



# Next Generation CX: AI & the orchestrated experience

Customer Experience Excellence Report 2023 – Hong Kong (SAR) Edition



[kpmg.com/cn](https://kpmg.com/cn)

# Table of Contents

<b>Foreword</b>	<b>3</b>
-----------------	----------

---

<b>2023 Key Insights</b>	<b>4</b>
--------------------------	----------

- Summary Insights
  - Hong Kong's Top 10 Leading CX Brands
  - The foundation of Customer Experience Excellence & trends among the 6 Pillars
  - Market Developments in Hong Kong
- 

<b>Key Industry Highlights</b>	<b>11</b>
--------------------------------	-----------

- Grocery Retail
  - Non-Grocery Retail
  - Travel & Hotels
  - Insurance
  - Banking
- 

<b>Next Steps – Raising the bar on Customer Experience Excellence</b>	<b>20</b>
---	-----------

- Better, faster, smarter – customer experience powered by AI
  - Exemplifying excellence across the Six Pillars
- 

<b>About the CEE research</b>	<b>24</b>
-------------------------------	-----------

---

<b>References</b>	
-------------------	--

---

# Foreword

**In March 2023, Hong Kong (SAR) removed the last of its social distancing measures, and began opening up both national and global borders. Despite this, the lingering impact of the pandemic remains, with rising inflation and interest rates affecting both Hong Kong and the rest of the world.**

Consumers have adopted a more cautious approach to their spending and consumption, with KPMG's 2023 Customer Experience Excellence survey (CEE) finding that 91% of respondents feel their purchasing decisions have been influenced by the rising cost of living.

The opening of borders has also led Hong Kong consumers to shift their spending habits and prioritise outbound travel over local expenditure – in a phenomenon labelled as 'revenge travel'.

In response to the prevailing economic landscape, the Hong Kong SAR Government and local businesses have made concerted efforts to rejuvenate the economy and stimulate consumer activity. Promotional campaigns such 'Hello Hong Kong' and 'Happy Hong Kong', have been instrumental in incentivising tourism and bolstering domestic expenditure. Local businesses have also taken steps to drive customer engagement and enhance customer experiences, coupled with delivering on value for money.

While Hong Kong is still on its path to recovery, these initiatives have contributed to an 16.5% year-over-year increase in retail sales in July 2023, with total sales reaching HKD 33 billion<sup>1</sup>.



01

# 2023 Key Insights

# Summary Insights

KPMG's 2023 CEE survey results showed a notable surge in Hong Kong's overall Customer Experience Excellence (CEE) score, with a year-over-year increase of 3.2%. This improvement was also observed at the industry level with CEE scores improving across the board, demonstrating Hong Kong is well and truly open for business, and that consumers are responding well to investment in customer experience by brands.

In examining the results, it has become evident that Hong Kong consumers continue to regard seamless, personalised experiences as the cornerstone of a leading customer experience excellence. Among this year's leading brands are Apple, Nike and Shangri-La, whose investments into tailored customer experiences and personalised offerings have paid off. Survey respondents placed these brands in the top percentile for personalisation scores.

Furthermore, expectations on brands across a wide range of areas are also increasing. Customers are looking for brands to deliver connected experiences across every interaction, to provide exceptional value, while also demonstrating their commitment to Environmental, Social, and Governance (ESG) principles. This year's ten leading brands all score higher than the Hong Kong market average in terms of ESG commitments.

Brands that have embarked on their CX journey by orchestrating their organisation around the customer are starting to reap the benefits. Those that have invested in digital capabilities are also starting to shift their focus to the use of artificial intelligence as a mainstream enabler, allowing more tailored and streamlined experiences by anticipating the needs of customers, while at the same time improving efficiencies.



The improvement in this year's Hong Kong market CEE results have come in line with the city's recovery. Hong Kong consumers continue to place emphasis on personalised and relevant experiences. However, brands will also need to deliver value through managing costs, and in the form of social responsibility and sustainability.”

