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Digital



Elevating customer experience
for the consumer products and
retail industries

November 2021



The explosion of digital technologies and the new possibilities they have created have dramatically reshaped customer behaviors and expectations, and the pace of change is only increasing. Customer interactions are evolving rapidly, the number of communication channels has exploded, and customers expect to engage across them seamlessly. As today's customers segment themselves into tribes that share common mindsets and goals rather than age, gender or socioeconomic factors, Consumer Packaged Goods (CPG) companies and Retailers are experimenting with creating new human-centric experiences to better engage their customers, create higher value for them, and thus achieve much faster growth and better ROI.

Why customer experience matters

According to Forrester, "to succeed in today's digital environment, firms must deliver smarter, more-customer-centric interactions that feel like they were tailored for each user and his or her specific set of circumstances". To achieve this, companies aim to engage consumers actively in the process of innovation, brand marketing and product development, thus offering them more relevant products and services, and most importantly more personalized customer experiences that feel as if they are targeting a "segment of one". But what does Customer Experience really mean? There are mainly three primary elements that contribute to and influence the outcome that we call Customer Experience:

- **Product benefits:** All the features and benefits of the product to create customer value, typically driven by different factors like product design, usability, or pricing strategy.
- **Customer expectations:** Companies must understand the wants and needs of the people they want to attract to buy a product or a service and try to positively

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influence them, through for example advertising, media, or friends and family members.

- **Interactions:** This refers to the communication between a customer and a company over different online and offline channels. Every interaction with a customer is a chance to connect with them, delight them, and increase their retention and advocacy. Interactions can also drive customer behavior and set their expectations for future communication with other companies too. Digital interactions can be enhanced by supporting components like User Experience (UX) Design, Sales and Service Capabilities, Distribution Channels, Logistics and Fulfillment, etc.

These three elements combined shape the way customers perceive a company, a brand, a product, or a service. It is therefore very important that companies ensure a positive customer experience, so that customers build brand loyalty and affinity, seek out the company's product or service and refer their friends, or leave positive reviews, which will help the business retain revenue and earn new customers.

Today's customer behaviors

Digital technologies have dramatically reshaped customer behaviors and expectations, and companies need to understand this shift if they want to remain

