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Priorities to enhance customer experience and trust

Consumer and Retail: Top five reasons companies are struggling to maintain customer trust.

Today's consumer has high expectations of retail companies: they want them to offer nothing less than personalized products and services, an effortless experience across channels, reliable privacy protections, evidence of good corporate citizenship, and value for their money. As consumer and retail companies push towards engaging with consumers through digital channels, they continue to face a number of obstacles in delivering this desired customer experience.
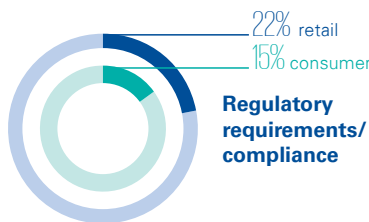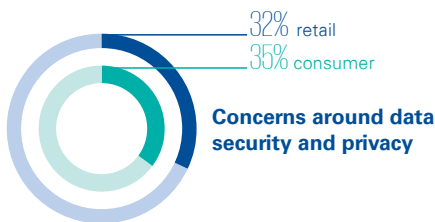
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KPMG's latest research based on a commissioned study conducted by Forrester Consulting points to five areas where companies struggle most when executing a customer-centric digital strategy and maintaining customer trust.

1 | Security and compliance | Customers want their personal data protected.

Ongoing cyber security threats, expanding privacy protections (GDPR, CCPA), and evolving regulations in a variety of jurisdictions are challenging companies to balance their investments appropriately between growing their digital brands and maintaining their digital security.

Most organizations are constrained by multiple legacy IT systems and databases that were put in place for their traditional storefronts but are not well integrated with their digital channels (stores, online, mobile, etc.). Trying to establish a robust security architecture across incompatible systems can drive up costs significantly.

32% retail
35% consumer
Concerns around data security and privacy

22% retail
15% consumer
Regulatory requirements/ compliance

Data security and privacy grew as a top obstacle by +11 percentage points for Consumer and +7 percentage points for Retail from 2016 to 2018.

Base: 207 CPG and 205 Retail professionals involved with customer-centric strategy decisions at CPG organizations
Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, September 2019.
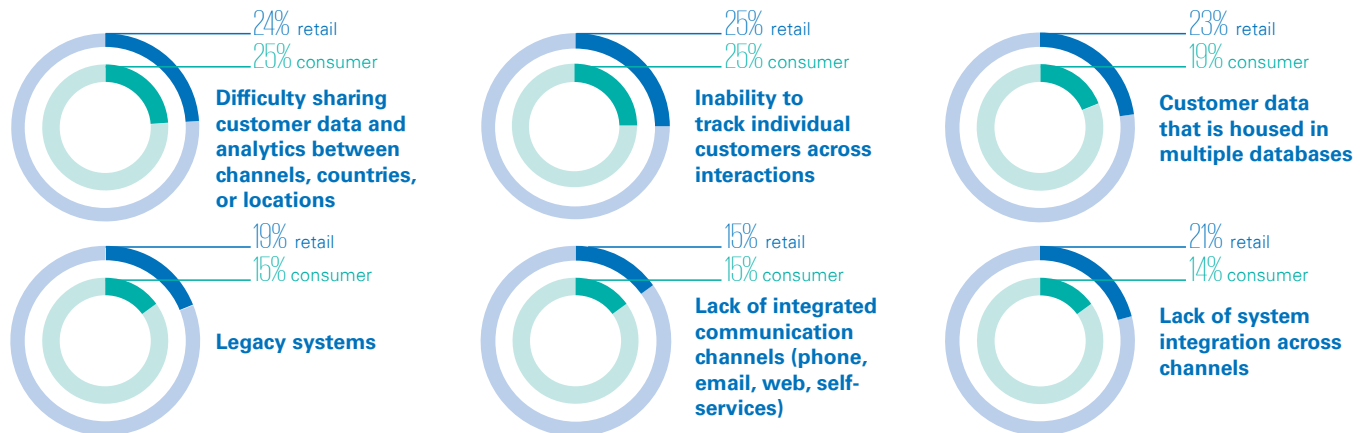
2 Technology and data | Legacy systems, inadequate governance and technology silos magnify complexity.

Companies are struggling to track and share customer interactions across multiple channels and countries. In addition to posing security concerns, legacy systems and data spread across multiple databases exacerbates the considerable challenge of attaining a single view of the customer.

Solid information governance practices can create the firm foundation needed for regulatory compliance and supporting targeted analytics, customer intelligence, and richer interactions within the guard-rails of privacy regulatory obligations.

