



Customer  
Advisory

# The great balancing act

Create differentiated  
CX with human *and*  
AI interactions

2023

US Customer Experience  
Excellence Report





# Introduction: Jeff Mango

It's a hard truth: despite strong effort to improve customer experience (CX), it's just not paying off for many companies. This year, the US saw the overall Customer Experience score in this survey decline by 5 percent, its lowest level since 2015. And of the other 19 markets surveyed globally year over year, scores were down significantly in 17 of them.

What's causing the shift? Customers attribute this decline to a failure to meet their expectations. During the pandemic, many organizations went above and beyond the norm to keep customers engaged. Consumer expectations were raised, only to be dashed once postpandemic recalibrations changed the model once again.

Survey results indicate one possible culprit: the overuse of technology that lacks strategic benefit to customers. In many cases, companies have automated interactions to shepherd customers into low-cost, low-satisfaction channels that lack humanity and empathy. Other respondents feel that many brands are simply not delivering on the outcomes they want and need.

This year, we have observed how the companies that lead our index are balancing several factors to improve results and counter escalating customer expectations:

- 1 They rely on operating models that put the customer first—and orchestrate the experience they provide around this principle.
- 2 They use a carefully selected mix of channels, technology, and human interactions that contribute to delivering on their brand promise.
- 3 They use technology and artificial intelligence (AI) as an enabler to solve the customer's problem, not just because it's the latest trend.

By using an expertly crafted balance of all of these tools, you can open new opportunities to transform the customer's journey—while at the same time helping the business manage costs to serve, reduce friction, and improve customer satisfaction. The goal is to focus on the total CX.

AI and advanced technologies can play a critical—and well-defined—role throughout the customer journey and go far beyond intercepting requests and inquiries. It can become a partner in helping your CX team manage the customer lifecycle with support at every phase, including:

**Reach** market analysis

**Engage** price and revenue alignment

**Activate** inventory control and supply chain management

**Nurture** fraud and cybercrime response

**Retain** loyalty program management.

The leading companies in this US report include some of the world's elite brands. They are trendsetters: the ones who see AI as potentially more profound than any previous technology. There is much to be learned from their experiences.

The top three companies in our index, H-E-B, USAA, and Navy Federal Credit Union, have effectively balanced all the CX factors, helping customers build a strong connection with their brands—even turning them into advocates. And they have demonstrated that technology must form part of a human/machine partnership, where customers are able to manage the level of human-to-human contact they feel they need, while the technology itself feels approachable.

**As AI becomes embedded in customer experiences, it cannot simply automate processes in a transactional, low-emotion way. It must engage and contribute to how a customer feels about the organization they are dealing with.**

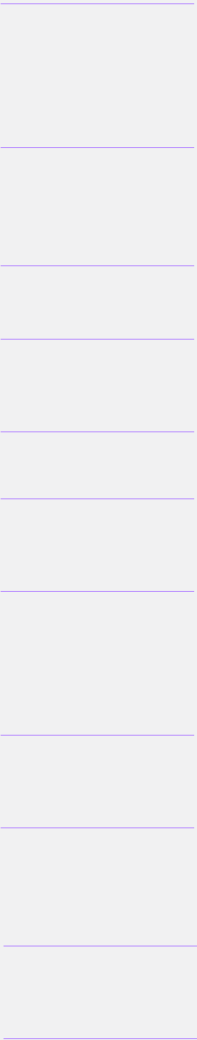
**It must reflect the organization's values and brand promise, and it must add value to the customer's life.**



**Jeff Mango**  
Managing Director,  
KPMG LLP

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# 2023 Customer Experience Excellence





# 10,000 US customers

This year, we surveyed over 10,000 US customers and asked them to evaluate their experience across 282 brands in 11 sectors. The evaluations focused on six dimensions—The Six Pillars of Experience—that form the essential DNA of great experiences. The results?



## Satisfaction has fallen

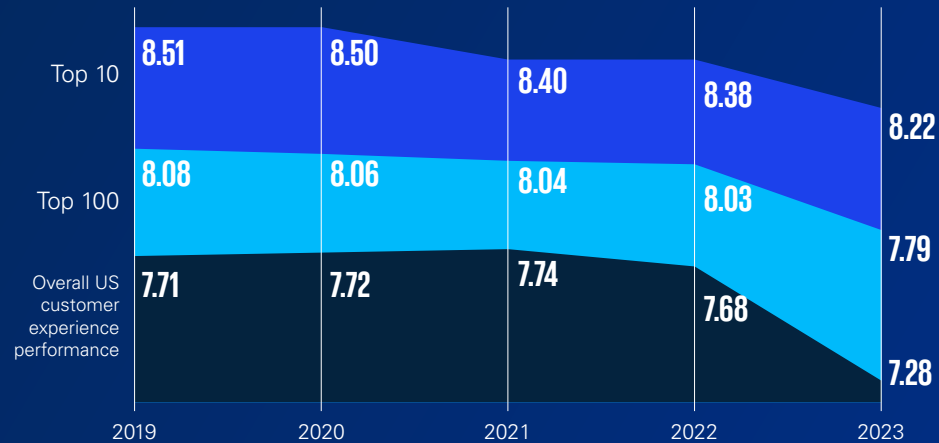
As we look at the state of customer experience across the US, we see that satisfaction with experience delivery has fallen across all industries in 2023, marking a downward trend that began in 2019. Within The Six Pillars of Experience scores, it is Empathy that has fallen the most. This signals a decline in emotional connection.

To some degree, this is a function of the extra care exhibited during the pandemic reverting to business as usual.

But there is a further reason. Technology has become a substitute, and often a poor one, for human interaction. Customer care has often been deflected into low-cost channels, regardless of the need for human contact.

Consequently, in many cases, the initial implementations of bots—even those equipped with machine learning—have left customers underwhelmed and frustrated.

### State of the Nation



Top brand averages as well as the overall US market average declined (5 percent for overall US market) from last year's performance.

## Leading companies prioritize humanized experiences

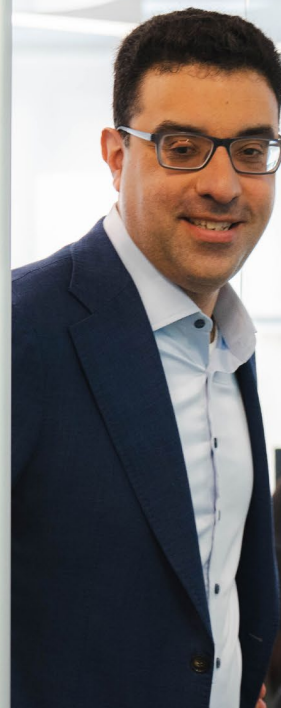
In contrast, the top 10 companies in this year's Customer Experience Excellence index are finding new ways to harness the full potential of technology while delivering outstanding customer experiences. They are counting on technology to enhance—not diminish—human interaction and connect with customers to fulfil the job that needs to be done.

In fact, these companies focus on Human Experience, which bridges the gap between customer experience and employee experience, and emphasizes empathy, personalization, and authenticity as the foundations of building relationships that are not only transactional, but also deeply human.

For some firms, this means carefully curating the mix of human and technology interaction; for others, it means endowing technology with more human characteristics. For example, Progressive Insurance has brought their TV character Flo to life in AI-supported interaction channels. Hotel chain Hilton has an advanced service bot called "Connie" (named after founder Conrad Hilton), and Emirates Airlines has a virtual check-in agent called Sara.

Humanizing technology isn't just aimed at customers. Medical insurer Humana is one of our "movers and shakers" this year, moving up 119 places on our index. They refer to the bots that support employees as "cognitive digital workers" that help empower their team by removing mundane tasks and enabling them to focus on more interesting and satisfying work.

When we look at the Top 10 and highest rising brands this year, they have one thing in common: the ability to create outstanding human connections—however they are mediated.



## We relate to personalities, not machines

Leaders in customer experience realize that consumers warm to personalities. Personification, emotional, and human-centric design all make the use of technology more intuitive, accessible, and relevant to their customers.

Customer experience is a two-way street, a shared moment, a cocreated encounter that happens in each given touchpoint. Whether it's a physical or a digital touchpoint, it should reflect the company's DNA and values in every way.

▲▲  
**Automation is happening quickly.**  
To be successful, it must be deployed strategically and help enhance the customer's experience. Otherwise, it's just a bright, shiny new toy that can take away from what you want to achieve. ▲▲

Jason D. Galloway  
Principal, KPMG LLP

# Introduction to the leaders in our survey

Although most of the Top 10 are either approaching or are over 100 years old, they are still guided by their founders' principles set in the past but embodied by employees today.

Their longevity can be ascribed to an intuitive understanding of how to treat customers and employees. They set out to be excellent and have made excellence a habit.

H.E. Bates (H-E-B), Harry Sherwin and Edward Williams (Sherwin-Williams), L. L. Bean, Edward D. Jones, William Barnes and G. Clifford Noble (Barnes & Noble Booksellers), George W. Jenkins (Publix), Truett Cathy (Chick-fil-A), William Garrison (USAA), and the seven founding fathers of Navy Federal Credit Union instilled in their companies a desire to serve the customer and make their lives better by delivering excellent products and services. In short, they sought to create extraordinary, meaningful, and memorable customer and employee experiences.