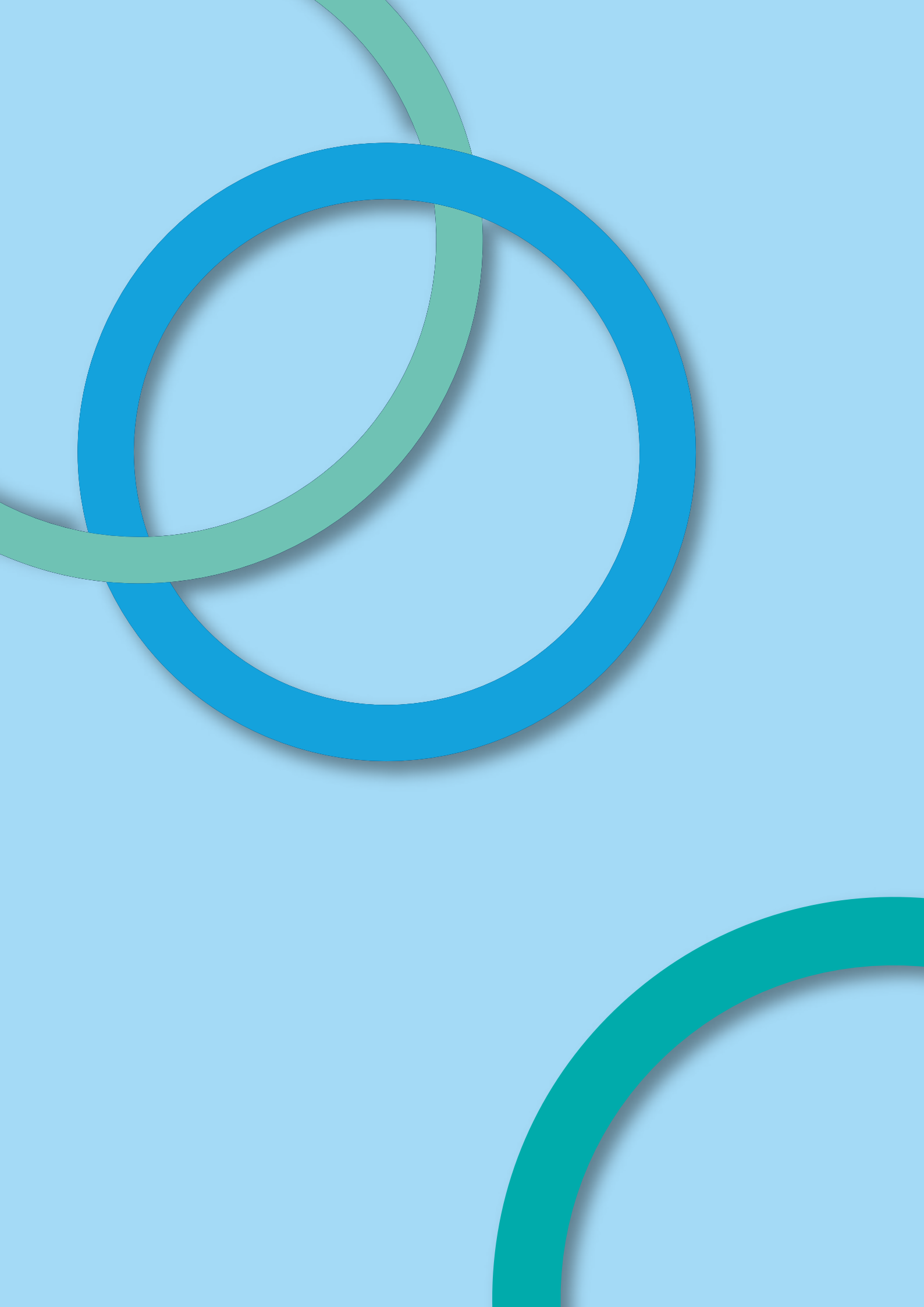
successful. This shift can be observed - among other things - in the following trends:

- Today's customers demand for more self-service capabilities; they expect better self-service tools to research, buy, and get customer service.
- The new path-to-purchase is no longer linear and involves several interactions and channels; smartphone and tablet adoption has shifted the landscape.
- The buying landscape has completely shifted to support new business models; B2B buyers are now browsing and buying on B2C and B2C-like websites.
- Relevant interactions have become crucial to customers; companies need to address buying behavior and preferences of customers to keep them engaged.

Those trends and behaviors have a clear impact on how CPG companies and Retailers need to interact with their customers:

The new customer journey

Since today's customers are always connected and much better informed than previously, the newly-formed non-stop customer experience requires a pivot to a new model that is more relevant to these new digital behaviors. Accordingly, the customer journey will continue to evolve, and the traditional linear path to sales and service will transform to be more dynamic, accessible, and continuous (see Figure 1).



