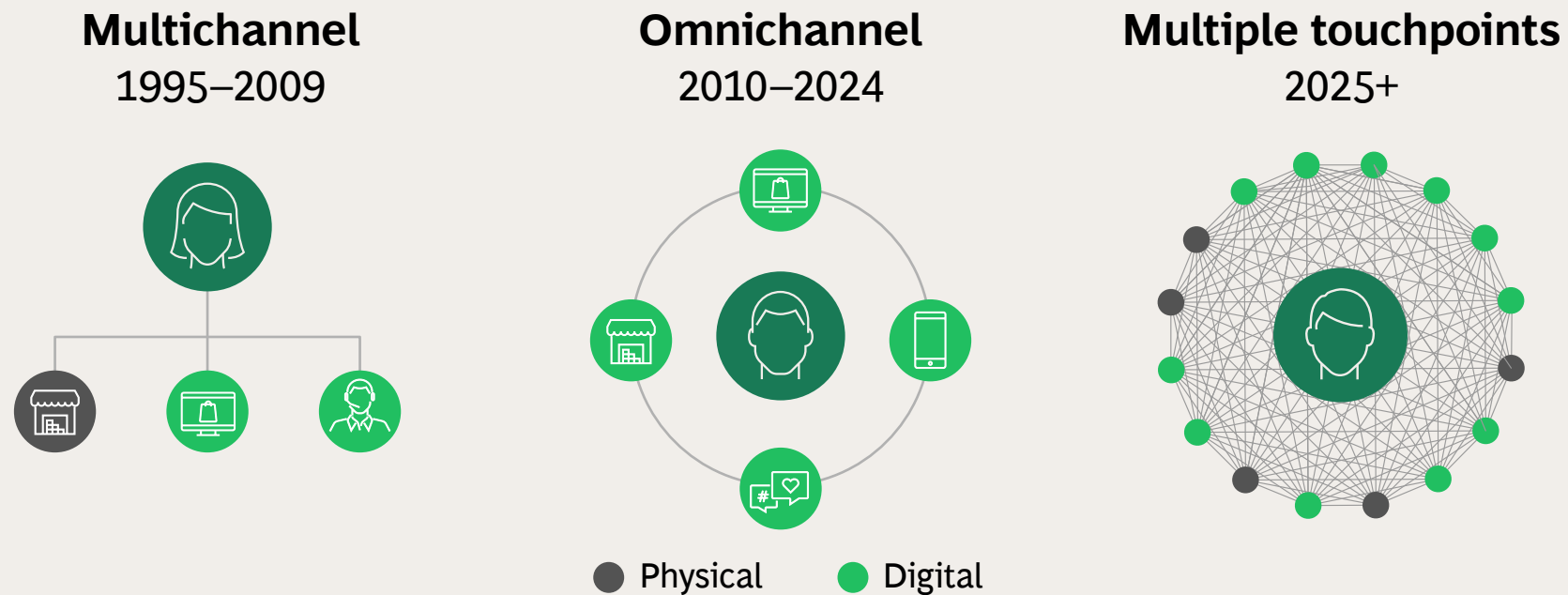
Top-line growth



- Lift in sales productivity; improved conversion
- Relationship deepening; greater consumer spending
- Faster time to cash

New data and tech are transforming customer journeys ...

... creating new ways to interact with customers

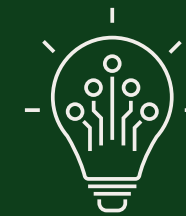


Average touchpoints across single journey



New ways to engage

New touchpoints—digital and physical—are transforming how customers engage with businesses