Each of these companies and founders of other leading brands have set out the importance of "customer first," a belief that if you understand and seek to satisfy buyers, then the revenue and profits will follow. In the beginnings of these companies, they had no insight into how technology would develop. But they knew enough about human psychology to understand that great experiences had to be delivered in a very human way.

From time to time, many of these companies have struggled, and when this has happened, it is usually because they have lost sight of their founder's vision. When new managers have sought to create a turnaround, they have simply reengaged the organization

and its people with its founding principles. Employees are seen as the key enabler to great customer experiences; treating employees as they would want the customer to be treated is a fundamental goal.

Today, technology is a means to an end for these companies, the satisfactory achievement of a customer objective. Technological prowess is not the goal. To be effective, technology must reflect or complement human interaction.







# The Top 10

Many of these companies have been at the top of our index for many years. During each of the last five years, the first three have landed in the Top 10, and others have appeared in Top 20.

- 1 **H-E-B**
- 2 **USAA**
- 3 **Navy Federal Credit Union**
- 4 **Sherwin-Williams**
- 5 **Edward Jones**
- 6 **L.L. Bean**
- 7 **Barnes & Noble**
- 8 **Publix**
- 9 **Chick-fil-A**
- 10 **World's leading online retailer**

# H-E-B

## Key learning points:

- Clear set of design principles that ensure implementation consistency and cohesion across multiple teams and locations
- The role of brand and reflecting its Texas heritage and values at each touchpoint
- Careful selection of new technologies based on creating real value for the customer, putting them in control and delivering frictionless interactions

Texas supermarket chain H-E-B, founded in 1906, has performed well in the index for many years, and this year became number one for the first time. As a large regional brand with revenues of almost \$40 billion, national brands can learn much from the H-E-B story.

The most significant increase in their performance has been personalization, making the customer feel important, valued, and in control. Technology has been an enabler to this improvement. H-E-B has been recognized as a leader in curating an effective and efficient online grocery experience via the use of machine learning models that analyze shopper and cart data to inform decisions around inventory and pricing. This supports product positions in-store and less obvious product substitutes. All this helps customers have frictionless interactions while in-store shopping and with scheduled pickups.

Outside of data and technology, H-E-B is focused on workplace efficiency and builds high-performing teams using lean and agile methodologies so they can rapidly respond to solve customer challenges. Lean best practices

and principles include leveraging a framework to decide what to build and why it is needed.

The chain then uses agile best practices and principles to achieve scalable and sustainable growth. When both lean and agile frameworks are put together, it enables H-E-B to make fast decisions and build products for customers while avoiding wasted effort along the way.

One practice that is unique to H-E-B is its Texas branding. Most of its many house-brand products emphasize a Texas connection, from coffee blends dubbed “San Antonio” and “Austin” to Texas-shaped cheese chunks and tortilla chips. Walk into any H-E-B store, and the local Texas theme is instantly and continuously apparent.

You can even buy Texas-shaped frying pans and Texas-shaped waffle makers.

In short, Texans see the state as part of their identity, not just the place where they reside. H-E-B reflects and celebrates its customers’ heritage.

H-E-B rivals many ecommerce competitors in the US. Much of this has been a function of its deliberate approach to designing digital experiences using a set of well-tested design principles that closely reflect the Six Pillars of Experience. Below, we’ve aligned some of the H-E-B stated digital goals with our **Pillars of Experience**:

**Expectations:** We set expectations so customers are confident they know what will happen, when it will happen, and why it’s happening—the good and the bad. As a principle, our communication and feedback loops should ensure customers aren’t wondering about anything.

**Resolution:** Make it right (or even better). Sometimes things go wrong. We act quickly to make things right and maybe even exceed expectations. As a principle, the experience should give customers a sense that when something isn’t right, we’re on it, without prodding, and are happily making things right.

**Time and Effort:** Make tasks feel simple and magical by hiding logistical and technical complexity. As a principle, the experience should match the customers’ mental model and hide any system model complexity.

**Integrity:** “Stuff” happens. Roll with it. Design for real life. Be flexible enough to adapt to customers’ changing needs and plans. As a principle, the experience should feel like it can flex as needed to accommodate customers.

**Empathy:** Treat customers orders like they’re our own orders—and make sure they’re just right every time. As a principle, the experience should feel like we care about each item in the cart as much as the customer does.

**Personalization:** Let customers participate in their shopping experience as little or as much as they want. As a principle, the experience should allow customers to feel like they are still in control even when someone else is doing a task for them.<sup>1</sup>

# USAA

## Key learning points:

- Importance of data – “data is a board-level issue”
- Establishing a data culture where it is prized and valued
- Embedding AI in simple but highly productive use cases

This financial services brand serving US military members and their families has held the top or second position in our index for many years. This is a function of enduring excellence across multiple fronts.

This year, USAA continues to be one of the strongest performers in the US market. Of The Six Pillars of Experience, USAA performed strongest in Time and Effort, meaning they excel in minimizing customer effort and creating a frictionless process.

In October of 2021, the company began leveraging Natural Language Processing (NLP) powered by AI to analyze and categorize customer issues and calls. This helped them understand where manual intervention is most valuable throughout the auto insurance claims journey, and to scan and build summaries for life insurance underwriting.

USAA has a long tradition of excellence in the application of data and analytics on behalf of its members and a deep understanding of the role that data plays in the

successful application of new technologies such as AI. This is reflected in a clear vision for how data is managed, organized, and architected, as well as the use of data for operational, analytic, and AI purposes.

Ramnik Bajaj, who serves as the chief data and analytics officer of USAA, notes, “The strategic importance of data is well recognized within USAA. It is a board level topic for us.”<sup>2</sup> He outlines his organizational mandate, comprised of two corporate priorities:

1. Achieving a common data and analytics foundation for USAA, including establishment of a unified data environment and common toolset, and setting up the rails for data to be integrated, well organized, easy to find, accessed, and used with full governance and protection.
2. Working with businesses and data and analytics leaders across USAA to bring the power of data and analytics to bear in everything USAA does to serve its members.

USAA has processes in place to inventory the data assets of the company and structured approaches to protect them, govern their use, and manage their lifecycle.

The organization is working to deploy data and analytics into each interaction to provide the best experience and advice. In addition to enabling greater personalization, USAA uses data to improve the ease of member interactions, which requires integrated channel, member, and product data.

USAA is also using data to drive innovation within the business. For example, they have rolled out entirely new products that are based on data and analytics, such as the company’s safe driving auto insurance product, “SafePilot,” and “pay as you drive” product. USAA continues to invest in claims automation, using advanced computer vision AI models to bring significant automation to property loss assessments, especially in catastrophe scenarios.

# Navy Federal Credit Union

## Key learning points:

- Places huge importance on purpose and operationalizes purpose by continually demonstrating, in word and deed, that it is putting members needs first
- Use of automation to simplify processes and ensure Navy Federal gets it right the first time, reducing the potential for errors
- Upskilling employees to get them future ready

Navy Federal Credit Union (Navy Federal) is the world's largest credit union with 11 million members and 27,000 employees in locations around the world. Membership is limited to US armed forces, the Department of Defense, veterans, and their families. It has reclaimed a Top Three spot after four years. Navy Federal scored the highest in integrity and personalization, mastering the balance between gaining customers' trust and using individualized attention to drive an emotional connection.

All customer-facing staff are trained as universal bankers, enabling them to answer most requests without having to ask a specialist for help. This enables them to address requests efficiently and effectively increase customer satisfaction.

Navy Federal is dedicated to "meeting members where they need us" and providing a personalized experience for digital and in-person interactions. To address unprecedented call volume, Navy Federal uses speech analytics to identify keywords, discern the reasons for extension requests, and predict when a member may be able to resume payments.

Navy Federal is working to develop and mature an Automation Center of Excellence, working with partners to accelerate the introduction of new technologies and applications.<sup>3</sup>

Navy Federal also is actively upskilling its people, preparing front-line member service representatives to offer higher-value guidance to credit union members as computer systems take on basic tasks like providing bank balances.

Navy Federal leaders make it clear that even if things get rough and some jobs disappear because of automation, no one should expect to leave the company. The 87-year-old organization has never laid anyone off. And it has no plans to change that informal policy, says Stacy Keller Williams, vice president of enterprise change at Navy Federal.<sup>4</sup>



# Sherwin-Williams

## Key learning points:

- Taking a simple concept like paint, and looking at how color influences lives and how creating multiple options enables customers to personalize choices
- Making ESG central to the Sherwin-Williams brand and ensuring that they are continually reducing their environmental impact
- Using new technology to solve real customer problems when it comes to making the best of their homes

Sherwin-Williams has been based in Cleveland, Ohio, for 151 years. As of 2022, there were almost 5,000 Sherwin-Williams stores across the US. It is one of the world's leading paint and coatings companies operating in over 120 countries.

Sherwin-Williams' approach to achieving long-term customer relationships centers on delivering exceptional customer service. The company prioritizes satisfaction and strives to provide customized solutions that meet their customers' unique requirements.

While Sherwin-Williams is primarily a paint manufacturer and retailer, they also carry many consumer options within that category. They offer more than 1,500 paints and stains, with color choices that stand out from their competition.

Some of their products also work for both the interior and exterior of a home, providing even more versatility. They offer frequent coupons, sales, and discounts for shoppers, and a loyalty program for homeowners and professionals.