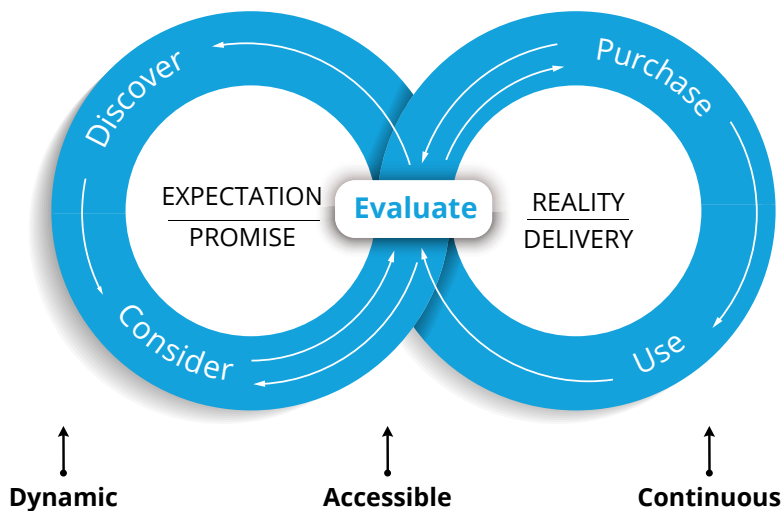


Figure 1 - The New Customer Journey

Brands integrated into the lives of customers

Customers define their journey and connect to brands based on what is important to them. As customers segment themselves into tribes that share common mindsets and goals, they look for brands that represent their values and proactively integrate them in all aspects of their lives. Therefore, brands need to be omnipresent; i.e. be available all the time in all aspects of customers' lives. This offers customers tailored options for "in-the-moment shopping" from someone they trust, everywhere they live, work or play.

Liquid expectations

Customer expectations have become very high when it comes to convenience, value, and best-in-class service. Those expectations are no longer defined solely by comparisons between direct competitors of their CPG companies or Retailers, but by a slew of other brand experiences that they encounter on a daily basis, thereby building their own vision of what is good and what is great. Experiential competitors, e.g. Starbucks, set customer expectations across industries, while perceptual influencers, e.g. Amazon

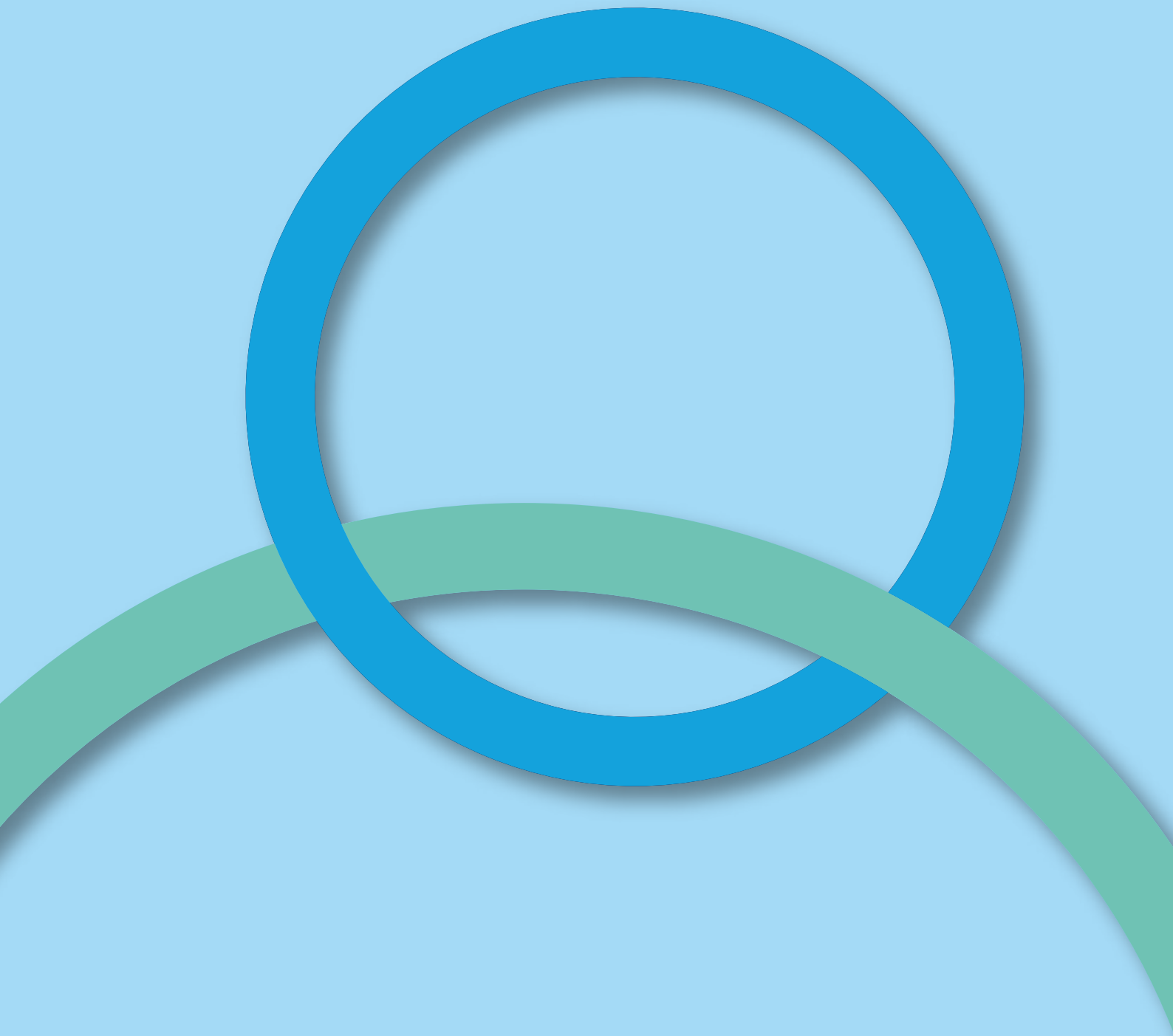
or Uber re-define those expectations and raise them to the next level.