Two-way relationships

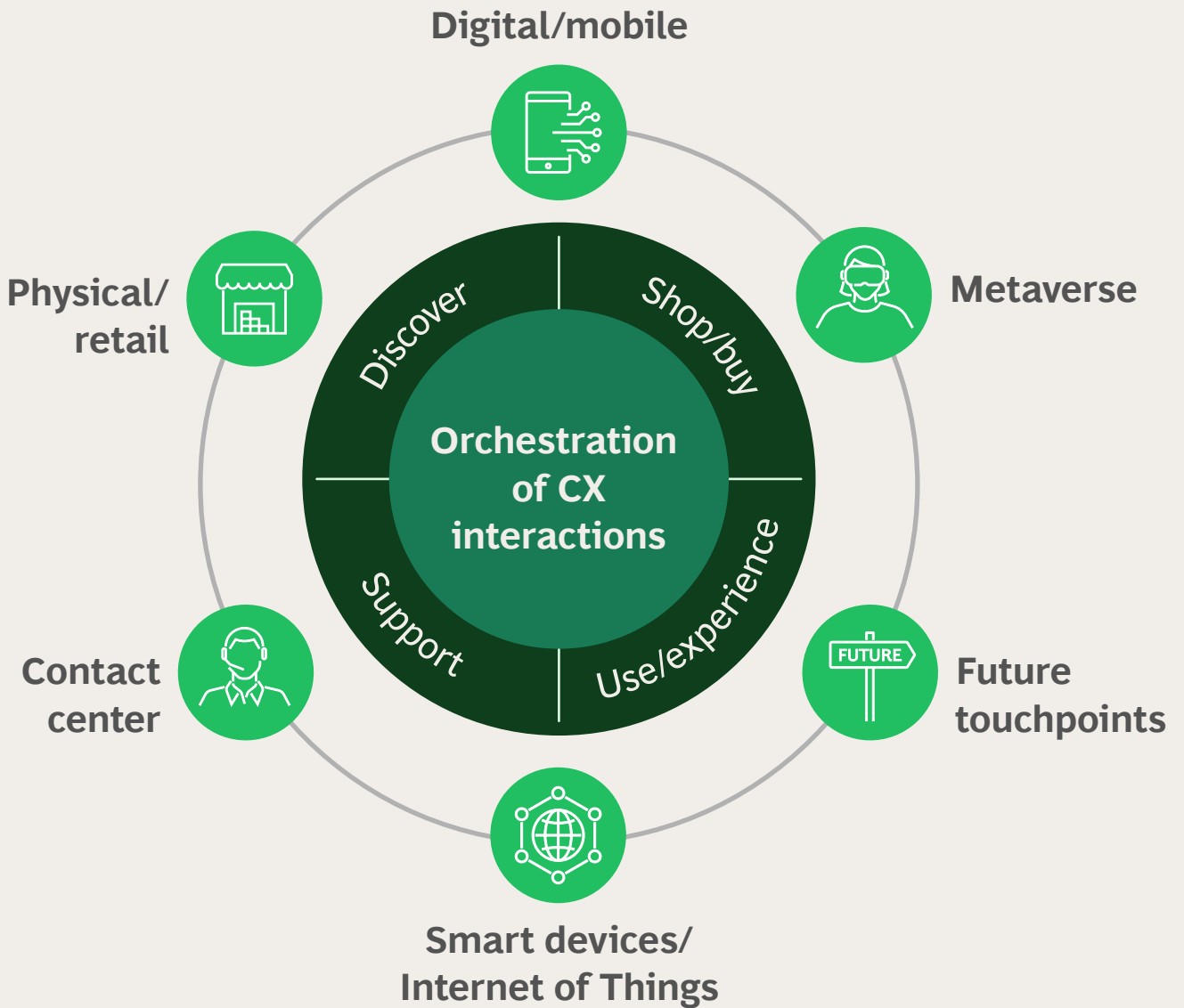
New tech-enabled experiences are enabling customers to share feedback and shape their own relationships with companies



Predictive & personalized experiences

An explosion in data, combined with analytics & AI, is enabling brands to measure, predict, and personalize one-to-one experiences

Consumer-experience winners conquer complexity by becoming an orchestration engine for all customer interactions



From omnichannel to omnitouchpoint ...

- Reinvention of traditional channels
- Emergence of touchpoints
- Nonlinear journey
- Mix of digital and human interactions to add more value in the customer journey
- Two-sided conversation
- Genuine engagement

Source: BCG.

Customer-experience winners succeed by transforming their businesses around the customer

02



CX outcomes not explicitly linked to business benefits

Focus on incremental—not big-picture—innovation

CX delivered in silos, fragmented budgets & resources

CX not seen as the role of all leaders and employees

Disconnected channels & data; no single view of the customer



Everything a business does starts with the customer

Customer-focused design is embedded into all activities to reimagine experiences

Customer-journey objectives are used to deliver change across the business

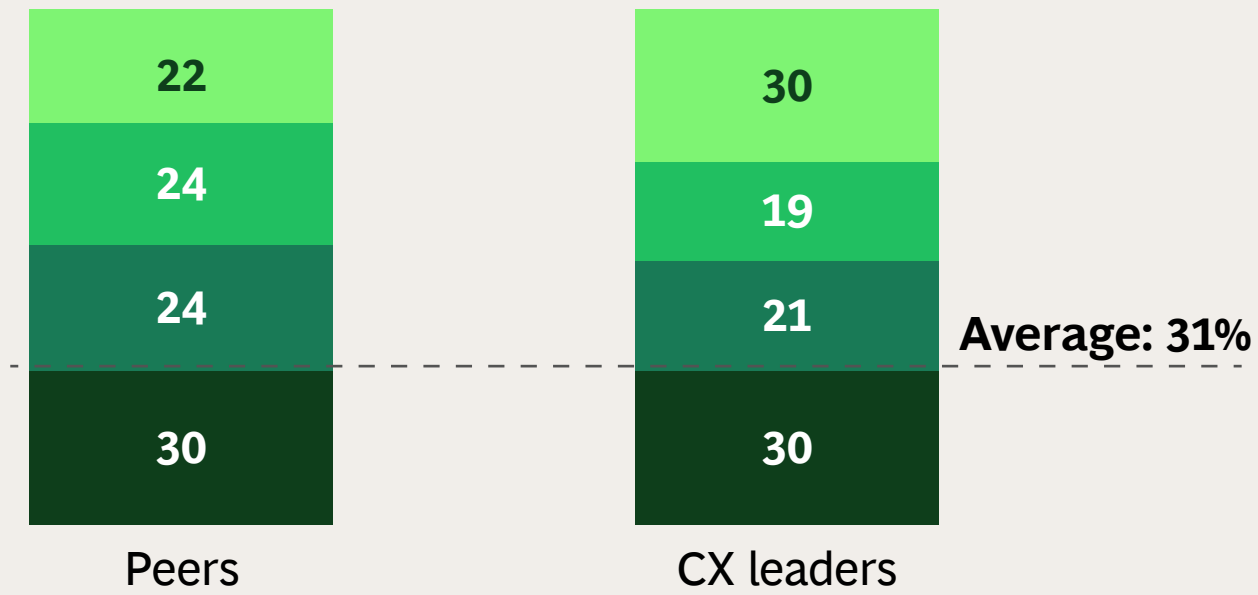
People are rewarded for customer-centric behaviors