*Jessica Hong, Director,  
Co-Lead of Customer Experience*

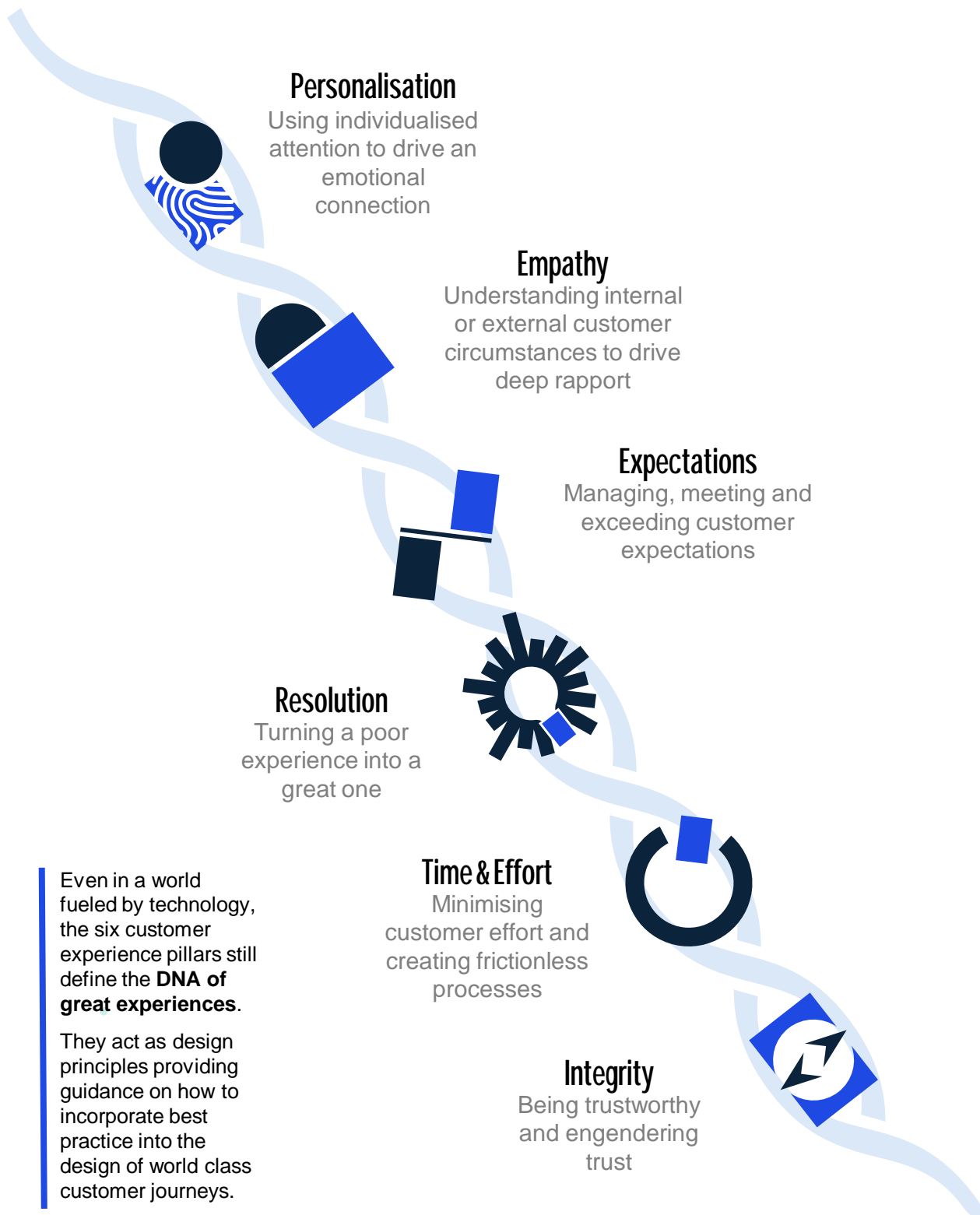
# Hong Kong's Top 10 CX Leading Brands\*

\* Top 10 brands have been presented in alphabetical order



Note: \* Company requested to remain anonymous

# The foundation of Customer Experience Excellence (CEE) – Six Pillars



Even in a world fueled by technology, the six customer experience pillars still define the **DNA of great experiences**.

They act as design principles providing guidance on how to incorporate best practice into the design of world class customer journeys.

# Trends among Six Pillars in 2023

**Despite a challenging macroeconomic landscape, Hong Kong consumers have maintained their view that Personalisation and Integrity are strong drivers of Customer Experience Excellence.**

This trend has been consistent in the Hong Kong results of the survey over the last three years, demonstrating how critical it is for a brand to be perceived as being trustworthy, and deliver tailored experiences by treating their customers as individuals.

Hong Kong remains a fast-paced and vibrant city. While consumers will always value the human touch, expectations around convenience, ease of use and the ability to seamlessly switch across a brand's channels of interaction are exceptionally high.

In the past, digital has played a pivotal role in delivering that connected experience. The emergence of AI, including generative AI, will further provide brands with a competitive edge in terms of delivering predictive recommendations and providing support through proactive and personalised interactions.

When it comes to Integrity, it is important to recognise that brands that are looking to implement AI would need to do so responsibly, with a focus on transparency, data privacy and ethical use of data, in order to maintain customer trust.

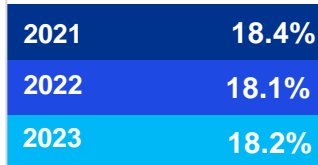
Consumers are also opting for brands that align with their own values and can provide assurance that they will deliver on their promises. Integrity means more than just upholding a brand's quality and reliability. Hong Kong consumers are becoming more socially and environmentally conscious, and as a result are now looking to brands who also demonstrate that commitment. This year, Apple was rated highest by respondents on its commitment to environmental and societal changes. The brand has recognised that product manufacturing makes up the majority of its carbon footprint, and has committed to making every Apple product carbon neutral by 2030<sup>2</sup>.



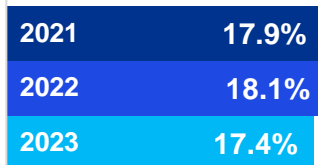
Personalisation



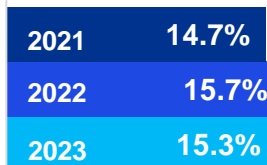
Integrity



Expectations



Resolution



Empathy



Time & Effort





# Market Developments in Hong Kong

01

## Importance of value beyond products

### **Affordability and value for money play a critical role in consumer purchasing decisions**

Despite a gradual improvement in consumption expenditure, Hong Kong consumers have felt the lingering effects of the pandemic, with many respondents indicating that their purchasing decisions have been significantly impacted by the increased cost of living. This has been apparent in spending habits, as well as the sort of businesses they are interacting with.

Retail and hospitality have emerged as industries that consumers are interacting the most with in this year's survey as business activity gradually returned to pre-pandemic levels. Consumers are cautiously optimistic, placing an increasing emphasis on affordable, mass consumer brands. Some respondents are also focusing on seeking additional value propositions from brands in the form of experience and service offerings for a more premium price point.

Hong Kong consumers are also prioritising spending on overseas travel in response to the lifting of travel restrictions. In a 2023 study done by a leading travel agency, 94% of respondents planned to take at least one trip, and 40% have planned three or more trips<sup>3</sup>.