How should CPG companies and retailers respond

In order to stay relevant in the digital age, CPG companies and Retailers must react to the digitally-disrupted customer behavior by focusing on 3 key strategies to be able to create memorable moments for their customers:

- **Customer engagement:** Companies must use digital technologies to create meaningful and insightful connections with new and existing customers.
- **Customer experience:** They must use the gained insights to deliver a frictionless end-to-end shopping experience.
- **Customer service:** They must provide unparalleled support that turns customers into advocates for a company's brand and purpose.

As digital customers strive for targeted customer experiences, the key to achieving this is an understanding of customer needs, the right mix of channels – both digital and physical – for each customer profile, and developing new front-office operating models that are tailored to each profile.



The impact on business capabilities

New customer expectations also cut across traditional boundaries and require CPG companies and Retailers to adopt new Front-Office imperatives and business capabilities. Companies today more than ever need to:

- **Provide personalized experiences:**

As digital customers strive for targeted customer experiences, the key to achieving this is an understanding of customer needs, the right mix of channels – both digital and physical – for each customer profile, and developing new front-office operating models that are tailored to each profile. Examples of such operating models include in-store retail, online shopping, subscription-based offerings, purpose-driven start-ups and partnerships.

- **Leverage ecosystem versus enterprise:**

Demanding customers seek quicker resolutions and fewer hassles. Companies must use digital capabilities and leverage the entire ecosystem - and not just their own enterprise functions - to solve customer problems and to create a seamless, omni-channel and end-to-end customer experience across today's new relationship model and customer journey.

- **Address customer needs:** Today's customers are impatient, and their brand loyalty is no longer unconditional. This leaves companies confronted with a sustained increase in customer churn until they manage to address their needs, rather than focus on fixing their organization's problems. Their priority should clearly shift to increasing the value generated by the customer experience instead of optimizing internal metrics.

- **Embrace digital:** Better informed than ever before, customers are continuously

evaluating their purchasing decisions, even after they have actually completed their purchase. Accordingly, companies have no other choice but to embrace Digital on the inside by leveraging new sources of data and analytics to revolutionize operations with automated services and recommendations for internal and customer-facing processes.