Many retail success stories focus on environmental and social commitment, and Sherwin-Williams sets an example. They recently launched a new store where they invited local firefighters to come and host a charity barbecue.<sup>5</sup> They believe it is important to be an active member of the community, not just a store that serves a community.

They also have a philanthropic foundation that supports "nonprofit organizations that deliver innovative solutions in the areas of children's health and education, and education for economic self-sufficiency for at-risk populations."<sup>6</sup>

Many retail success stories focus on environmental and social commitment, and Sherwin-Williams sets an example.

The company has committed to sustainability. In the US, several sites earned zero-waste designations by making changes as small as switching to LED lights.<sup>7</sup>

Sherwin-Williams has a robust website. They were one of the first to embrace augmented reality. Their Color Visualizer lets users see what different paint shades will look like on their own walls, find complementing shades, and get inspiration. The mobile app allows consumers to try out colors on the go, too.

# Edward Jones

## Key learning points:

- Establishing a test-and-learn culture that enables rapid deployment from concept to operationalization
- Developing a seamless, integrated toolset that harnesses best practice from methodologies such as Six Sigma and Agile at scale to create value for both customers and advisers
- Anticipatory service through using technology to proactively manage customer needs and predict issues before they occur

Edward Jones is a financial services firm with 19,000 advisers serving more than 7 million clients in the US and Canada. They are early adopters of new technologies, extensively testing and learning before operationalizing. This has led to exceptional customer experiences in which they have focused on anticipating customer needs and proactively solving them.

It is the integration of human contact supported by advanced technology that sets Edward Jones apart. Technology empowers the agent to deliver an exceptional experience while maintaining the one-to-one contact that is so important in the wealth management space.

Robotic process automation (RPA) has been an area of focus to improve productivity and reduce time spent on processes and error resolution. Their operations division began exploring RPA in 2017 and subsequently implemented their first bot into production in November 2018. Since then, they've deployed 17 additional bots, yielding 15 full-time employees in capacity savings, which in turn generated more than \$1 million in cost avoidance.<sup>8</sup>

While still at an early stage in this journey, the operations division has developed a structured approach using Lean Six Sigma tools to assess process readiness for automation, minimize or remove non-value-added work steps prior to development, and redesign processes to fully leverage the benefits of RPA.

Financial Foundation is Edward Jones' proprietary tool to help clients plan for their needs and goals and see exactly where they are on their financial journey. Advisers can work with clients to review their goals, set time horizons and personal risk tolerances, and then develop specific action items to help clients achieve their goals on their schedule.

In 2022, Edward Jones announced its intention to invest \$1 billion in new technology infrastructure, digital initiatives, virtual business enablement tools, and various test-and-learn pilot programs that it said are "designed to grow its impact and deepen client and financial adviser relationships."



# L.L. Bean

## Key learning points:

- Continually reinforcing the values of the L.L.Bean brand throughout the customer experience
- Intentionally orchestrating the L.L.Bean experience across multiple touchpoints and channels
- Genuinely and authentically giving back to society in a way that reflects the brand

**“It’s not enough to have retail systems that meet current customer demand; retailers require a technology platform that can anticipate and adapt to future requirements.”**

Founded in 1912, L.L.Bean is a pioneer in delivering outstanding customer experiences. From their handcrafted, made-in-Maine Bean Boots to their 24/7/365-day-open flagship store, L.L.Bean has built a sustainable business by offering high-quality products and treating customers with care.

Founder Leon Bean’s golden rule was to “sell good merchandise at a reasonable profit, treat your customers like human beings, and they will always come back for more.” His model, still used today, was to build loyalty by providing exceptional service. Hence, he focused on the sales, marketing, and customer service steps on the value chain, ensuring the company manufactured a high-quality product.

L.L.Bean is focused on its value chain, using technology to support the needs of tomorrow. “It’s not enough to have retail systems that meet current customer demand; retailers require a technology platform that can anticipate and adapt to future requirements.”

Like many retailers, L.L.Bean is embracing omnichannel sales by reaching out to customers across multiple channels—print, brick-and-mortar stores, website, apps, and social media. “We want customers to experience L.L.Bean as a dynamic, innovative brand, regardless of the channel.”

Orchestration has therefore become a critical competence. It requires an enterprise view of customers, inventory, and orders. L.L.Bean connects channels and touchpoints, including catalogs, e-commerce, and brick-and-mortar stores, to deliver a truly seamless customer experience.

However, it isn’t just about great customer experiences for L.L.Bean; it is also how you play a role in society that is consistent with the brand.

In 2022, L.L.Bean donated \$5.5 million to outdoor and community-enriching organizations focused on increasing access to and inclusivity in the outdoors.<sup>9</sup>

This year, in recognition of Mental Health Awareness Month, L.L.Bean has gone “off the grid” for a second consecutive year, pausing all social media channels to prioritize time outside and encouraging followers to join them. The company wiped its social media profiles clean, leaving behind expert-informed resources, tips, and tools to support people in getting outside for their own mental well-being—however, wherever, and whenever they can.<sup>10</sup>

To encourage participation, L.L.Bean has partnered with social fitness app Strava, inviting users to log their outdoor time in the app as part of the L.L.Bean Feel-Good Challenge, with a goal to spend a combined 500,000 hours outside during the month of May. Participation in the challenge will raise money for Mental Health America.

# Barnes & Noble

## Key learning points:

- Being clear on purpose, brand promise, and competitive positioning and ensuring this guides experience design
- Consciously empowering management and employees to optimize stock holdings in line with local needs
- Focusing on integrated omnichannel experiences, ensuring alignment between online and offline



Last year, 106-year-old Barnes & Noble was one of our breakout companies. It was orchestrating a fundamental corporate turnaround. This year, the company joined our Top Ten brands—proof that their turnaround is having a positive impact on their customer experience perceptions.

This year, Barnes & Noble, which has about 600 locations in the US, plans to open 30 net new stores in its new fiscal year, marking the first time in recent years that the company has gotten bigger, not smaller.

In 2022, book sales totaled 788.7 million units, according to NPD Bookscan. That was down 6.5 percent from 2021 but still up 11.8 percent from prepandemic 2019.<sup>11</sup> In fact, the company benefited significantly from additional book sales due to the pandemic.

After years in decline, the company's sales are up and their costs are down. The new chief executive officer (CEO) has a clear vision for the book retailer's future success. He has focused the business on book sales and exited from many non-book-related product lines. "We removed a ton of completely irrelevant products that occupied the stores' shelves—batteries, electronic chargers, water. We concentrated on things that support the core book offer and which a book-buyer would intuitively think

should be in a bookstore, including anything to do with writing," said CEO James Daunt.

For Barnes & Noble, it took an existential crisis to spur the retailer into action. As the heart of their business came under siege from online competitors, they had to decide what type of retailer they needed to be in a sector where digital and optimized customer experiences are the norm, and data-driven decision-making is key to success in the omnichannel shopping experience. They had to remember what originally made them so successful by starting to innovate again at the ground level, and by leveraging new digital technologies and experiences.

Revitalizing Barnes & Noble required revitalizing the brand's in-store retail experience. This meant articulating their brand promise so clearly that every employee understood what the brand stands for in the customer's mind. Everything that happens must be focused on bringing this promise of a relevant, differentiated, trustworthy brand experience to life for every customer, every day, in every store.

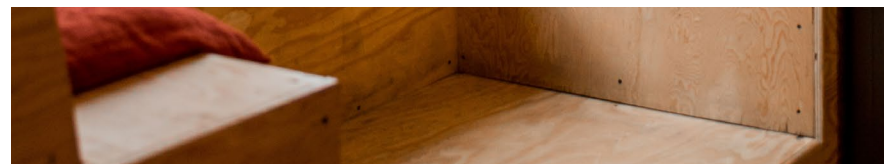
In reenergizing their stores, they focused on the advantage of live experiences they have over online retailers: the chance of a new discovery and finding an interesting

book based on its cover or title as you browse the shelves. It is this process of discovery that is difficult to replicate online.

Decision-making on stock and content was given to the store manager. No one knows the market, locale, and customers better than the store's general manager who, along with staff, delivers the brand's great experience to customers. The general manager brings the brand to life, making sure that each customer contact meets expectations.<sup>12</sup>

The stores themselves were given a makeover. When the company shut all its stores in 2020 because of the pandemic, it used that time to freshen up. Walls were painted. Furniture was rearranged. Some bulky displays were replaced with smaller tables. And they began doing more extensive redecorating.<sup>13</sup>

Barnes & Noble's online business has also improved. That segment is up 35 percent over its prepandemic level, though it makes up only about 10 percent of the chain's overall sales. After years of letting its Nook e-reader languish, the company has reinvested. It recently redesigned the Nook app to integrate audiobooks and released a new version of the device.<sup>14</sup>

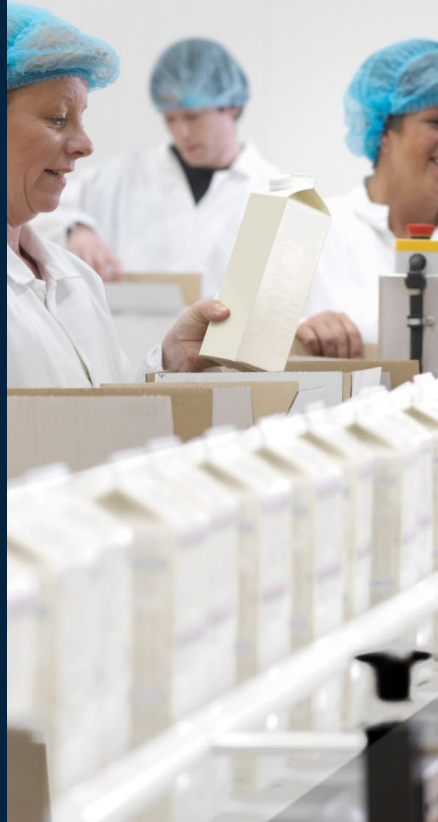




# Publix

## Key learning points:

- A firm belief among leaders that if you lead with customers satisfaction, everything else follows
- Focusing on the tangible human dimensions of an interaction, kindness, smiles, and emotional connection
- Taking care of employees the way you want them to take care of customers



**“We believe there are three ways to differentiate: service, quality, and price.”  
The focus is on delivering value.**

Publix boasts over 1,300 locations across the southeast US and is the most visited grocer in Florida and the second-most visited nationwide. The brand has added approximately 100 stores since 2019, including several new locations in recent months in 2023.