Similarly, consumers from the Chinese Mainland have also experienced a shift in behaviour to prioritise overseas travel experiences as opposed to material consumption in Hong Kong. This is reflected in local spending from Chinese Mainland tourists in Hong Kong, which has yet to recover to pre-pandemic levels.

More so than before, it is important for brands to consider what their 'value add' beyond their traditional product and service offering is, to be able to deliver the most relevant and elevated experiences for consumers in Hong Kong.

02

## Ethical and sustainable businesses

### **Brand integrity and ESG commitments are increasingly important to consumers**

Hong Kong consumers are becoming increasingly aware of their environmental impact and carbon footprint. This has shaped consumer behaviour, where purchasing decisions are being influenced by social values and, sustainable and environmental considerations.

In this year's survey, brand integrity has emerged as the second main driver of Customer Experience Excellence in Hong Kong. In the survey, the leading 10 brands outperformed their peers in terms of being perceived as authentic and trustworthy. This was also correlated with the perception that these brands were more committed to tackling environmental and societal issues.

The survey also suggests that investment in ESG may have a positive impact on business growth, with two-thirds (68%) of Hong Kong respondents indicating their willingness to pay extra for brands that are ethical and giving back to society. This trend was particularly evident among the younger generation, with almost three-quarters of respondents aged 18 to 24 indicating their willingness to pay a premium for ethical and sustainable brands.

A growing number of brands are maintaining a positive brand perception through real commitments to net zero or decarbonisation and adopting an ethical supply chain. As important as it is to sustain trust through good product and service quality, demonstrating a strong commitment to ESG practices is also crucial in maintaining business competitiveness.

## 03 Digital and AI

### **Digitisation and digital transformation is continuing at pace, with AI quickly joining the mainstream**

The pandemic saw many brands quickly pivot to online channels with e-commerce sales surging. While social distancing measures have since been removed, Hong Kong consumers have maintained new consumption habits. Face-to-face interactions will continue to be the prevalent channel for consumers. However, the survey also shows that the level of digital adoption has remained consistent despite the lifting of restrictions, with 62% of the respondents reportedly having used some form of digital channel in 2023 – a similar level as in 2022.

Consumers expect brands to provide an omnichannel experience through which they can seamlessly switch between channels, with little effort required to be able to continue in-store from where they left off in their online journey.

While digitisation has always been synonymous with convenience for consumers, it is also fast becoming a measure of a brand's efficiency in how they deliver their services and offerings. Digital has enabled brands to offer services and resolve queries online and keep customers informed in a timely manner. Digitisation has become embedded in the way businesses interact with customers and will continue to be a focal point when expanding a brand's ecosystem.

One of the most exciting trends in the last year has been the increasing awareness of Hong Kong consumers around artificial intelligence (AI), with use cases now extending beyond social media and into interactions with brands. In a 2022 Hong Kong Consumer Council survey, over 75% of online consumers reported having leveraged AI-enabled brand interactions, such as product recommendations and chatbots<sup>4</sup>. Hong Kong Productivity Council (HKPC) also projects that approximately 50% of enterprises in Hong Kong will utilise AI in their operations by 2024<sup>5</sup>.

To remain competitive, brands need to consider how AI can enhance their capabilities in delivering an exceptional customer experience. Use cases have already been explored that far outweigh the experience of more static analytic insights. For instance, the use of generative AI in product recommendations, or AI-powered 'personal shoppers' and visual search technology, help customers to quickly find what they need. However, brands must also stay vigilant in their adoption and implementation of AI, to ensure they continue to maintain trustworthiness and protect customers in regards to data privacy and cybersecurity concerns. It is important for organisations to put in place a robust governance framework in order to unlock AI's full potential.

02

# Key Industry Highlights

**10** Brands reviewed in survey



**The Six Pillars:**  
Year-on-year change



Integrity  
**+2%**



Expectations  
**+2%**



Resolution  
**+2%**



Time & Effort  
**+6%**



Empathy  
**+2%**



Personalisation  
**+1%**

**CEE score: 6.98**

## Grocery Retail

The grocery retail industry in Hong Kong continues to perform well in the Time & Effort pillar, with consumers valuing brands that provide a wide product variety to enable a one-stop-shop, and the convenience of physical store locations across the city.

Alongside regular special offers and discounts, this contributed to the grocery retail industry's overall Loyalty scores ranking second among all industries.

**6** Brands reviewed in survey



**The Six Pillars:**  
Year-on-year change



Integrity  
**+3%**



Expectations  
**+1%**



Resolution  
**+5%**



Time & Effort  
**+7%**



Empathy  
**+2%**



Personalisation  
**-1%**

**CEE score: 6.77**

## Entertainment & Leisure

Hong Kong's entertainment venues were recognised by survey respondents for providing amenities to compliment the shopping and entertainment experience such as free parking, children's play areas and pet friendly areas; and redemption reward programmes.

Despite this, the industry delivered the lowest CEE score among all industries this year, scoring 10% lower than the market average on value for money. This indicates that further efforts will be required to identify and prioritise initiatives and investments that will deliver the largest impact for their consumers.



# Non-grocery retail

The CEE score for the non-grocery retail industry exceeded this year's overall results for Hong Kong, with a number of brands appearing among the leading 10 brands. Overall, the industry showed a strong performance in the Time & Effort, Personalisation and Integrity pillars, and there was also a correlation between brands that delivered value and their CEE scores. The top performing brands not only had good value offerings, but were seen to provide consistency in their customer interactions, particularly in making the experience more convenient.