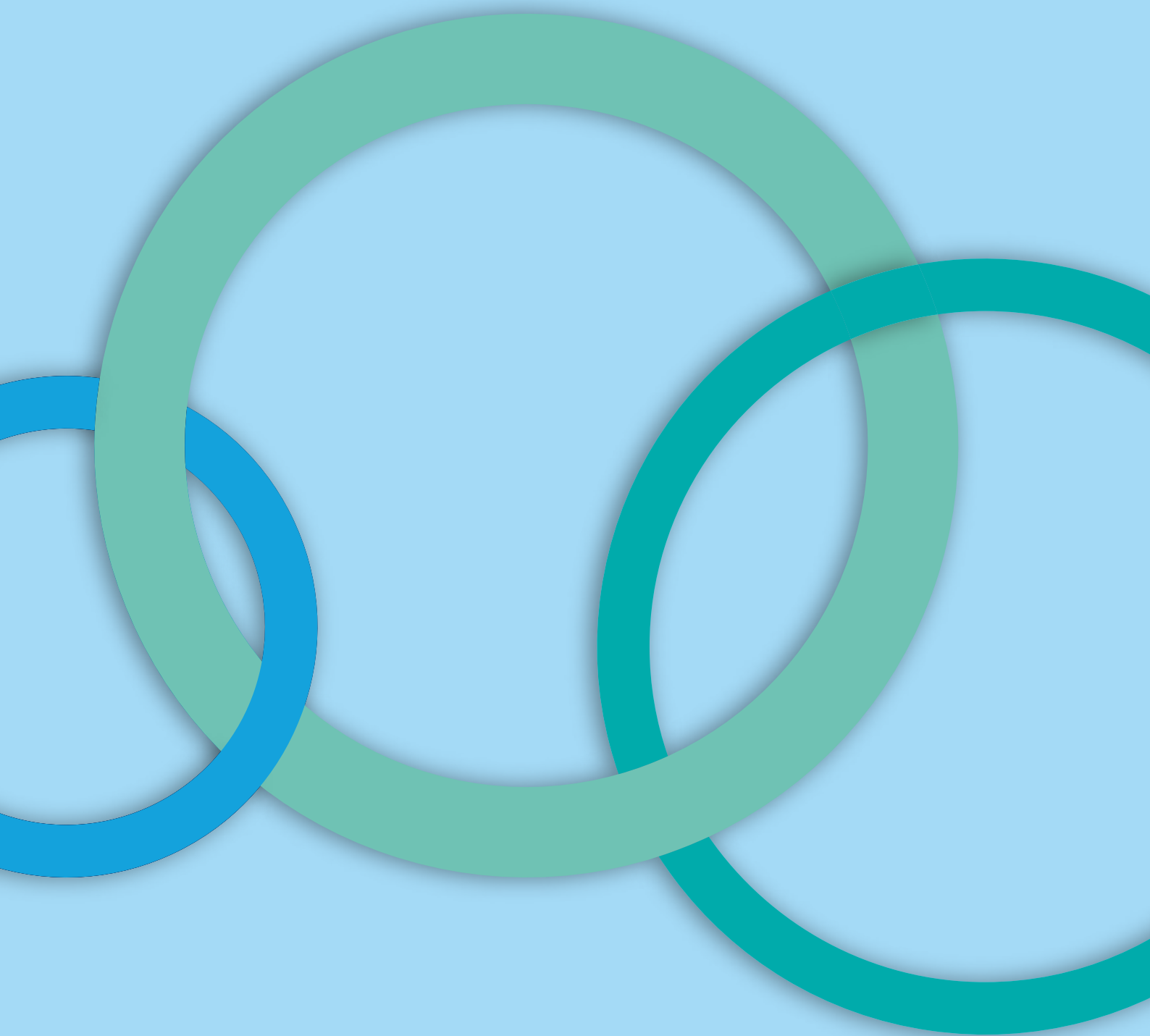
The need for omni-channel presence

Companies must shift to providing an omni-channel customer experience in order to engage with customers in meaningful ways (see Figure 2). This goes beyond implementing digital solutions and requires a complete mindset shift to live a true customer-centric culture across different areas, for example:

- **Co-creation:** Companies involve customers to co-create their own experiences by expressing their natural and desired behavior, while companies try to react to them by anticipating customer needs.
- **Engagement:** Customers expect to be offered a personalized experience based on their own preferences and history of engagement across all marketing, sales and service touch points.
- **Consistency:** It's crucial to provide customers a consistent experience across channels, online and in store, allowing them to begin an interaction in one channel and finish it seamlessly in another.
- **Customization:** Products and services must be aligned to the needs and expectations of each customer and should be tailored to the individual preferences accordingly wherever possible.

- **Efficiency:** Companies must adjust their internal and external policies and procedures to remove boundaries between marketing, sales, and service thus enabling more efficient interactions with their customers.
- **Resources:** As an organization, companies must build the structures and capabilities that are required to deliver a truly omni-channel customer experience, including people, skills, communication lines.
- **Reach:** Finally, companies must ensure that their products and services, as well as their support, can be delivered to the customers through any channel and at any time.