Where Publix makes its best impression, in addition to maintaining clean, fully stocked, well-staffed stores, is in finding opportunities to do something unexpected and wonderful. Their people do the little things that feel like big things to their customers.

Publix sets the standard for top-class customer service experience. The minute a customer walks into a Publix store, they find an associate welcoming them with a smile and ready to help the customer find what they are looking for.

If a customer asks for the location of a particular product, an employee will not only tell them which aisle it's in, but also find them a cart, put the product in, and wheel it to them. They will help bag groceries and walk them to the customer's car. These are some small ways the Publix employees are famous for going the extra mile to take care of their customers' needs.

Todd Jones, the CEO, proudly says, “We believe there are three ways to differentiate: service, quality, and price.”<sup>15</sup> The focus is on delivering value.

According to a Wall Street Journal article on Publix, many employees started off doing basic – but important – jobs within the organization.<sup>16</sup>

Publix currently employs approximately 250,000 people and is the largest employee-owned company in the United States. They put real care into choosing the right people and training them to do the things that matter to customers. A company known for great customer service will take care of its employees, who in turn will extend that happiness into loyal customers.

# Chick-fil-A

## Key learning points:

- Clarity on where humans should be in the loop so that the technology integrates with in-store humans in service of a great customer experience
- Advanced technology such as AI applied to surfacing potential problems like food poisoning before they become a big issue
- A clear implementation process—test and learn, trial, and refine then operationalize

While famed for its second-mile service and the high service standards of its employees, Chick-fil-A has also been an early adopter of advanced technology.

One of the biggest challenges any fast-food restaurant faces is determining the maximum time hot food can sit before it must be discarded. On the one hand, they want to minimize food waste; on the other hand, no one wants to eat cold fries.

Using a combination of 3D cameras, edge computing, and advanced analytics, Chick-fil-A built an Internet of Things system to monitor hot food for freshness and alert the team when it's time to throw it out.

Food poisoning is a huge concern across the catering industry. Businesses need an early warning system when things go wrong. However, in the past, unless a sick customer or their healthcare provider notified them, dining establishments would have no idea people were getting sick. In order to combat this issue, Chick-fil-A built an NLP-powered AI application to monitor social media for mentions of food poisoning.<sup>17</sup>

This voice-of-the-customer system processes restaurant review data every 10 minutes from a range of social platforms, which are passed onto a Python routine that filters for over 500 keywords and then notifies head office if any are detected where a human expert can then determine next steps.

At a limited number of restaurants in California, Texas, and Florida, they are testing delivery with the newest members of their team, autonomous delivery robots.<sup>18</sup> At their full potential, these robots can enhance restaurant operations, cut delivery costs, and provide great-tasting food with the consistency that customers expect.

Autonomous delivery robots are equipped with AI systems and advanced depth-perception cameras that allow them to navigate traffic patterns and pedestrians, and even maneuver through car and bike lanes, busy malls, and on sidewalks. The robots are speedy, with the vehicles in Austin travelling up to 15 miles per hour. During the test period, “safety chasers” follow these vehicles to ensure a smooth journey, answer any questions customers may have, and learn how to improve the experience.



# World's leading online retailer

## Key learning points:

- Aiming for frictionless processes where everything just works, with AI as a differentiating organizational resource, permeating every facet of the business
- Adopting a flywheel approach may take effort to get an AI project underway, but like a flywheel it generates greater relevance across the business
- Clear use cases and areas for prioritization, being an early adopter to gain competitive, first mover, advantage

Customers appreciate this company's diverse selection of products and quick delivery options. The business ensures both the authenticity of products and competitive pricing to maintain customer trust. And excellent customer service is critical to make responsive and helpful support available to customers when they encounter issues with their orders or have questions.

In 2023, as in the previous year, the retailer continues to make significant investments in generative AI research and development across its business in order to elevate customer experiences, optimize operational efficiency, and provide a wide range of advanced services and solutions.

One of the primary areas of focus is upgrading its search technology to be more proactive and conversational. The company is working on an auxiliary and optional tool, potentially in the form of a chatbot, to provide users with a more intuitive and interactive search experience.

Additionally, it has designed a service to facilitate the creation and expansion of generative AI applications in response to specific user requests. A common denominator across its tech landscape is the removal of effort and sources of friction for customers. Product recommendations are a good example. These have become so ubiquitous that shoppers don't even realize that they are AI-powered.

Being an early adopter of AI and automation, the company has built a competitive edge. The company now uses AI to boost the efficiency of its business operations. It adopts a flywheel approach. Similar to a flywheel, using AI takes a lot of effort to get started. However, once the wheel begins turning, it's far easier to keep it going by giving it continuous smaller boosts.

Thanks to this approach, innovation around AI and machine learning in one department helps the efforts of other teams as well. This essentially ensures innovation throughout the entire organization.

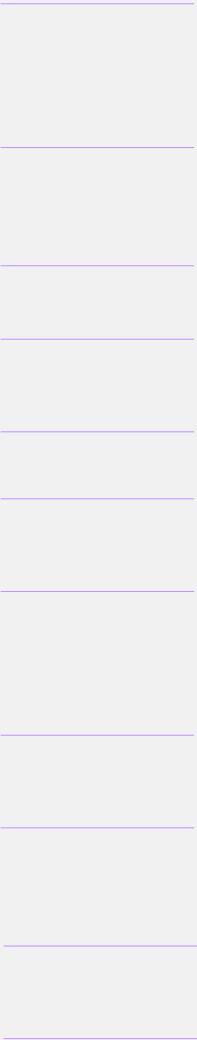




# Movers and shakers

These are companies that have made significant progress in the past year, increasing their placement in the rankings by more than 60 places.

- 1 **Humana**
- 2 **DoubleTree by Hilton**
- 3 **Progressive Insurance**



# Humana

## Humana increased its Customer Experience Excellence ranking by 119 places from 145 to 26 in 2023. Personalization is their leading pillar, followed by strong performance in Time and Effort.

Humana operates traditional medical and Medicare supplemental insurance, provides medical insurance to US military members, and has expanded to providing home healthcare, sending 50,000 nurses to attend to patients in their homes.

Humana was an early adopter of AI, using AI and RPA to assist the daily routine of their associates and making healthcare easier for clients to access. They approached the AI transformation by choosing important critical use cases as the initial projects so that they could demonstrate to stakeholders their value.

Insured customers call Humana for many reasons: understanding a claim status, inquiring about benefits eligibility, placing orders for new or refilled prescriptions, or appealing a medical coverage decision.

The answers to these questions are stored in different information systems. The company uses AI and intelligent automation to help bridge gaps between data archives to improve caller experiences.

“Whether a member calls about their medication or claim, we have a bot, or what we call ‘digital worker,’ actively helping the associate serve the member during the call. We are able to answer the question so much more quickly. The use of natural language processing, machine learning, and robotic process automation allows associates to have information instantly at their fingertips across multiple systems,” said Alexis Paul, director of Intelligent and Process Automation.<sup>19</sup>

Humana’s “cognitive digital worker” means that by using machine learning, the digital worker presents options to the associate beyond just automating a repetitive task.

While the technology has many exciting uses, it also has potential downsides. Humana is acutely aware of this and has published a Statement of Principles that lays out their approach and the role technology can play in making the healthcare experience more human for its members:

“Humana is among the leaders in the industry in developing ethical AI (Artificial or Augmented Intelligence) capabilities. Our most important concern in making use of artificial intelligence and advanced analytics is to continue to make the healthcare experience more human for our members and unite them with their doctors to find the simplest, most personal ways to engage their health and well-being. These efforts will help our members move toward their individual health goals in a more streamlined, easier fashion, while also helping us work toward making the communities our members live in healthier.”

Conscious of the potential for job displacement, Humana made a big push to educate their associates on how to become citizen developers by teaching them the nonprogramming skills required to build new features.