Next-generation data & tech truly personalize experiences

Customer experience is primed to remain a priority investment across industries

Leaders and peers are spending ~31% on CX, making it the highest spending area ...

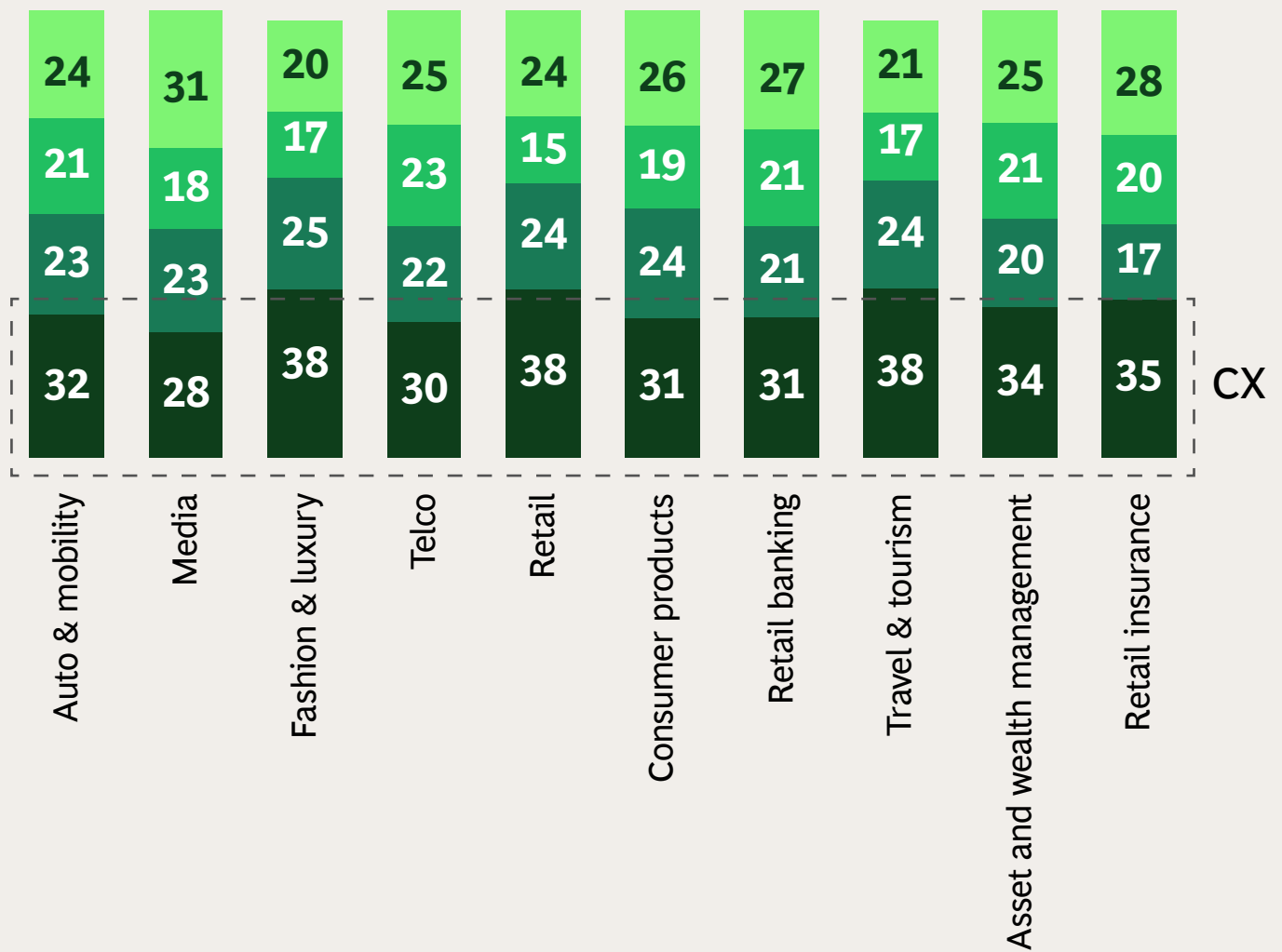
CURRENT SPENDING ACROSS FOUR OUTCOME CATEGORIES (%)



- Improvement in customer experience and go-to-market
- Performance improvement through the operational value chain
- Performance improvement in support functions
- Innovation and growth in the core and beyond

... as well as a top priority for the future across most sectors

FUTURE SPENDING ACROSS FOUR OUTCOME CATEGORIES (%) (CX-FOCUSED SECTORS ONLY)



Source: BCG Global Company of the Future Survey 2022; n=546.