## Customer journeys are becoming more digitally-enabled

Among all sectors, the non-grocery retail industry scored highest in Time & Effort this year. It demonstrated several use cases of how cohesive digital tools and offerings can support an in-person experience, minimising the effort for customers to switch seamlessly between channels.

Apple Store exemplifies this by expanding its digital payment options in its Hong Kong stores, including the introduction of Alipay functionality<sup>6</sup>. It has also launched an official WeChat Mini Program in 2023<sup>7</sup>, offering a one-stop-shop browsing and buying experience.

Similarly, fashion retailers have tackled process optimisation through innovation. UNIQLO, for example, places strong emphasis on O2O customer experiences. They ensured comfortable shopping via a streamlined Click & Collect Service. They also ensure effective engagement by launching in-store livestreams<sup>8</sup>.

## Leveraging data-driven insights to create personal experiences

Non-grocery retail brands are becoming adept at leveraging customer data for insights that can be used to create highly-targeted and personalised experiences for specific segments.

While traditionally this has been focused on tailoring offers and marketing communication, leading brands are also using these insights to drive better product recommendations and product development.

As part of a global initiative, Nike launched the Motiva running shoes line in Hong Kong in 2023<sup>9,10</sup>. By drawing from data from users of its Nike Run Club app, the brand developed footwear that was particularly relevant to customers that have just started with running workouts – the data showing that such users often fluctuate between walking, jogging, running and starting and stopping throughout their workouts. Nike used its data to inform the design process and create products that are fit for specific needs.



**Generative AI is a powerful tool that will help drive better, faster and smarter customer experiences, leading to increased sales and more rapid distribution in retail and ecommerce across all platforms. Retailers should be asking themselves: are we ready?"**

**Anson Bailey, Head of Consumer & Retail, Asia Pacific**

CASE STUDY

### Effortless shopping: Zara’s digital transformation

Zara combines optimised physical store operations with innovative digital technology to improve the shopping experience. Amid the pandemic, it introduced a ‘Store Mode’ in its apps. It offers real-time stock updates for online customers while integrating a smooth omnichannel experience for in-store purchases or collection of online orders. Key features in Store Mode include: <sup>11</sup>

- CLICK AND FIND – show exact product locations in store via floor maps
- CLICK AND TRY – reserves fitting rooms
- CLICK AND GO – collect online purchases in store within two hours (in selected locations)

Other digital solutions Zara has introduced to enhance customer experience include digital receipts and QR code identification.

The impact of these investments on customer experience is reflected in Zara’s outstanding performance in this year’s CEE score, in particular its strong performance in the Time & Effort and Resolution pillars.

### Customers equate ‘value’ with quality products and quality services - not just pricing

Non-grocery retail brands earned praise for their value-for-money offerings, particularly among fashion retailers. A number of fashion brands are able to deliver premium experiences beyond what is typically associated with their price points. They are consistently innovating and are seen as trendsetters, elevating the value of their brand through the quality and durability of their products. Combined with endorsements by influencers, the perception of value gives customers the confidence to buy these products.

### Commitment to integrity

This year, integrity was among the top-scoring pillars for the industry, highlighting brands’ dedication to cultivating trust. Top brands excel at providing high quality products, reliable customer service, accurate fulfilment and prompt issue resolution, which align with customer expectations around value. This in turn drives overall trust towards the brands.

Transparency is also crucial for building trust. By launching an online wood supply map, a leading furniture retailer provides transparency into its supply chain. This level of visibility gives customers insight into the origin of products and reinforces the brand’s credibility around its commitment to sustainability. In general, being dependable, transparent and responsive allows brands to build strong customer connections and foster long-term loyalty.

Non-grocery retail



13

Brands reviewed in survey\*

7.24

CEE Score

### The Six Pillars: Year-on-year change



Integrity  
+4%



Resolution  
+3%



Expectations  
+3%



Time & Effort  
+7%



Personalisation  
+4%



Empathy  
+2%

Note: \* Only brands that met the threshold of having 80 respondents were included in the survey. In this sector, eight surveyed brands were not included in the CEE score calculation and analysis as the respondent size <80

# 2 Brands reviewed in survey\*



## The Six Pillars: Year-on-year change



Integrity  
**+11%**



Expectations  
**+10%**



Resolution  
**+14%**



Time & Effort  
**+14%**



Empathy  
**+14%**



Personalisation  
**+9%**

**CEE score\*\***

# Travel & Hotels

**The industry has performed exceptionally well this year, with two hotel brands making it to the top 10 ranking. Their success is evident in their impressive scores for Time & Effort and Integrity.**

The importance of delivering excellent customer service remains evident. Respondents highly appreciate the welcoming and attentive demeanour of staff, which immediately creates a sense of home upon arrival. Additional services like surprise gifts and complimentary transportation further contribute to the perception that customers are receiving value beyond what they paid for. By consistently exceeding guest expectations, hotels can foster strong relationships and loyalty through every interaction point.

## CASE STUDY

### How Shangri-La Circle drives strong customer experience

Shangri-La's loyalty programme, Shangri-La Circle, is a significant factor in its standout customer experience performance in this year's CEE survey. Circle goes beyond membership tiers and rewards, enabling Shangri-La to capture and act on customer preferences, such as pillow selection and preferred wine types. It is powered by a proprietary customer data platform which consolidates data points from various internal and external sources<sup>12</sup>. The system prompts Shangri-La staff not only with suggestions on offerings for a customer, but also to obtain additional information about their preferences, closing the feedback loop to create a virtuous cycle of differentiated CX.