## Key learning points:

- Build a risk framework around AI that is governed by a set of well-defined principles that ensure it is used responsibly and ethically
- Personify AI as a coworker to aid employee acceptance
- Upgrade employee skill sets to ensure they are ready for the future

# DoubleTree by Hilton

## Key learning points:

- Focusing AI on real value-adding applications for customers that remove pain points and ensure a frictionless experience
- Embedding AI into existing technologies, building from a position of strength (its advanced app), and identifying simple use cases at the outset
- Monitoring the satisfaction with both digital and human service to ensure that the technology is connecting both emotionally and physically with customers

DoubleTree by Hilton advanced 84 rank positions from 2022 to 2023, moving to the 77th place in our Customer Experience Excellence index.

DoubleTree performed well in Time and Effort and Expectations among the six pillars and excelled in the Personalization pillar.

Hilton has been on a mission to apply new technologies to improve the customer focus based on the changing needs of modern travellers, who are seeking tailor-made experiences.

Its approach is one of experimentation. The global hotel group is experimenting with how it can use AI to deeply personalize the guest experience, both at the point of booking and during stays, and provide unique tailored add-ons such as arranging parking, prebooking meals at fairly short notice, and organizing late checkouts. These are things that will save the customer time and reduce the need to make these requests on arrival.

Its market-leading Hilton Honors app has introduced a whole host of innovations designed to remove customer pain points. Now Hilton has turned to AI to add new levels of personalization. Hilton's foray into AI started with Connie (named after founder Conrad Hilton), an AI-based concierge in 2016.

They have now added an AI customer service chatbot in China to provide guests with a quick and convenient one-stop source for travel advisory services, including local weather, member check-in, and promotion details. It will even entertain guests throughout their journeys by continuously offering smart suggestions and tips. This service required extensive training of the generative model and the algorithms it uses to ensure the advice was contextually correct.

Since its launch in February 2020, Xiao Xi has replied to more than 50,000 customer inquiries, with a 94 percent customer satisfaction rating, which far surpasses the average performance for a general AI chatbot.<sup>20</sup>

**50k** inquiries replied **94%** customer satisfaction



# Progressive Insurance

## Key learning points:

- Link AI bots to a brand personality—give it recognizable human characteristics
- Embed AI in crucial risk-based analytics where large amounts of data need to be processed and patterns identified
- Carefully monitor AI outcomes to ensure the apps don't drift away from initial objectives as they learn

In business since 1937, the Progressive Corporation is a large insurance company in the US that offers personal and commercial property and auto insurance. The company has been experimenting with AI since the mid-2010s, with customer-facing applications that update insurance premiums based on driving habits and answer questions in a chat window. More recently it launched Flo, an intelligent bot based on their television spokesperson.

Progressive advanced 63 rank positions from 2022 to 2023 as it entered the Top 100 in 94th place. Value (price/rate) is the top driver in the insurance sector and Progressive operates in a highly competitive market where price is vital when customers shop or renew their insurance policies.

This year, Progressive focused investment in product development to make pricing more competitive. At the end of 2022, the company launched product design 8.0 and completed 25 auto model upgrades within the commercial insurance sector. Progressive's 8.0 product models improve segmentation, deliver lower rates for the least risky drivers, and introduce new coverages.<sup>21</sup>

The insurer also incorporates AI into multiple areas of its business to resolve customer inquiries in a timely and effective manner, and it can determine customer

premiums by using predictive analytics that are underpinned by driving history and behavior.

The program, called Snapshot, requires customers to install a device into their car's diagnostics port or download an app to their mobile phone. As the customer drives, the device or app records information about the driver's behavior and feeds it into a predictive analytics algorithm. The algorithm offers employees at Progressive a recommendation on whether to increase or decrease the customer's premium payments after the initial six-month period during which they have the Snapshot device or app installed. Progressive states that underwriters were able to create and analyze new risk models much faster after adopting the platform.<sup>22</sup>

The company also supports customers using an NLP-enabled chatbot that accesses the company's knowledge base to answer questions in the voice of spokesperson Flo.<sup>23</sup> The bot is accessed through the company's Facebook messenger account. It can help customers:

- File a claim
- Get an auto insurance quote
- Change premium payment due dates
- Answer basic questions about auto insurance, such as "What is a deductible?"

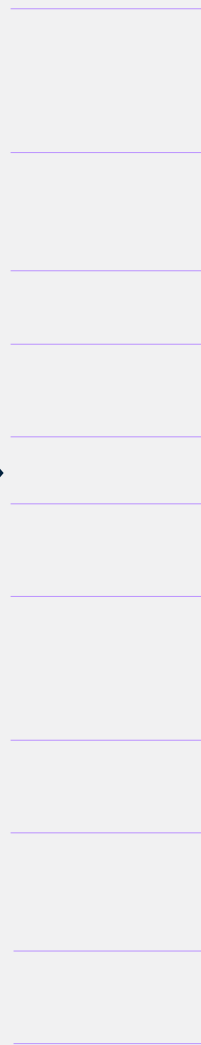




# Mavericks

These are brands new to the study, debuting in the top 60 positions in their first year.

- 1 Total Wine & More
- 2 Outback Steakhouse
- 3 AutoZone





Mavericks

# Total Wine & More

Total Wine & More is the country's largest independent retailer of wine, beer, and spirits. It has 250 stores in 27 states. It conducts online sales in 24 states that allow online alcohol sales. The retailer offers a large selection of products and advertises them as competitive in price. Each store carries approximately 8,000 different wines from around the world, 3,000 types of spirits (where permitted by law), and 2,500 beers. Stores also carry accessories, gifts, and cigars.

**"We're passionate about wine and know many of our customers feel the same way. So, we are committed to offering the nation's best wine selection, with an emphasis on fine wines."<sup>24</sup>**

The company has about 7,000 employees, including 500 employees at their corporate headquarters in Bethesda, Maryland, and 800 wine specialists.

Total Wine & More sets itself apart from competitors with its commitment to the communities it serves and its focus on social responsibility. It has supported local, regional, and national charities with more than \$300 million in in-kind and monetary donations over the last 10 years.<sup>25</sup>

**"We strive to be a responsible corporate citizen, an engaged leader in the community, as well as a trusted partner for our customers' needs in enhancing their life events."**

The company demonstrates this commitment through the time and effort contributed by team members. Every spring, corporate office teams in Bethesda and Boca Raton, Florida, participate in a corporate-wide Week of Service, involving neighborhood beautification, tackling food insecurity in the community, and other social service projects.<sup>26</sup>

Mavericks

# Outback Steakhouse

Outback's high position in the index came as a result of a major focus and investment in their customer experience improvement efforts.

A fundamental review of strategy in 2018 resulted in Outback moving away from their previous discount-priced model. They have reallocated resources into steak preparation and portion sizing, reducing complexity within restaurants, and improving ambiance through an ambitious remodel program.

When it comes to digital, the company has focused on three key areas:

- Pre-visit control
- Seamless digital experience in restaurant
- A customer data strategy to increase personalization and targeted marketing.

Outback is now seeing positive results from CRM initiatives, data personalization, and its loyalty program. They are migrating many dine-in-only customers towards delivery and off-premise dining, which has driven up lifetime customer value.



AutoZone is America's number one vehicle solutions provider. It was founded in 1979 and has since expanded to more than 6,400 stores across three countries, with over 96,000 employees. It earns nearly \$12 billion in annual revenue and is a Fortune 500 company.

AutoZone's key mission is to put its customers first. The company serves everyone from everyday consumers and do-it-yourself (DIY) auto enthusiasts to repair shops and other retailers, including dealerships.

For AutoZone, agility and speed are essential. "Repairs are often emergencies. When your car is out of business, you are out of business. Customers expect to receive their products nearly as fast as they can order them," according to AutoZone IT Manager Jason Vogel.<sup>27</sup>

Customers talk about five good practices that AutoZone has implemented to make the customer's life easier:

- 1. Car model parts checker:** So, customers know what they buy fits their car
- 2. Targeted emails and region-specific flyers:** Showing products that are specifically relevant to the individual customer
- 3. Repair tips on part orders:** Confidence builders that help customers DIY
- 4. One-stop shopping:** Drop off old fluids for free to complete jobs
- 5. Fair deal credits:** Honoring the principle of Fairness.

Central to its success has been its ability to harness and use vast quantities of data. It provides retail employees the means to instantly locate and provide parts to customers, along with the knowledge of how to install those parts. It optimizes the supply chain to ensure agile, efficient operations so stores and repair shops always have the parts they need.

And it allows AutoZone to provide innovative programs like their Next Day Delivery service, which covers 85 percent of the US population and lets customers order up to 100,000 parts or products as late as 10 p.m. for delivery the next day.



# The Six Pillars of Experience

Even in a world fueled by technology, the Six Pillars of Experience still define the DNA of great customer experiences. They serve as principles providing guidance on how to incorporate leading practices into the design of leading customer journeys.

The Six Pillars, when applied together, 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.

In this new age of AI, they are not only relevant, but also essential considerations if firms are to maximize the opportunities and minimize the risks.

The reasons for customer dissatisfaction with an experience are different from the reasons that promote advocacy and loyalty—consequently there is a Maslovian hierarchy to take into account when focusing on the pillars. There is little value in focusing on developing

Personalization or Empathy if there is poor lower order performance that undermines trust and causes dissatisfaction and negative comment.

The following table illustrates how the Six Pillars can unify internal efforts to drive improvement and the customer perceptions that should be taken into account.