Building customer experience for the future is a process of continual upward growth

Company stage¹

Stagnating
Lay a foundation for the future via decentralized digital and CX initiatives

Emerging
Adopt point solutions to create business outcomes, including insights from data & engagement across all touchpoints (omnichannel)

Scaling
Build advanced capabilities to pivot to growth from innovation by orchestrating across all customer interactions (omnitouchpoint)

Future-built
Foster continuous innovation in foundational capabilities and advanced digitization/tech to enable CX at the core; digitally enable new growth

DIGITAL TRANSFORMATION

Programmatic approach enabling companies to deliver on digital-transformation efforts with a focus on building CX capabilities

Re-engineering, fixing the core, and building a foundation for innovation

BUILDING FOR THE FUTURE

Blueprint to embed & scale cross-functional attributes critical for CX success while shifting to growth from innovation

Pivot to growth from innovation – focus on AI, new-business build, and advanced digital ecosystems

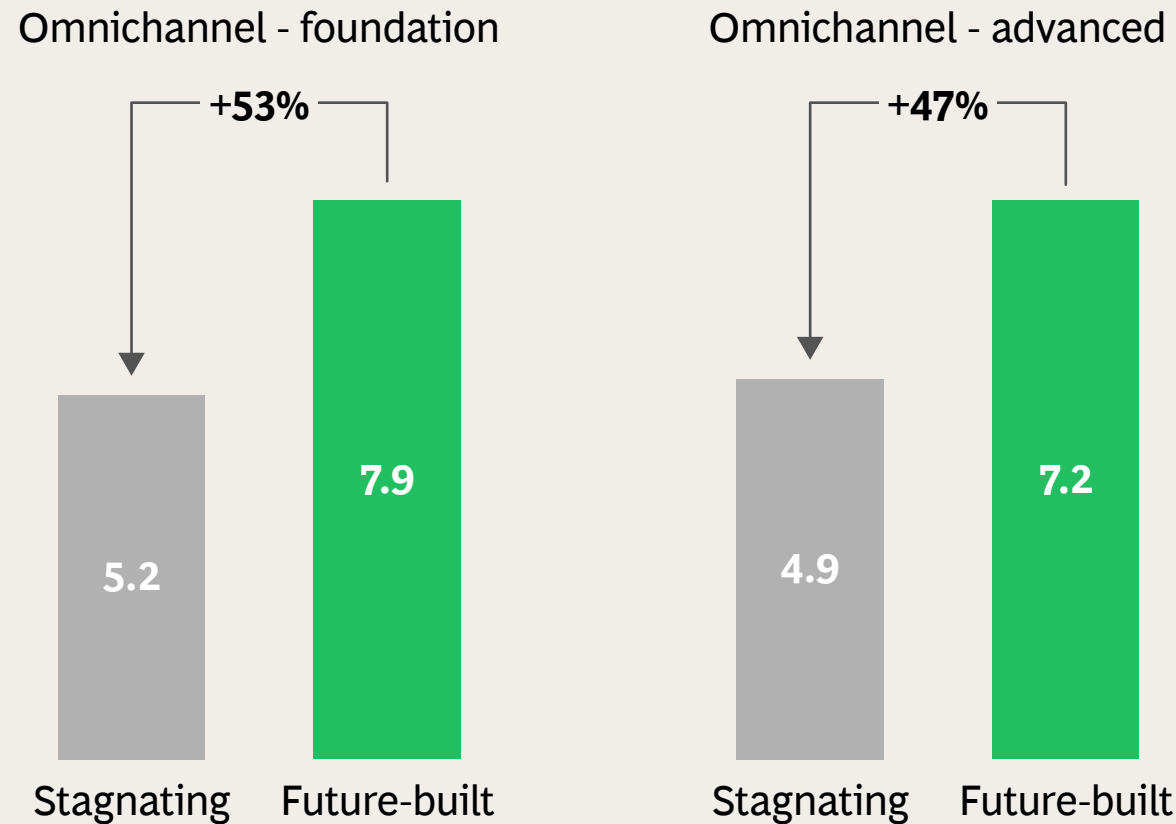
Source: BCG.

¹Based on Build for the Future framework.