In order to enable a true omni-channel presence and provide customers a truly connected experience, companies must not only create new business models, but also adapt their front-office capabilities and architectures to meet these new challenges.



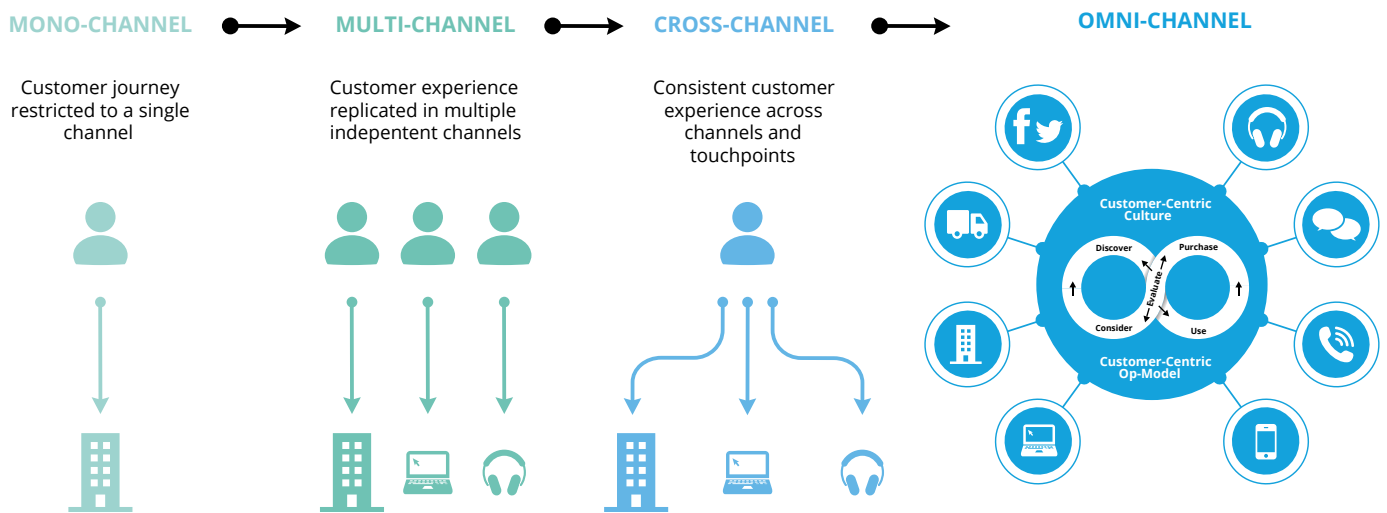


Figure 2 - The Evolution to Omni-channel

The connected customer experience

By addressing the needs and expectations of the individual, customer experience enables customers to get things done on their own terms. But in order to enable a true omni-channel presence and provide customers a truly connected experience, companies must not only create new business models, but also adapt their front-office capabilities and architectures to meet these new challenges. While many enterprises still put a lot of effort in building or developing their own customer-engagement system landscape and end up running hundreds of cloud services across marketing, sales, and service, those who succeed in an experience-driven world have learned to leverage the power of a connected platform to offer their customers a connected experience across all channels, processes, and business units. Companies in which each business unit operates its own set of customer engagement applications typically maintain

different views of siloed customer data, which in turn leads to different disconnected experiences for the customer. And while today's customers are always connected, the experiences offered to them by most CPG brands and Retailers haven't been up to their expectations yet. What companies need to realize is that customers define their experience each and every time they interact with a brand, and what brands mainly need to do is set the right stage to meet those expectations along the very individual journey of each customer. This can be achieved by leveraging the power of big-data analytics, monitoring and tracking of all customer interactions, gaining customer insights with multi-channel attribution, and applying the right tools and methods to guide the customer along the journey, e.g. with personalized offers and product recommendations.