The hierarchy spotlights where, when implementing AI, organizational efforts can be best expended, removing the causes of mistrust, unresolved issues, missed expectations, and basic misfires. Advocacy is driven when the customer finds the organization easy to do business with, suited to their personal circumstances, and exhibits care. AI has a role to play in each of these.



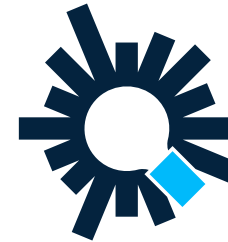
Personalization



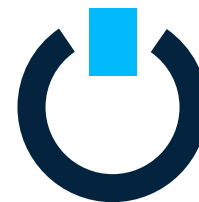
Empathy



Expectations



Resolution



Time & Effort



Integrity



## Empathy

### Inside out: The company perspective

- Human and empathetic cues
- Solves a life problem
- AI augmented human interactions

### Outside in: The customer perspective

- I want a human touch—when I need it.
- I want to feel heard and be understood. I don't think a machine can do that.



## Personalization

- AI tailored experiences
- Real-time personalization and decision-making
- Predictive recommendations

- I want AI to anticipate my needs and proactively help. For example, suggest relevant products or services, and even predict potential issues before they arise.



## Time & Effort

- Streamlined customer journeys; faster, more efficient operations
- Order processing, tacking, and delivery
- Automated onboarding—error reduction

- When AI is incorporated into various products, such as autonomous vehicles, security systems, and smart appliances, I want to be assured about safety, efficiency, and usability.



## Expectations

- Predict needs and preferences
- AI-driven recommendation engines that surprise and delight
- AI-managed interfaces and journey orchestration

- I want companies to accurately set my expectations, and when I interact digitally, whether I will be dealing with a machine or a human.



## Resolution

- AI identification of trends and patterns to support problem solving
- 24/7 inquiries answered and streamlined interactions, leading to faster issue resolution and improved customer service
- Predictive resolution before customer has the problem

- When using AI-powered chatbots and virtual assistants, I want to receive at least the equivalent of a human interaction.
- I want certainty that my problem has been resolved.
- I fear the loss of human touch in emotional interactions.



## Integrity

- Transparency, data privacy, and ethical use
- Eradication of bias
- Ongoing governance and inspection

- I worry about the potential for job displacement and have concerns about job security and unemployment.
- I worry about AI, especially when it comes to privacy and data security and how my information is being used.
- I want to trust the outcomes of machine-made decisions.

# Integrity



## Actions:

1. Analyze customer journeys to understand where trust is built or eroded.
2. Include AI on the risk register and ensure that the downside risks are given sufficient airtime alongside the opportunities. Develop an AI ethics framework.
3. Adopt a “zero trust” approach to all interactions to minimize opportunities for fraud and privacy issues.

Overall, the responsible and thoughtful implementation of AI, with a focus on transparency, data privacy, and ethical use, will positively impact customer trust. Companies that demonstrate a commitment to customer well-being and empowerment through AI technologies are more likely to build long-term trust and loyalty. There are, however, areas that companies will need to focus on to ensure that they build rather than erode customer trust.

One of the critical concerns with AI is data privacy. Customers will be hesitant to share their personal information if they fear that it could be misused or compromised. Companies must prioritize data security and transparency to build and maintain customer trust. AI-powered systems can sometimes make decisions that are difficult to explain or understand, leading to a lack of trust. To overcome this, businesses should strive to

**Companies that demonstrate a commitment to customer well-being and empowerment through AI technologies are more likely to build long-term trust and loyalty.**

create AI models that are explainable, ensuring customers can comprehend the reasoning behind AI-generated recommendations or actions.

The ethics of AI and how it is used have become talking points in the media. As a result, customers expect companies to use AI ethically and responsibly. Businesses that prioritize ethical considerations, such as avoiding harmful uses of AI or ensuring transparency in their AI practices, are likely to earn and maintain customer trust.

The pandemic showed that customers can become concerned about the impact on employees and may worry about job losses due to automation driven by AI. Companies should address these concerns proactively and communicate the benefits of AI in terms of productivity and job enhancement, rather than replacement.



# Resolution



## Actions:

1. Consider using AI on employee and customer feedback to identify patterns and surface hidden issues.
2. Extend root-cause analysis and build a picture of linked pain points and the causal relationship between them. Develop predictive models to drive proactive customer support.
3. Look to next-generation conversational chatbots to avoid channel deflection to a lower satisfaction technology that results in short-term benefits, but long-term loss.

AI can have a transformative impact on customer inquiry resolution and problem solving, improving efficiency and enhancing the overall customer experience. AI algorithms can process vast amounts of data and information quickly and accurately. This means that AI systems are less likely to make mistakes or provide incorrect information, leading to more precise query resolution.

AI can assist human support agents by suggesting solutions based on previous interactions and customer data. This speeds up the problem-solving process and reduces the back-and-forth between customers and support teams.

AI-powered chatbots and virtual assistants can provide 24/7 instant responses to customer questions, reducing the time customers must wait for assistance. These systems can handle a large volume of

inquiries simultaneously, ensuring faster query resolution. Similarly, AI-driven knowledge bases and FAQs allow customers to find answers to questions without requiring human intervention. This self-service approach empowers customers and reduces the workload on support teams.

AI can efficiently route complex or unresolved queries to human support agents. By prescreening and categorizing queries, AI ensures that human agents focus on more challenging issues, optimizing their expertise and problem-solving capabilities. AI systems can learn from past interactions and customer feedback, continually improving their problem-solving abilities over time. This adaptive learning leads to more effective inquiry resolution and customer support.

In addition, AI can detect potential problems or issues before they arise and reach out to customers proactively. By offering assistance before customers encounter difficulties, AI can prevent escalations and enhance customer satisfaction.

Finally, AI can analyze customer data to identify patterns and trends in queries and issues, automating root-cause analysis and problem identification. This information helps businesses identify common pain points, improve products or services, and optimize their support processes.



The Six Pillars of Experience

# Expectation

AI can play a crucial role in helping companies meet and even exceed customer expectations. It can use predictive analytics to anticipate customer needs and preferences. By understanding customer behavior patterns, companies can proactively offer relevant products and services, exceeding expectations by providing solutions before customers even ask for them.

The increasing use of AI-driven recommendation systems that can suggest products or services based on a customer's past purchases and preferences increases the chances of cross-selling and upselling as well as leading to a more satisfying shopping experience for customers.

AI can automate processes, such as order processing, inventory management, and customer support, leading to faster and more efficient operations that meet customer expectations. This streamlines the customer journey and reduces friction, enhancing overall satisfaction.

## Actions:

1. A number of organizations have released low-code or no-code AI applications. Exploring these is a simple and safe way to start gaining AI experience.
2. Use AI to optimize user experience, simplifying interaction pathways.
3. A number of supply chain AI applications exist and provide easy entry to improved inventory management.



The Six Pillars of Experience

## Time & Effort



### Actions:

1. Analyze the customer lifecycle to identify where AI will have the most beneficial impact both commercially and for the customer.
2. Use customer journey and value stream mapping to identify specific value-enhancing use cases.
3. Focus on the onboarding journey. Not only do first impressions count, but also many downstream issues are seeded in the onboarding journey.

AI can significantly reduce the time and effort customers spend when dealing with companies by streamlining processes, automating tasks, and providing personalized assistance.

AI can index and analyze vast amounts of information, making it easier for customers to find specific details or solutions quickly. This reduces the time spent searching through websites or documents to find relevant information.

AI can handle order processing, tracking, and delivery updates automatically. Customers don't have to wait for manual processing or contact customer support to inquire about their orders.

Using AI to automate the onboarding process for new customers, guiding them through account setup, and providing relevant information promptly ensures quick and accurate setup. Often, downstream problems occur due to errors in the onboarding process.