Leaders are finding new ways to engage their customers

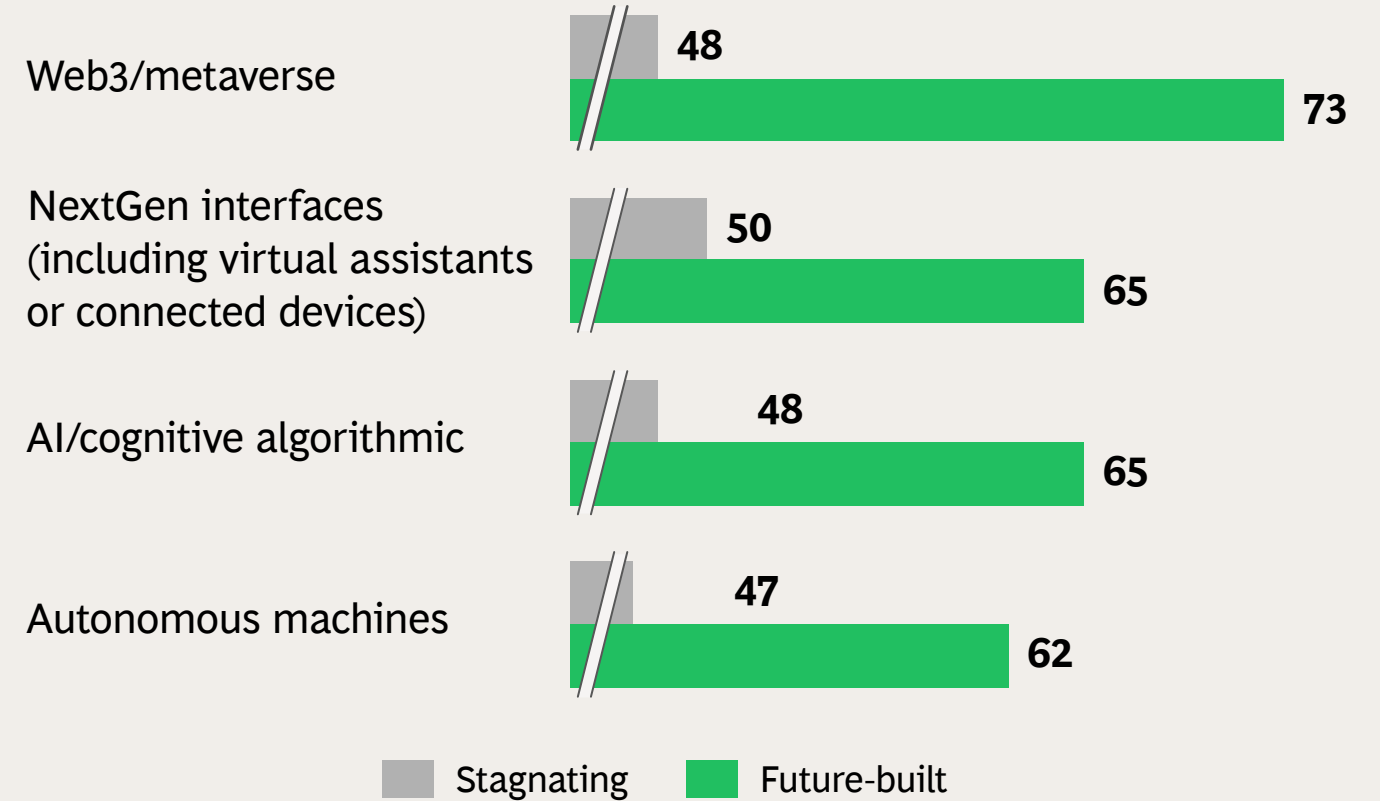
Stagnating companies are still struggling to manage their transition to omnichannel ...

AVERAGE CAPABILITY ON OMNICHANNEL USE CASES



... while future-built companies are already embracing the CX shift toward omnitouchpoint

SHARE OF RESPONDENTS SEEING THOSE TECHNOLOGIES AS RELEVANT OR CRITICAL FOR THE FUTURE (%)