In other words, the new customer experience must be both orchestrated and connected, simply because this is what helps customers advance in their journey

and become more connected to the brand, not just digitally but also emotionally. Therefore, CPG companies and Retailers need to be always "on" and listening to their customers across all digital channels to enable the continuation of their journey in a guided and controlled manner.

The connected experience architecture

By bringing together siloed applications and data sources, companies can use the platform power to provide their customers a truly connected experience, which relies on data-driven optimization across channels as its foundation, but also requires traditional architectures to evolve. To put the connected customer experience in the focus, the new platform architecture must move away from the federated model based on business functions and technology components to a new customer-centric model based on different layers (see Figure 3), including:

- **Systems of record:** Serves as the main data storage for mission-critical business processes, e.g. orders
 - **Systems of insight:** Provide insights, analytics, and AI for informed decision making based on context and personalization
 - **Platforms:** A flexible architecture that enables faster time to market for new capabilities
 - **Common data and decoupling layer:**
- Offers orchestration enabled through a common view of prospect and customer data
 - **Systems of engagement:** Create a truly connected customer and agent experience across all touchpoints
 - **Systems of trust:** Provide extensible security that is critical as speed and scale of interactions increase
 - **Channel orchestration:** Ensures omni-channel persistence and consistency to meet customer expectation along their individual journey
 - **Connected experience:** Fulfills the growing demand for seamless, reliable digital interactions

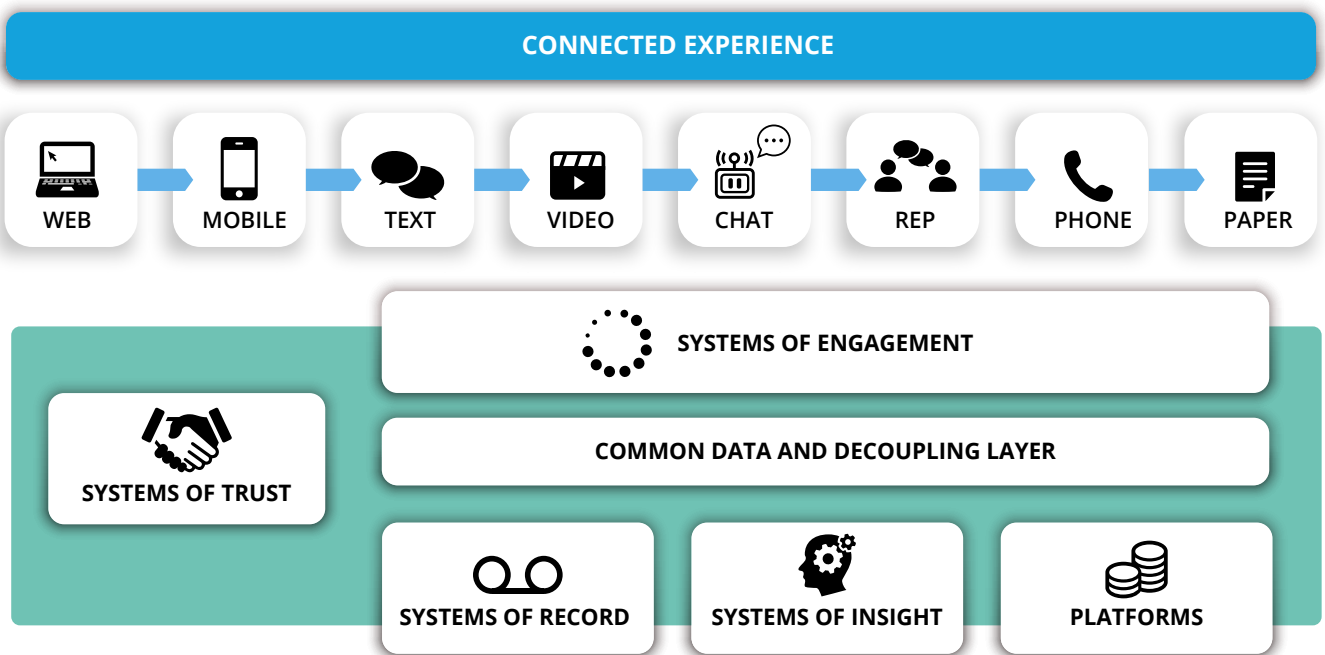


Figure 3 - The Connected Experience Architecture

This agile and data-driven architecture design lays the foundation for a leading-edge omni-channel experience platform that considers the needs of today's customers. By following a cloud-first and mobile-first strategy and leveraging the power of analytics and AI, CPG companies and Retailers can build a secure and intelligent, best-in-class platform, which offers customers the connected experience they are looking for.