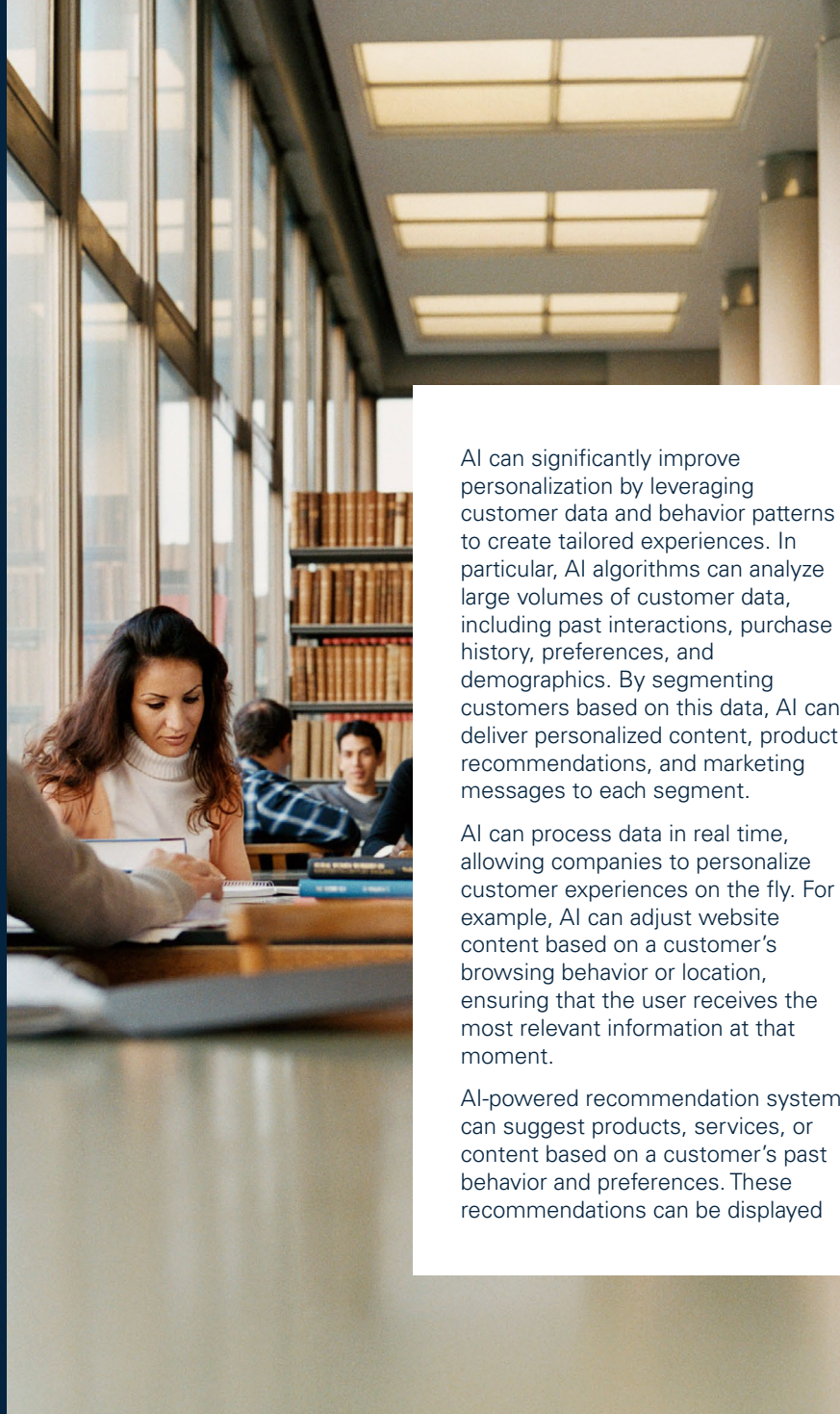
The Six Pillars of Experience

# Personalization



## Actions:

1. Evaluate GPT models. GPT AI offers some unique advantages when it comes to developing personalized copy for customers and is able to generate exciting and relevant content.
2. Personalization requires data. Make data a board-level issue and evaluate a Customer Data Platform as a means of aggregating and synchronizing all data.
3. Focus on data quality, not quantity. AI is fueled by data, but it has to be the right data.



AI can significantly improve personalization by leveraging customer data and behavior patterns to create tailored experiences. In particular, AI algorithms can analyze large volumes of customer data, including past interactions, purchase history, preferences, and demographics. By segmenting customers based on this data, AI can deliver personalized content, product recommendations, and marketing messages to each segment.

AI can process data in real time, allowing companies to personalize customer experiences on the fly. For example, AI can adjust website content based on a customer's browsing behavior or location, ensuring that the user receives the most relevant information at that moment.

AI-powered recommendation systems can suggest products, services, or content based on a customer's past behavior and preferences. These recommendations can be displayed

on websites, mobile apps, or in marketing communications, increasing the likelihood of customer engagement and conversion.

AI can optimize email marketing campaigns by tailoring content, subject lines, and sending times to individual customer preferences. This level of personalization increases the chances of emails being opened, read, and acted upon. Further, AI can dynamically customize website content for each visitor, presenting different layouts, offers, and messages based on their interests and past interactions. This creates a unique and engaging experience for every user. AI can predict customer needs and behavior by analyzing historical data. For example, it can anticipate which products a customer might be interested in, allowing companies to present relevant offers before the customer even searches for them.

# Empathy



## Actions:

1. Consider where in a customer journey a human touch will make a difference.
2. Use sentiment analysis to understand the emotional state of customers as they progress along journeys.
3. Identify where AI can augment and empower employees and deliver a superior experience, not just replacing them with technology.

While technology will struggle to replicate human empathy, AI has the potential to promote greater empathy in people by assisting in ways that foster understanding, connection, and emotional intelligence.

AI can analyze vast amounts of customer data and feedback to gain deeper insights into customer needs, pain points, and emotions. This data-driven understanding helps companies and employees empathize with customers' experiences and challenges. AI-powered sentiment analysis can gauge the emotional tone in customer interactions, reviews, and feedback. This allows companies to respond appropriately with empathy and compassion, addressing concerns and celebrating positive experiences.

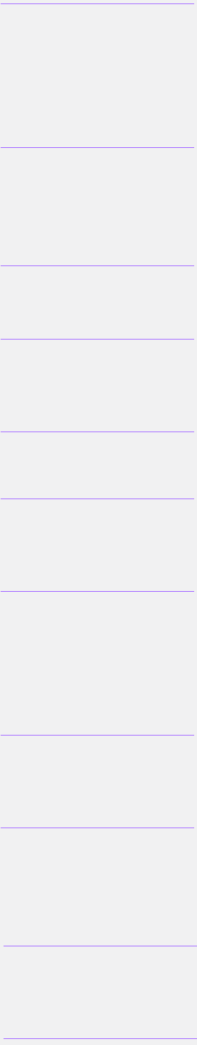
AI can provide personalized coaching and feedback to employees, helping them improve their communication and emotional intelligence skills. This can enhance their ability to empathize with customers and colleagues. AI can enhance VR training simulations that expose employees to different scenarios, including challenging and emotional situations. These simulations can foster empathy by encouraging employees to put themselves in others' shoes.

AI algorithms can be designed to reduce biases in hiring and decision-making processes, leading to a more diverse and inclusive workplace. A diverse workforce often results in greater understanding and empathy towards various perspectives.

It's important to note that while AI can contribute to increasing empathy, it should complement, not replace, genuine human interactions. Companies must strike the right balance between AI-driven automation and maintaining a human touch to create an empathetic and compassionate work environment. Training employees to leverage AI tools responsibly is crucial for maximizing the positive impact of AI on emotional intelligence within the organization.

# 2

## Preparing for AI-enabled customer experiences



With new technology, it is easy for businesses to revert to the trap of thinking inside-out:

What can it do for us?

How can we use it to increase revenue, reduce costs to serve, and streamline our processes?

These are valid considerations, but they should be balanced against the outside-in view, and how customers want your brand to play a role in their lives.

## Customer attitudes

The use of AI poses both risks and challenges, raising concerns about whether AI systems (inclusive of data, algorithms, and applications) are worthy of trust. These concerns have been fueled by high-profile cases of AI use that were biased, discriminatory, manipulative, unlawful, or violated human rights. Realizing the benefits AI offers and the return on investment in these technologies requires maintaining the public's trust: people need to be confident AI is being developed and used in a responsible and trustworthy manner.

In its global report, "Trust in Artificial Intelligence,"<sup>28</sup> KPMG surveyed over 17,000 people from 17 countries covering all global regions: Australia, Brazil, Canada, China, Estonia, Finland, France, Germany, India, Israel, Japan, the Netherlands, Singapore, South Africa, South Korea, the United Kingdom (UK), and the United States. These countries are leaders in AI activity and readiness within their region.



## Key findings from US respondents are as follows:

### 60 percent of respondents are wary

Most people are wary about trusting AI systems and have low or moderate acceptance of AI; however, trust and acceptance depend on the AI application.

People have more faith in AI systems to produce accurate and reliable output and provide helpful services, and are more sceptical about the safety, security, and fairness of AI systems and the extent to which they uphold privacy rights.

### 72 percent believe that organizations using AI must make it trustworthy

The findings reveal strong global public support for the principles and related practices organizations deploying AI systems are expected to uphold in order to be trusted.

People expect organizations deploying AI systems to uphold high standards of data privacy, security, and governance; technical performance, accuracy, and robustness; fairness, nondiscrimination, and diversity; human agency and oversight; transparency and explainability; accountability and contestability; and risk and impact mitigation.

### Respondents are both excited (60 percent) and nervous (48 percent)—simultaneously

People are ambivalent in their approach to AI, feeling both excited and worried at the same time. Wariness and ambivalence towards AI can be partly explained by an individual's mixed views of the benefits and risks.

However, on average, only one in two people believe the benefits of AI outweigh the risks.

### Only 45 percent of respondents feel they have a moderate or higher understanding of AI

People want to learn more about AI but currently have low understanding. While 82 percent of people are aware of AI, one in two people report feeling they do not understand AI, or when and how it is used.

This suggests understanding AI sets a foundation for trust. Most people in the US (73 percent) want to know more about AI. Considered together, these findings suggest a strong need and appetite for public education on AI.

Companies will need to respond positively and proactively to mitigate customer concerns. AI needs to be added to the internal risk framework, and clear operating procedures are required that ensure that AI is always used responsibly and ethically. Leading companies are now publishing their responsible AI frameworks—an essential step in preparing both the organization and the customer for AI enabled experiences.

# AI and the customer lifecycle

AI has multiple roles to play across the customer lifecycle. Organizations will need to be careful this doesn't lead to a disconnected customer experience as multiple AI models interact separately with customers. It requires central coordination and management across the enterprise to ensure consistency and cohesion.