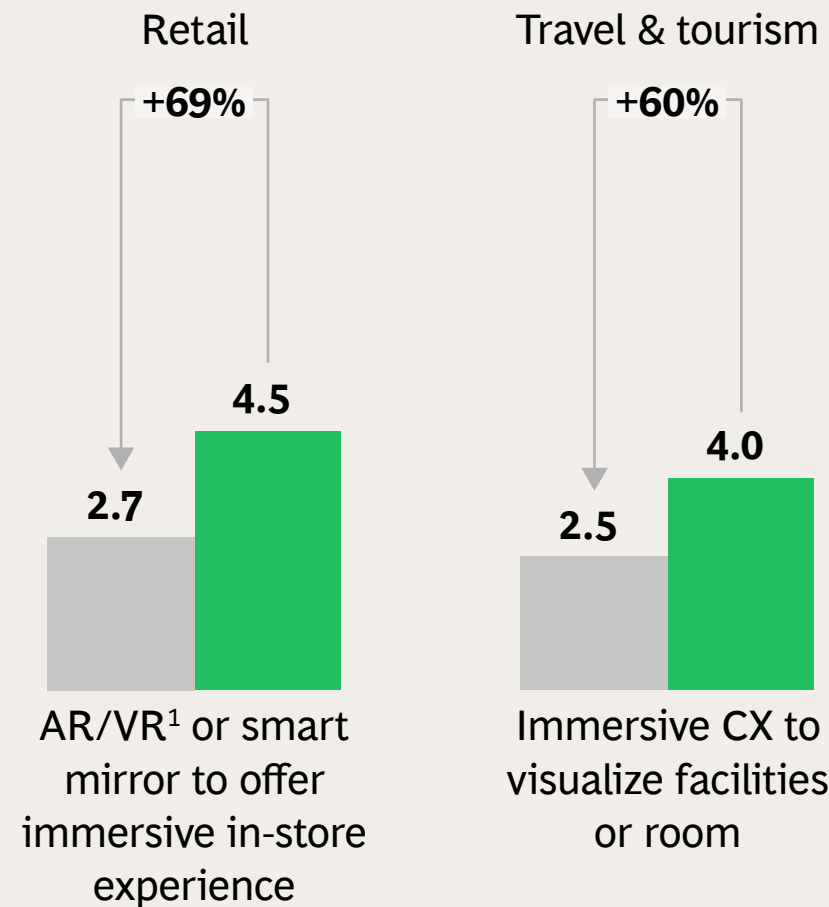


Source: BCG Global Company of the Future Survey 2022; n=546.

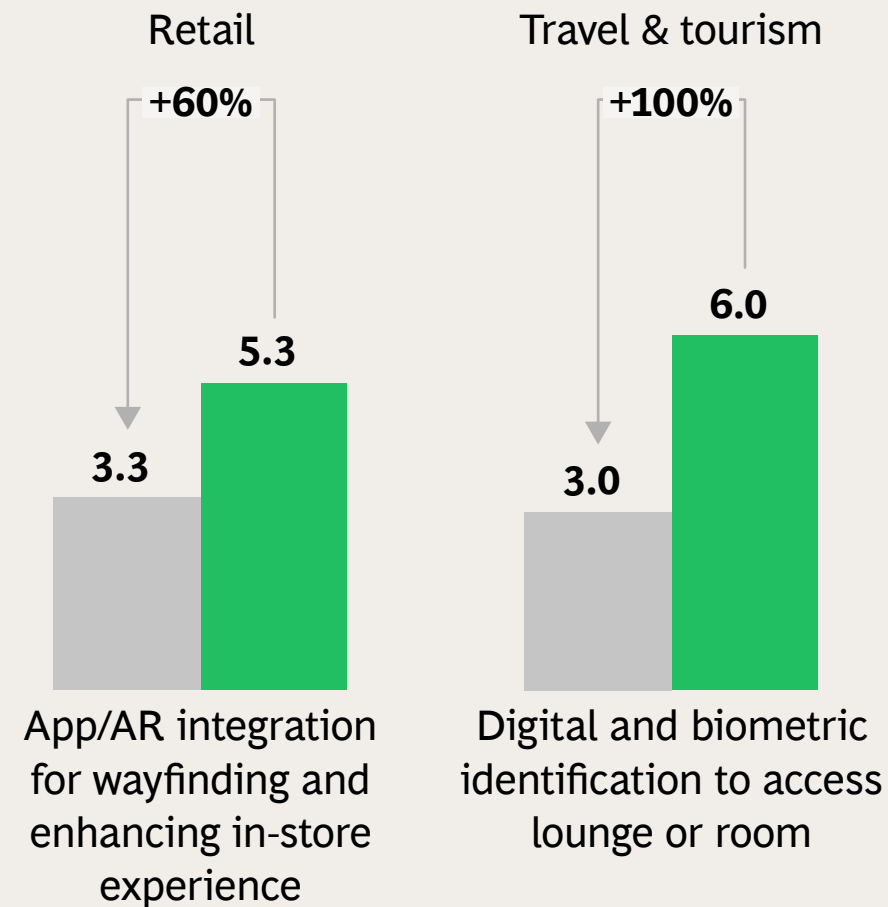
While stagnating companies are still struggling with omnichannel, future-built companies are already investing in new ways to engage

Average capability per use case and archetype (not exhaustive)