### The power of data and analytics

Recently, Shangri-La launched mobile check-in/out and virtual reality (VR) room viewing. These initiatives were scrutinised before implementation to assess the expected return on investment (ROI). A/B testing and robust data analytics ensured that the value of enhancements was quantifiable and measurable. The ROI extends beyond revenues to customer experience, which for Shangri-La has translated into strong scores in customer loyalty and perceived value for money. In fact, despite being an upscale brand with premium prices, Shangri-La's value for money performance exceeds the market average by 6%.

### Cultivating long-term relationships and loyalty

Shangri-La Circle aims to establish long-term relationships with customers by providing a wide range of lifestyle offerings across their portfolio, not limited to hotel stays, but also restaurants and bars, spas, retail and e-commerce. Customer Lifetime Value (CLV) is one of the many customer metrics used to refine its customer segmentation and reward brand loyalty. This approach is paying dividends – a remarkable 35% of respondents identified themselves as brand promoters, ranking Shangri-La second among all the brands in the survey.

Note: \* Only brands that met the threshold of having 80 respondents were included in the survey. In this sector, one surveyed brand was not included in the CEE score calculation and analysis as respondent size <80

\*\* Representative sector score is not available due to a small base of brands with sufficient respondents

“

Hong Kong consumers will continue to expect more from the brands they interact with - they want things to be faster, simpler, and more intuitive towards their needs.

Insurers need to invest in curating the relevant data from customer interactions, and capitalise on this data with technology such as GenAI to truly deliver value through personalised experiences efficiently.”

*Abhishek Kumar, Head of Insurance, Hong Kong*

In line with the overall 2023 Hong Kong CEE results, the insurance industry saw an overall improvement in its CEE score. Eight out of the 12 insurance brands that were also reviewed in 2022 improved their overall ranking, with Hong Kong’s top three most improved brand rankings coming from companies in the insurance industry.

Integrity continues to be the best performing pillar, while Time & Effort exhibited the highest percentage improvement compared with the previous year’s survey, indicating that insurers have been delivering services that are simpler and more convenient – minimising the effort required by customers.

Leading brands are focusing on personalising the customer interaction and expanding their offerings through investments in digital and AI capabilities.

### Personalisation remains key for customers

When it comes to purchasing insurance, consumers appreciate brands that have products that can be customised to their individual and family’s financial needs, and provide personalised advice so that they can understand their options and select the right product.

The industry has also seen a growing trend of leveraging data-driven insights to personalise interactions, for example, enabling advisors to send out pre-written customised messages based on customers’ interests. Some insurers have also started exploring ways to improve their product recommendations and virtual support through generative AI.

While the industry is moving in the right direction, there are still opportunities to harness data to deliver next generation personalisation – to better anticipate customer needs and engage customers at the right time.

### Minimising customer effort through digital enablement

Insurers have recognised the importance of delivering effortless journeys, with many starting to monitor metrics such as customer effort and turn-around time as an additional dimension when tracking customer experience.

Companies have invested in optimising their operations by improving straight-through processing and applying intelligent automated decisioning for claims and underwriting. These efforts have led to the industry’s strong improvement in its Time & Effort score.



These efforts have led to the industry’s strong improvement in its Time & Effort score. Insurers are also investing in streamlining the customer journey, for example, FWD and CUHK Medical Centre recently partnered to offer eligible medical insurance customers from FWD a digital pre-authorized claims experience for hospital treatments, reducing the effort on claims and ensuring that customers can focus on their medical treatments<sup>13</sup>.

Given how complex insurance products can be, insurers need to continue to look for opportunities to reduce the ‘mental load’ for customers. For example, insurers have started applying generative AI in customer communications to provide an easy-to-understand summary of benefits coverage.

**Health and wellness propositions set insurers apart when it comes to driving value beyond traditional insurance**

Value for money is a particularly pertinent theme for the insurance industry, with 98% of respondents that rated insurance brands in the survey indicating that their purchasing decisions were impacted by the increased cost of living\*\*.

While value for money typically relates to the product offering and overall benefit coverage, customers increasingly want brands to show they care and truly understand their needs – building a foundation for greater personalisation and a curated service offering that is truly of value.

In insurance, this has taken the form of introducing more holistic propositions. Apart from encouraging better lifestyle habits through interactive engagement programmes, for instance apps that monitor a user’s daily steps, insurers have started to extend their core offerings into health services and well-being.

**CASE STUDY**

**AIA goes beyond traditional insurance offerings to drive health and wellness propositions**

AIA has been pioneering new initiatives to meet evolving customer needs. In this year’s CEE survey it performed exceptionally well in Integrity, demonstrating a strong brand perception and trust with its customers. Building on this trust, AIA has continuously looked for new ways to support customers – focusing on health and wellness offerings.

For example, AIA launched 'Protect well' which includes a series of patient support services. Among these is personal case management with rehabilitation management to offer third-party expert advice and assistance from diagnosis and treatment to rehabilitation<sup>14</sup>. Most recently, AIA opened its AIA Alta Wellness Haven, which aims to provide one-stop financial and health and wellness services to AIA Club Alta members<sup>15</sup>.

Through these partnership ecosystems, AIA aims to provide more comprehensive propositions to its customers.