# Customer lifecycle

## Reach

### Targeted marketing

AI-powered data analytics, improved lead generation, and conversion rates

### Customer service

AI-driven chatbots and virtual assistants

## Engage

### Pricing and revenue

AI algorithms that optimize pricing strategies

### Content generation

Personalized content generation and delivery

### Personalized recommendations

Address customer life needs

## Active

### Onboarding

Automated verification and personalized communication

### Inventory control and supply chain

AI employed to optimize inventory management

## Nurture

### Fraud and cybercrime analyst

AI algorithms employed to identify potentially fraudulent activities

### Service support

AI chatbots and virtual assistants provide instant customer support and automated query routing to the most appropriate agent

### Predictive support

AI anticipates potential issues and offers solutions

## Retain

### Churn prediction

Allows businesses to take proactive measures to retain those customers

### Personalized offers

Deliver personalized loyalty rewards and offers

### User-generated content analysis

Analyzes and identifies brand advocates

### Customer feedback

Identifies previously unseen patterns in data

## Examples

### Hilton Hotels

Uses "Connie," an AI bot that answers customer queries

### World's leading ecommerce provider

Uses advanced recommendation engines

### Nike

Uses AI to predict customer preferences for sneaker and clothing designs in order to manufacture appropriate quantities

### American Express

Uses "Gen X" for fraud detection; system developed using billions of observations and executes over 1,000 decision trees to generate decisions in milliseconds

### Hilton Hotels

Uses AI to support Hilton Honors loyalty and promotional activity

# Lessons on capturing true value from AI

Our leading companies are early adopters of AI and have discovered that applying old rules to a new reality is not a recipe for success. An AI environment in which machines think for themselves and make learning-based decisions creates a new paradigm, with new rules required to set the business up for future success. By codifying how they have managed their progress, we see 12 key implementation principles among leading adopters:

- 1 They start small.** It's more candle than bonfire. The leading adopters seek to understand the implications of operating AI in the real world, carefully selecting the right use case that sits well with existing systems and data structures, so that once perfected it can be operationalized and scaled. The AI-supported systems deliver on the actual tasks the customer needs rather than pushing them out into another 1-800 channel to solve what the technology could not deliver.
- 2 The focus is on trust.** They ensure that every aspect of the AI implementation is examined to see where trust is built or eroded. They also ensure that employees can trust the outcomes. If employees do not have trust, then customers won't either.
- 3 AI as a virtual employee.** They name their AI and personify it with human characteristics, using this mindset to drive internal adoption. They have clarity on the job roles performed by employees and by AI.
- 4 Importance of human connection.** They understand the need for a human in the loop where the combination is an enabler to stronger customer relationships.
- 5 Economics of AI.** These are clearly understood, with business cases demonstrating both significant cost savings and value enhancement.
- 6 Measure customer acceptance.** They monitor customer satisfaction with AI alongside the human equivalent to ensure they are not deflecting customers into a low satisfaction channel.
- 7 Data as a strategic asset.** For leading companies, data is a board-level topic. They recognize that it is about quality, not quantity. The first stage of their analysis is commonly to achieve clarity over what data is required to drive the AI models and algorithms.
- 8 Manage job displacement.** Jobs will be lost—but new ones will be created. Leading companies address this on the front foot to ensure employees are excited rather than threatened by the new technologies. New roles are identified, and existing employees trained and developed to grow into them.
- 9 AI end point vision.** They have a vision of how AI and advanced technologies can lead to a better future for the organization and its people. Clarity on the potential end state ensures a cohesive enterprise-wide approach.
- 10 Outcomes-based pathway.** The steps required to reach the vision are carefully laid out in stages of maturity that will deliver improved customer outcomes.
- 11 New risks.** They are deeply aware of new technologies' power for good—but also for bad. They are clear on the various risks and have plans to mitigate them.
- 12 AI friendly culture.** They recognize that this is a new world driven by data algorithms and iterating models. This requires employees to think in new ways—the design of experiences and the supporting processes must be machine-executable end-to-end.



# Making the connection

Prioritizing around value enables companies to focus their AI efforts in a consistent and effective way. It means precious resources are intentionally deployed on the innovations most likely to help the organization grow and prosper.

Once they are clear on where to deploy AI, companies should focus on connecting every part of their business and orchestrating activities to build stronger customer relationships.

Creating these connections requires a holistic approach. Working with Forrester, KPMG has identified eight **Connected Enterprise capabilities** that define how modern organizations work. They encompass the skills, knowledge, processes, architectures, and resources an organization needs to execute its strategy and deliver value to customers.

Organizations that focus on all eight tend to deliver twice the value of those that do not. By connecting AI to these capabilities, leaders can focus their efforts on building the internal coherency needed to thrive over the long term.

## Connected Enterprise capabilities



To learn more about the Connected Enterprise capabilities, go to [KPMG Connected Enterprise - KPMG Global](#).

# Conclusions

In years to come, 2023 will undoubtedly be looked upon as the year when AI moved mainstream. The widespread access to ChatGPT has opened corporate eyes to the art of the possible. It has stimulated a wide range of potential use cases and initiated something of an arms race across technology companies.

But the lessons we have learned from previous generations of technology continue to be true. First and foremost, technology must be human-centered and it must address key pain points, not introduce more. When used as a front-line interface, it can easily become a barrier. Critically, it has the power to deter customers, not only from the transaction but also from the company itself.

When we look at the companies pioneering the successful use of AI, the human experience is uppermost in importance. Leading AI companies such as Ebay, American Express, and USAA ensure that technology augments the human experience, not diminishes it.

These companies focus on creating value, both for themselves and their customer; they look to reduce costs but not at the expense of the customer relationship, and above all, they seek to ensure that their use of this advanced technology is transparent, ethical, and responsible.

Companies like Humana recognize that this is true for employees, too. They position AI as a digital workplace colleague, there to support and assist employees to achieve more. They are developing their people with the skills and competencies to both use and manage AI models in advance of the tool's deployment.

AI requires organizations to think about their culture, the role of data, and how they manage the implementation of a potentially game-changing technology.

The technology itself is only part of the answer. The values of the organization, what it stands for, its purpose, and its environmental and societal commitments are all important areas to imbue into the experience—regardless of the media being used.

**Expressing the brand personality through digital interactions and humanizing the technology will be vitally important if the emotional connection between brand and customer is to be sustained.**

2023  
**US top 100  
Results**

**Sector Key**

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

**Change vs. 2022**

- Up
- Down
- No Change
- New to analysis
- Not Ranked in 2022

1 H-E-B 	2 USAA 	3 Navy Federal Credit Union 	4 Sherwin-Williams 	5 Edward Jones 	6 L.L. Bean 	7 Barnes & Noble 	8 Publix 	9 Chickfil-A 	10 Leading Online Retailer 			
11 In-N-Out Burger 	12 Fidelity 	13 Mayo Clinic 	14 Ace Hardware 	15 Tiffany & Co. 	16 The Vanguard Group 	17 Costco Wholesale 	18 Discover 	19 Patagonia 	20 American Greetings 	21 American Express 	22 Total Wine & More 	23 Charles Schwab 
24 Polo Ralph Lauren 	25 Sam's Club 	26 Humana 	27 Food Lion 	28 Wegmans 	29 Merill Lynch 	30 Ally Bank 	31 AAA 	32 Hilton 	33 Hallmark 	34 Hy-Vee 	35 Marriott Hotels & Resorts 	36 Chase 
37 Hyatt 	38 Petsmart 	39 Calvin Klein 	40 Nordstrom 	41 Victoria's Secret 	42 Alaska Airlines 	43 QuikTrip 	44 State Farm 	45 Apple Store 	46 Meijer 	47 Outback Steakhouse 	48 BJ's Wholesale Club 	49 Southwest Airlines 
50 Starbucks 	51 Shop Rite 	52 Foot Locker 	53 Wawa 	54 Aldi 	55 AutoZone 	56 Kroger 	57 Under Armour 	58 Olive Garden 	59 Zappos 	60 Hannaford 	61 Carraba's Italian Grill 	62 Lowe's 
63 Disney Parks 	64 Vistaprint 	65 Visa 	66 Walgreens 	67 Advance Auto Parts 	68 Sephora 	69 MasterCard 	70 Red Lobster 	71 The Home Depot 	72 Krispy Kreme 	73 PNC 	74 Michael Kors Store 	75 Whataburger 
76 PayPal 	77 DoubleTree by Hilton 	78 Nespresso Store 	79 Marshalls 	80 Best Buy 	81 Whole Foods 	82 Westin 	83 Hampton Inn & Suites 	84 Levi Strauss & Co 	85 United Healthcare 	86 Capital One 	87 Ruby Tuesday 	88 Kaiser Permanente 
89 American Eagle Outfitters 	90 Delta Airlines 	91 Bonfish Grill 	92 T.J. Maxx 	93 Cricket Wireless 	94 Progressive 	95 Albertsons 	96 HULU 	97 Tommy Hilfiger 	98 JPMorgan 	99 Medicare 	100 Netflix 	

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## Jeff Mango

Managing Director  
Customer Experience Lead  
KPMG LLP  
E: [jmango@kpmg.com](mailto:jmango@kpmg.com)

## Jason D. Galloway

Principal  
Customer Advisory Lead  
KPMG LLP  
E: [jasongalloway@kpmg.com](mailto:jasongalloway@kpmg.com)

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