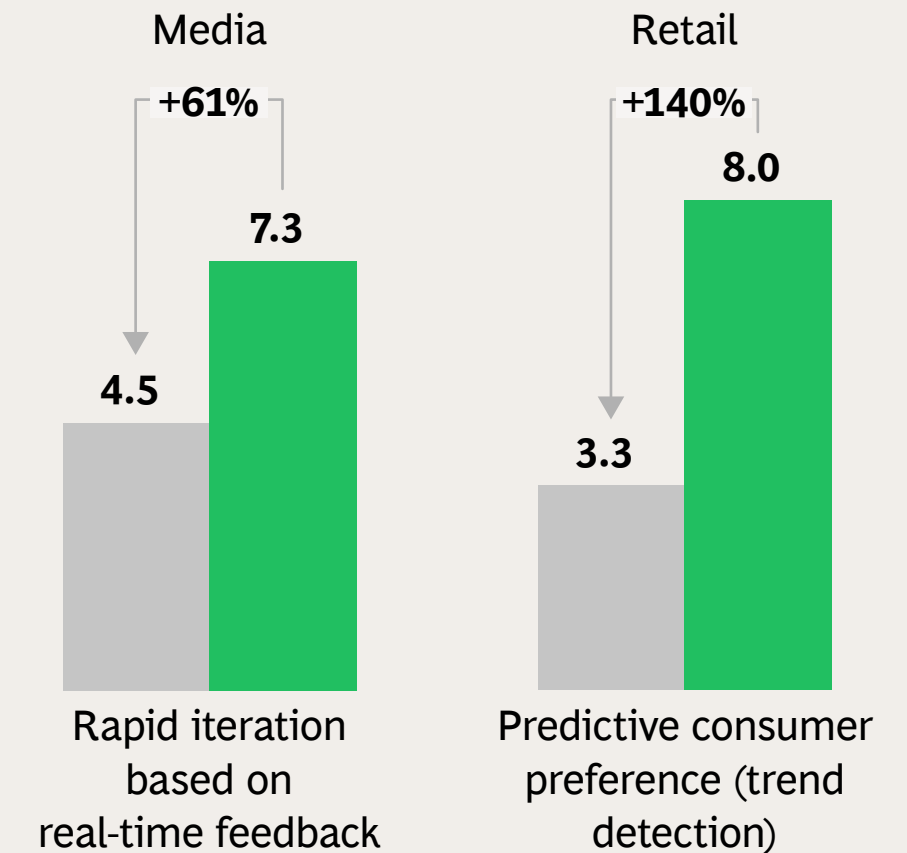
From channels to touchpoints



Individualized customer journey



Continuous conversation



■ Stagnating ■ Future-built

Source: BCG Global Company of the Future Survey 2022; n=546.

¹Augmented reality/virtual reality.

The best-positioned companies are also automating CX through generative AI ...

Generative AI applies predictive modeling to generate new content or elements across modalities



Training data is collected and centralized as input to a generative model



The model establishes complex correlations between data points embedded within a training data set



Based on a distinct user prompt, the model generates a new element

Source: BCG.

... resulting in multiple use cases

Select generative-AI use cases across functions



Marketing

- Generate visual marketing materials
- Write white papers, blogs, commercials, ads
- Create custom materials for each lead



Sales

- Generate personalized sales pitches
- Create demos tailored to customers
- Write client outreach emails



Customer support

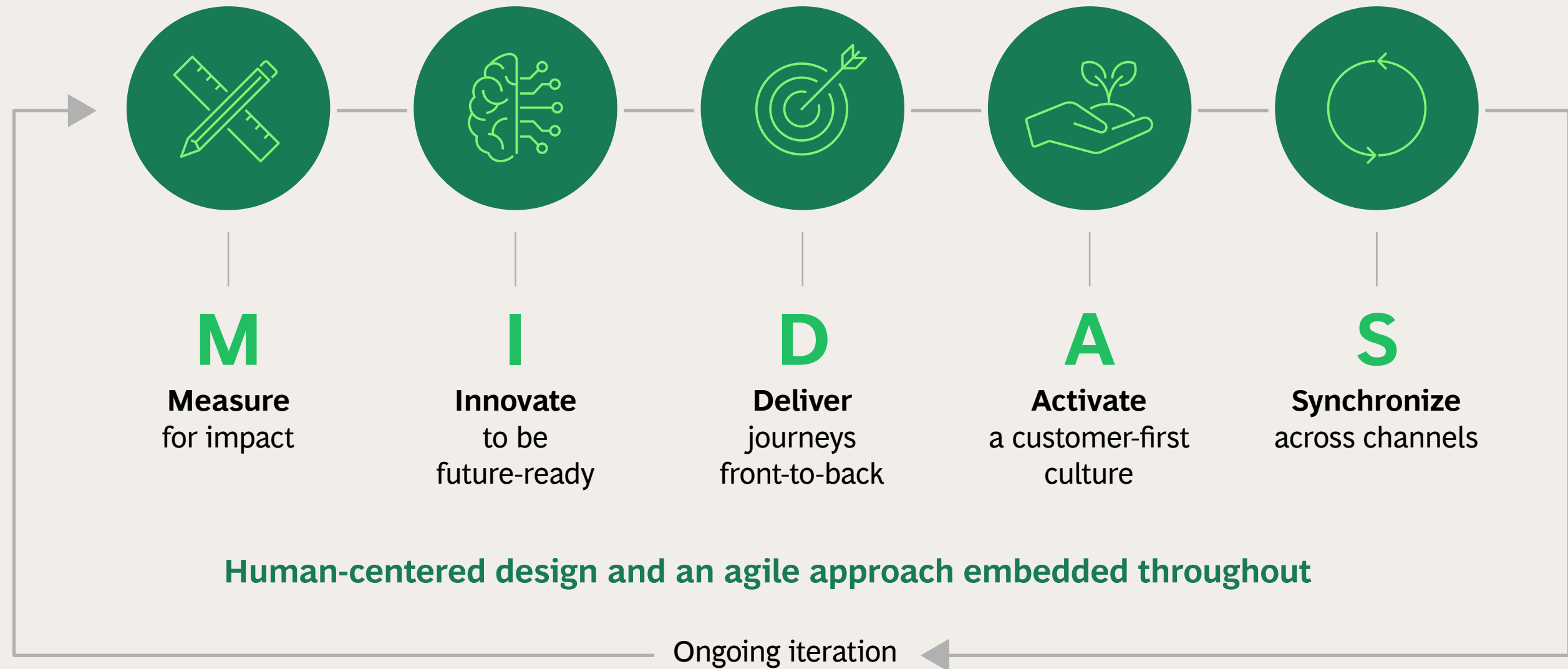
- Use chatbots to answer customer queries
- Generate answers to customer FAQs
- Create web guides for onboarding, training