**Insurance**



**14**

**Brands reviewed in survey\***

**7.04**

**CEE Score**

**The Six Pillars:  
Year-on-year change**



Integrity  
**+3%**



Resolution  
**+3%**



Expectations  
**+1%**



Time & Effort  
**+5%**



Personalisation  
**+3%**



Empathy  
**+4%**

Note: \* Only brands that met the threshold of having 80 respondents were included in the survey. In this sector, one surveyed brand was not included in the CEE score calculation and analysis as respondent size <80  
 \*\* Respondents were asked "How have increases in the cost of living impacted your purchasing decisions?" with responses options ranging from "not impacted" to "extremely impacted"



As adoption of digital banking services by Hong Kong consumers continues to advance, it is paramount that banks and payment service providers put CX considerations at the heart of their decisions to invest in new digital and data capabilities.”

*Jia Ning Song, Head of  
Banking, Hong Kong*

The banking industry’s scoring improved slightly across all CEE pillars, compared to last year’s results. Integrity continues to be a lead indicator for the industry, reflecting a strong consumer preference for banking brands that they are familiar with and trust. Payment services, such as payment apps or digital wallets, have come to the fore, capitalising on increased volumes driven by consumption vouchers. These services performed well in this year’s survey with respondents favouring apps that were easy to use and those that offered rewards and discount programmes.

Leading brands are investing in AI-powered personalised experiences, delivering financial insights, budgeting advice, product recommendations and tailored rewards and discounts. While Hong Kong consumers continue to value face-to-face interactions, these advances in personalisation will encourage continued adoption of online channels and omnichannel customer journeys.

### **Banks (including virtual banks)**

Respondents to the CEE survey favoured familiar brands, with traditional banks outperforming their virtual counterparts in terms of trust and recognition. As in last year’s survey, traditional banks, known in Hong Kong for their extensive history and strong reputation, outperformed the challenger virtual banks.

Traditional banks demonstrated progress across all six pillars, with the Integrity pillar making the greatest contribution to the Net Promoter Score (NPS) and Loyalty scores. Banks that ranked highly performed well across the Integrity and Time & Effort pillars. Virtual banks, on the other hand, saw their customer experience scores decline slightly from last year’s result. Integrity and Expectation garnered the top pillar scores for virtual banks.

Although face-to-face channels remain relevant in Hong Kong, the pandemic accelerated the adoption of digital channels. Brands that are prioritising investments in data and analytics capabilities are beginning to reap the rewards of enhanced customer experiences across both sales and service. By harnessing customer data and utilising machine learning and other AI technologies, banks are increasingly delivering personalised financial insights and tailored offers. For example, HSBC applied AI to large transactional data sets to identify behavioural patterns, which they then used to generate budgeting insights and tips, as well as tailored offers on products such as credit cards<sup>16</sup>.



## Payment Services

Payment services, such as payment apps or digital wallets, have seen increased volumes in recent years as the sole distribution channel for government-issued consumption vouchers. They have risen to the challenge and delivered leading customer experiences, performing strongly within the banking sub-industry.

Respondents to the survey described payment service apps as "secure", "convenient", and "easy to use", stating that they significantly reduced the time needed to complete transactions. In general, those who accessed consumption vouchers through payment services spoke positively about these brands.

Leading performers delivered simple and intuitive interfaces, leveraging advanced data analytics and extensive partnerships to offer rewards and discounts appealing to value-conscious Hong Kong consumers. One example is AlipayHK. By entering into agreements with a wide range of partners across retail, travel, transport, insurance and more<sup>17</sup>, it provides users with an attractive rewards programme, while also extending its point-of-sale availability, both online and offline.

On average, payment services providers outperformed both traditional banks and virtual banks across all metrics, with the exception of the Time & Effort pillar. This is in part due to limitations in payment infrastructure, meaning the inability to use the apps for certain transactions in Hong Kong and/or in the Chinese Mainland.

## Banking



# 20

Brands reviewed in survey\*

# 6.89

CEE Score

### The Six Pillars:

Year-on-year change



Integrity  
**+3%**



Resolution  
**+2%**



Expectations  
**+1%**



Time & Effort  
**+4%**



Personalisation  
**+1%**



Empathy  
**+2%**

Note: \* Including Banks, Virtual Banks and Payment Services brands. Only brands that met the threshold of having 80 respondents were included in the survey. In this sector, seven surveyed brands were not included in the CEE score calculation and analysis as respondent size <80

03

# Next Steps – Raising the bar on Customer Experience Excellence

# Better, faster, smarter – customer experience powered by AI

**Hong Kong underwent an extensive period of restrictions as a result of the pandemic, which has left a significant mark on the business landscape and has led to changed consumer behaviour and expectations.**

The systematic approach in reopening the city has created a prudent yet eager consumer base, with a newfound emphasis on value of the dollar and digital convenience. Consumers are more discerning, and seek out personalised experiences and sustainable practices in the businesses they engage with.

To become CX leaders, brands must address these heightened customer expectations to deliver faster, more personalised, and elevated customer experiences.

As Hong Kong continues to recover, it is clear that in-person interactions will now be heavily influenced by digital and AI – both in the form of complementary digital channels, as well as enabled by digital tools and customer-led insights that are powered through AI analytics.

While many brands will be exploring the use of AI, CX leaders should carefully consider and prioritise investments that deliver the highest value and impact for customers and consequently their business.



**Using artificial intelligence is not about cutting out human interaction – it is about being more clever in identifying when it is required and using it to empower staff to deliver the best possible experience.”**

***Audrey Menard,  
Co-Lead of Customer Experience***



# Exemplifying excellence across the Six Pillars

The Six Pillars of Customer Experience Excellence are the foundations of a superior customer experience. When looking at market leaders, we see some common themes relating to the improvements they are making within their organisations to move the dial across the Six Pillars.

Below outlines some key recommendations on how brands can take the next step in their journey to deliver a more connected and elevated customer experience that drives commercially beneficial outcomes.