Winning with agility and human centricity

Selecting and designing a connected customer experience solution requires a new mindset, and many companies have already realized that following a human-centric and agile approach is key to success when designing for change and innovation. One way for businesses to design for

change is human-centered design, which means thinking from a user's perspective. It is an engaging, agile approach to problem seeking and problem solving, relying heavily on empathy, collaboration and experimentation to create innovative solutions that people love. It starts by understanding the customers, their needs, goals and pain points, which results in community-based personas and market archetypes rather than the

traditional customer segmentation based on demographics and socioeconomic factors. Instead of defining and describing organization-centered business processes, customer perception in today's reality is captured in user-centered customer journeys and user stories. By adopting this new mindset and the related operating models (e.g. agile co-creation, design thinking, minimal viable products, pilots and iterative product development), CPG companies and Retailers can leverage the common drives that support these principles in order to create and build connected, user-centered, and value-focused experiences that customers will appreciate, that they will turn into real fans and happily act as advocates and ambassadors for their favorite brands.

Conclusions

For CPG companies and Retailers to create new human-centric experiences, they need to consider a number of factors in order to better engage their customers, create higher value for them, and thus achieve much faster growth and better ROI:

- Customer behaviors and expectations have dramatically changed in the digital age due to the new possibilities and the number of new communication channels, resulting in the rise of a new, dynamic customer journey and a different way of looking for and connecting to brands.
- Accordingly, CPG companies and Retailers must completely change their business capabilities, especially in the front-office, in order to create personalized, memorable experiences, achieve better omni-channel presence, and be relevant to their customers.
- CPG companies and Retailers can leverage the power of CX platforms to engage with customers and consumers effectively on different digital touch points and bring together all aspects of customer relationship leveraging an integrated portfolio of cloud solutions.

- To enable intelligent and connected customer experiences, the entire front-office architecture design needs to evolve to a customer-centric model based on different layers that consider the needs of today's customers and ensure a seamless, best-in-class omni-channel experience.
- Choosing a human-centric and agile approach when designing for change and innovation is a key factor to ensure a successful understanding of customer needs, goals and pain points, and to build and offer the memorable experiences that customers and consumers are looking for.

Are you there yet?

Developing and delivering a holistic customer-centric strategy is not an easy task, and many companies tend to manage digital initiatives in ways that take the form of projects or are limited to activities within a given division or function. CPG companies and Retailers that want to move away from that tendency need to develop a digital mindset by which a company's digital activities, people, culture, and structure are aligned with the organization's broad ambition.

How Deloitte Digital can help you get there

Not only is Deloitte at the forefront of digital transformation across industries, we have deep, specific, hands-on delivery and advisory experience with all leading CX technologies, and deep industry expertise in CPG and Retail, and the entire consumer ecosystem in the Middle East. Regardless of the approach, we can help you create a digital customer view that illuminates new business opportunities and creative ways of solving problems. We can work collaboratively with you to define and execute your strategy, develop a customer-experience architecture aligned to business objectives, and design an operating model that enables seamless collaboration and connectivity—internally and externally—all

while helping your organization run the existing business, bring its own digital DNA to life, and position the organization for the future.

About us

Deloitte Digital helps companies create new growth by elevating the human experience — with connected ideas, technology and talent. Our ambition is to make the best customer-oriented organizations in the world. Alongside all of Deloitte, we foster the connections necessary to shape a better future for our clients, our culture, our society and our planet. Visit www.deloittedigital.com or follow Deloitte Digital on [LinkedIn](#) or [Twitter](#) to learn more.

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