Customer success

- Build dashboards to track key metrics
- Run simulations to show customers how to maximize value
- Build account profiles to outline upsell opportunities

Leading companies put customers first, building comprehensive capabilities to support the customer journey



Companies can become customer-experience leaders by deploying the right capabilities at each step of their change journey

From Stagnating to Emerging

Building foundational capabilities

Deep customer understanding
Rapid journey innovation sprint to prove value

Customer segmentation & insights
Journey analytics & mapping
Omnichannel strategy
CX strategy
Journey design

From Emerging to Scaling

Building advanced capabilities

Journey program scaleup and op model review
Digital & measurement infrastructure

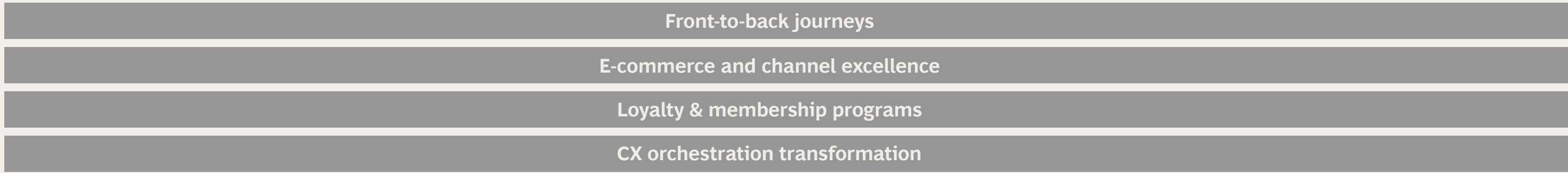
Customer-centric innovation
Journey-led transformation
CX-led DDP,¹ CDP,² data streams
CX-led organization activation
Develop key digital channels
Customer 360³
Develop key CX programs (e.g., loyalty, memberships)

From Scaling to Future-Built

Continual innovation journey

Transform @scale
Integrate advanced tech across the organization

@scale rollout of organization changes
AI-driven orchestration & personalization engine (deep AI)
Predictive CX measurement



Source: BCG.

¹Data and digital platform. ²Customer data platform. ³Using data analytics to create a 360-degree master view of customers.

CASE STUDY

How a major motorcycle manufacturer developed a digital commerce and sales strategy

A US motorcycle manufacturer was working on a more sophisticated digital marketing measurement to perform marketing pilots

The objective was to create a build, operate, transfer (BOT) approach to set up a digital ecosystem for increased value creation.

01

Digital commerce program

Developed with specific features defined through BCG's agile processes and customer research, in consultation with the steering committee and each of the workstream squads

02

Digital platform

Developed a best-in-class digital platform and online channel for parts & accessories and merchandise that drives growth and margin expansion

03

MVP¹ development

Defined an MVP Alpha Build ("Alpha") that delivered a functioning first version of the product, which can be tested with customers in a controlled environment

04

Internal training

Trained a newly hired client team on work product and team structure to ensure continuity of operations

Outcomes

Digital experience

Development of state-of-the-art "white glove" digital purchasing experience

Shift toward direct model

Clear shift toward direct model in select markets with plans for broader domestic and international implementation

#1 pre-owned marketplace

Within one month of launch

30+ FTEs² hired

to create new digital center

\$140M+ gross margin yearly run rate

Source: BCG.

¹Minimum viable product. ²Full-time employees.

How an Australian financial institution implemented a three-year transformation program

Client had ten-plus years of underperformance for shareholders, including lower TSR than other big Australian banks in any two-year period and ~60% lower ten-year TSR performance than the leading Australian bank.

CEO set a big ambition: reduction of 6,000 roles, \$1 billion AUD cost savings in three years, and improved customer experience to achieve cost reductions without impacting revenue growth.

01

Strategy

Introduced customer metrics to set definition of purpose, leadership, and culture

02

Customer journeys

Deployed customer journeys, including Agile at Scale, to accelerate digitization

03

Workforce management

Deployed sophisticated workforce management levers in the frontline (e.g., dynamic rosters, lead analytics)

Outcomes

Best-performing TSR among the big four Australian banks

Became the third-largest Australian bank in market cap

~\$800 million AUD cost savings

Line of sight to \$1 billion AUD cost savings after two years

>400K banker hours saved

Record productivity in FY 2018 and again in FY 2019

30-point average NPS uplift

Ranked #1 in priority segments

96 digital customer releases

Deployed in year one

80%+ reduction

In end-to-end cycle times for onboarding customers

Ten minutes to open SME¹ account

Down from six days, for 90% of customers