## Personalisation

**Deliver proactive and carefully curated end-to-end experiences for the customer that demonstrate that the brand understands and can meet individual needs**

- Use customer lifetime value analytics to better understand customers at every lifecycle stage so that experiences can be tailored at key moments
- Leverage AI technology to develop predictive insights to anticipate customer needs and deliver personalised interactions and propositions
- Provide customer-facing staff with easy access to centralised, real-time 360° customer data that supports them through an interaction, and actively drive a feedback loop to continuously update customer profiles



## Integrity

**Create and maintain a sense of trust in the brand that transcends the transactional to drive more enduring customer loyalty**

- Articulate a clear brand value and experience strategy so all departments are aligned and working on delivering a cohesive experience across all channels, creating a consistent and trustworthy brand identity
- Invest in robust data privacy and security controls to safeguard customer data, ensure data is used for the right purpose, and only collect data that are needed to provide suitable products and services to customers
- Integrate environmental and societal values data into customer profiling and segmentation to better understand how to effectively cater to customers' growing demands for more sustainable offerings and experiences



## Expectation

**Understand what the customer expects and recognise when that changes – or better yet, anticipate when that will happen**

- Use advanced analytics to better segment customers (using demographic, geographic, psychographic and behavioural data points) so customer journeys can be more effectively designed to meet the needs of customers at different lifecycle stages
- Rapidly deliver enhanced experiences and extend touch points with customers through building ecosystems or collaborating with partners and alliances – market leaders often have clearly articulated partnership strategies, governance and control frameworks to manage their partner ecosystems
- Orchestrate interactions across different channels (e.g. face-to-face, web, mobile app, phone) so that customer journeys are uninterrupted regardless of which channel is used to engage and transact with the brand



## Resolution

Turn a negative customer experience into an opportunity to go above and beyond, turning the potential loss of a customer into a loyalty building occasion

- Leverage AI chatbot technology to provide 'always on' support, providing a highly responsive experience for customers in critical moments
- Integrate regular customer churn analysis with customer feedback and sentiment data to identify points of friction in processes and provide a more effective resolution (if they are not removed altogether)
- Fully integrate core systems and processes and maximise straight-through processing (STP) to eliminate any lag in issue resolution



## Empathy

Embed an enterprise-wide culture of customer centricity and provide employees with the data, skills and motivation to make customers feel seen and heard at every step of a journey

- Provide service staff with real-time customer data, and use AI assistants to deliver timely guidance and prompts so that they can have authentic and empathetic human-like interactions
- Implement CX-related performance indicators across the organisation to incentivise employees to put customer experience at the heart of all decision making
- Use customer data such as Net Promoter Score and/or more sophisticated sentiment analysis tooling such as social listening to obtain insights into emerging customer needs and pain points to be addressed



## Time & Effort

In the age of instant gratification, give customers the ease and simplicity they want by removing all annoyances, delays and unwelcome surprises

- Collect real-time data from interactions across all customer touchpoints and use AI-supported predictive models to inform strategies and initiatives that deliver the best experience and an enhanced customer journey
- Conduct channel mix analysis to understand preferences among customer groups to optimise the channel mix, including physical location footprint
- Implement automation and intelligent workflows where possible to increase speed of delivery, and reduce customers' effort and 'mental load' by humanising customer communications with tailored messages through generative AI capabilities

## How KPMG helps its clients achieve customer experience excellence

**Elevate** is KPMG's unique proprietary solution for identifying, quantifying and executing value creation opportunities. We apply advanced analytics to help our clients better understand their customer base so that they can confidently prioritise investments in initiatives to improve customer experience.

We use data and machine learning analytics to assess customer metrics such as lifetime value, segmentation, profitability, perception and sentiment, marketing spend elasticity, promotional effectiveness analysis and channel mix.

[Find out more](#)



**Connected Enterprise** is KPMG's customer-centric approach to digital transformation, tailored by industry. It is anchored in the findings of our extensive industry research that uncovered eight capabilities that are required for a truly connected and customer-centric enterprise.

We use it to help brands rebuild their business around their customers to create a seamless, agile, digitally-enabled organisation. To do so, we design a strategy and operating model that is enabled by the right data, technology and people, so that they can reach new levels of performance and value.

[Find out more](#)



04

# About the CEE research



# About the Customer Experience Excellence research

As part of KPMG's Global Customer Experience Excellence (CEE) programme we have researched best practices in customer experience across the globe since 2010.

## Global research (2023)



**21**  
countries, regions  
and jurisdictions



**821,824**  
individual brand  
evaluations



**81,725**  
Customers



**2,726**  
unique cross-  
industry brands

## Hong Kong (SAR) research (2023)



**5 industries**

from Financial Services (Banking & Insurance),  
Non-Grocery Retail, Grocery Retail, Travel &  
Hotels, Entertainment & Leisure



**>75**  
Brands



**Jun-Jul 2023**

9,834 individual brand evaluations via an  
online survey



**~1,000**  
Customers

from Hong Kong, representative  
in terms of age and gender

# References

1. **Provisional Statistics of Retail Sales, Census and Statistics Department of HKSAR, July 2023** (<https://www.info.gov.hk/gia/general/202308/31/P2023083100301.htm>)
2. **Environmental Progress Report, Apple, October 2023** ([https://www.apple.com/environment/pdf/Apple\\_Environmental\\_Progress\\_Report\\_2023.pdf#page=22](https://www.apple.com/environment/pdf/Apple_Environmental_Progress_Report_2023.pdf#page=22))
3. **Hong Kong travellers take to skies again, with more and longer trips and higher spending, survey finds, South China Morning Post, July 2023**, <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3227209/hong-kong-travellers-takes-skies-again-more-and-longer-trips-and-higher-spending-survey-finds>
4. **Fostering Consumer Trust - Ethical Artificial Intelligence in E-commerce, Consumer Council, September 2022** ([https://www.consumer.org.hk/f/initiative\\_detail/415531/435406/AI%20Study%20-%20Full%20Report.pdf](https://www.consumer.org.hk/f/initiative_detail/415531/435406/AI%20Study%20-%20Full%20Report.pdf))
5. **Enterprise Digitalisation Index, The Hong Kong Productivity Council, October 2023** (<https://campaigns.hkpc.org/hubfs/CDD/media%20team/HK-Enterprise-Digitalisation-Index.pdf>)
6. **AlipayHK and local banks collaborate to offer installment services, offering 12 months of interest-free and fee-free installment plans when making purchases at Apple Stores, Hong Kong Economic Times, August 2023** (<https://dynamic.hket.com/article/yF1N3oXpVMuHaY1y5?r=cpsdlc>)
7. **Apple woos Chinese consumers on tencent super APP WeChat with new mini-program, South China Morning Post, July 2023** (<https://www.scmp.com/tech/big-tech/article/3227320/apple-woos-chinese-consumers-tencent-super-app-wechat-new-mini-program>)
8. **Integrated Report 2022, Fast Retailing, February 2023** ([https://www.fastretailing.com/eng/ir/library/pdf/ar2022\\_en\\_sp.pdf](https://www.fastretailing.com/eng/ir/library/pdf/ar2022_en_sp.pdf))
9. **Nike Motiva Women's Walking Shoes, Nike Hong Kong** (<https://www.nike.com.hk/product/DV1238-100/detail.htm?pdpRecommend=false&preSkuCode=>)
10. **The Nike Motiva Is Your New Running Companion, Hypebeast, April 2023** (<https://hypebeast.com/2023/4/nike-running-motiva-release-info>)
11. **Store Mode In The App, ZARA Hong Kong SAR, accessed in November 2023** (<https://www.zara.com/hk/en/help-center/StoreMode>)
12. **Annual Report 2022, Shangri-La Asia Limited, 2022** ([https://sitecore-cd.shangri-la.com/-/media/Project/Shangri-La-Group/Investor/Files/Public-Disclosures/Latest-Top-Publications/e0069\\_230418\\_AR.pdf](https://sitecore-cd.shangri-la.com/-/media/Project/Shangri-La-Group/Investor/Files/Public-Disclosures/Latest-Top-Publications/e0069_230418_AR.pdf))
13. **FWD Hong Kong and CUHK Medical Centre establish partnership to enhance the medical claims experience with market's first digital pre-authorisation platform in Hong Kong, FWD, May 2023** (<https://www.fwd.com.hk/en/press/2023/partnership-with-cuhkmc/>)
14. **Personal Medical Case Management Services with Rehabilitation Management, AIA** (<https://www.aia.com.hk/en/health-and-wellness/healthcare-services/personal-medical-case-management-services/what-is-personal-medical-case-management>)
15. **AIA celebrates the grand opening of "AIA Alta Wellness Haven" Amplifies AIA's High Net Worth Proposition with the establishment of "AIA Club Alta", AIA, Sep 2023** (<https://www.aia.com.hk/en/about-aia/about-us/media-centre/press-releases/2023/aia-press-release-20230928>)
16. **HSBC leverages smart analytics to develop new tools that enhance the personalised customer experience, South China Morning Post, April 2022** (<https://www.scmp.com/presented/business/banking-finance/topics/power-ai-personal-banking/article/3172249/hsbc-leverages>)
17. **AlipayHK and Sino Group join forces to elevate consumer experience with digital upgrades, Marketing-Interactive, September 2023** (<https://www.marketing-interactive.com/alipayhk-and-sino-group-join-forces-to-elevate-consumer-experience-with-digital-upgrades>)

# Contact Us



**Jia Ning Song**  
Partner  
Head of Banking and Capital Markets, Hong Kong  
jianing.n.song@kpmg.com



**Abhishek Kumar**  
Partner  
Head of Insurance, Hong Kong  
abhishek.kumar@kpmg.com



**Anson Bailey**  
Partner  
Head of Consumer & Retail, Asia Pacific  
anson.bailey@kpmg.com



**Vivian Chui**  
Partner  
Head of Securities and Asset Management, Hong Kong  
vivian.chui@kpmg.com



**Chi Sum Li**  
Partner  
Head of Government, Hong Kong  
chisum.li@kpmg.com



**Pat Woo**  
Partner  
Head of ESG, Hong Kong  
pat.woo@kpmg.com



**Barnaby Robson**  
Partner  
Head of Value Creation (Elevate)  
barnaby.robson@kpmg.com



**Stanley Sum**  
Partner  
Head of Digital Enablement  
stanley.sum@kpmg.com



**Angus Choi**  
Partner  
ESG Advisory, KPMG China  
angus.choi@kpmg.com

## Acknowledgements

### Report Lead



**Jessica Hong**  
Director  
Co-Lead of Customer Experience  
jessica.hong@kpmg.com



**Audrey Menard**  
Director  
Co-Lead of Customer Experience  
audrey.menard@kpmg.com

Project team: Joyce Pang, Enid Chan, Beverly Maquinana, Benjamin Fung, Stephanie Lee, Vicki Cheng, Stephanie Chang, Raquel Mora Crespo, Hokhin Ng  
Designer: April Tsang



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG Advisory (Hong Kong) Limited, a Hong Kong (SAR) limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in Hong Kong (SAR).

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.