24% retail
25% consumer
Difficulty sharing customer data and analytics between channels, countries, or locations

25% retail
25% consumer
Inability to track individual customers across interactions

23% retail
19% consumer
Customer data that is housed in multiple databases

19% retail
15% consumer
Legacy systems

15% retail
15% consumer
Lack of integrated communication channels (phone, email, web, self-services)

21% retail
14% consumer
Lack of system integration across channels

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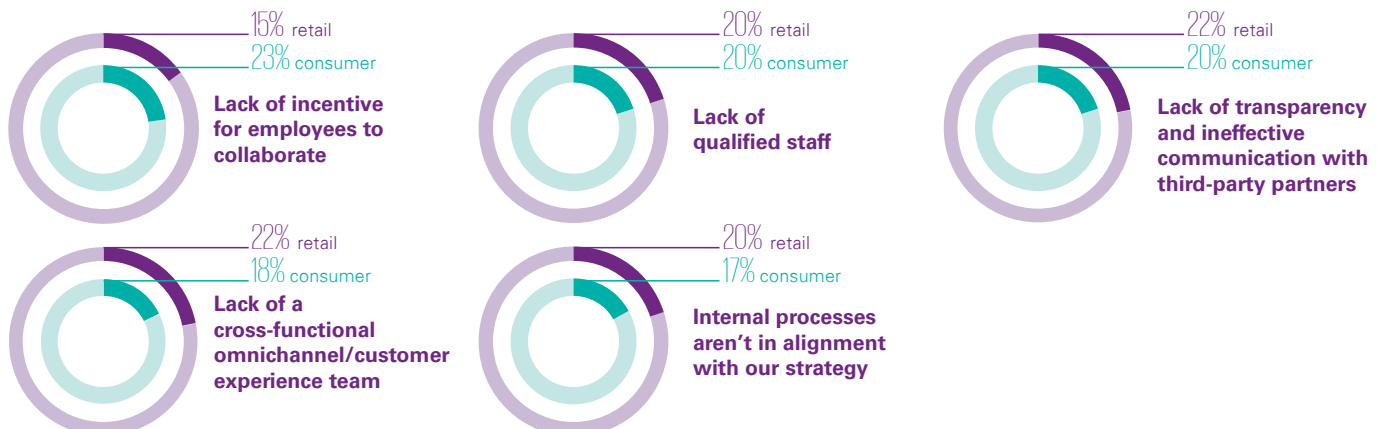
3 People and process | Customer trust is built when the experience is seamless across channels.

Most organizations lack the infrastructure they need to deliver a cohesive, cross-functional customer experience or the capabilities and incentives their teams need to collaborate effectively. Our research confirmed that, in the absence of qualified in-house capabilities, organizations may look to third-party providers to deliver portions of their customer experience strategy. However, lack of transparency and ineffective communication with third parties could hinder the delivery of a trusted experience.

Lack of qualified personnel with relevant digital experience continues to slow down rapid deployment of their digital strategies. Organizations will need to consider strategies to train and enhance the skillset of their employees in order to meet the ever increasing marketplace demand of their customers.

15% retail
23% consumer
Lack of incentive for employees to collaborate

20% retail
20% consumer
Lack of qualified staff

22% retail
20% consumer
Lack of transparency and ineffective communication with third-party partners

22% retail
18% consumer
Lack of a cross-functional omnichannel/customer experience team

20% retail
17% consumer
Internal processes aren't in alignment with our strategy

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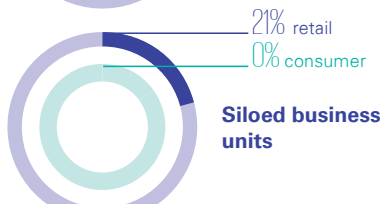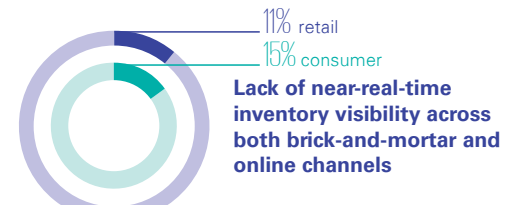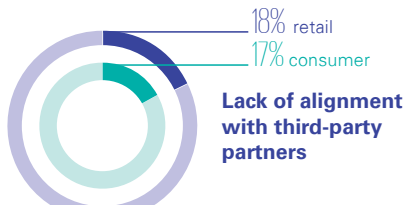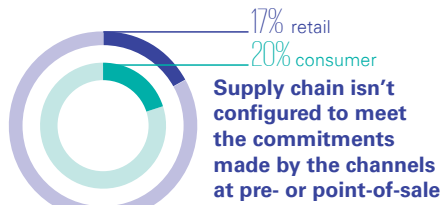
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4 | Business silos | Customer trust can be impacted by a company's ability to meet delivery commitments and product returns.

Many organizations are organized by channel, each with independent leadership, applications, forecasts, inventory and reporting. Many have built their supply chains around a traditional business model. But often, supply chain systems and processes have not been updated and configured to meet customer expectations for "always available and immediately deliverable" products and services. The result is supply chain and inventory management systems that cannot meet the commitments made by the pre or point of sales instances.

17% retail
20% consumer
Supply chain isn't configured to meet the commitments made by the channels at pre- or point-of-sale

18% retail
17% consumer
Lack of alignment with third-party partners

11% retail
15% consumer
Lack of near-real-time inventory visibility across both brick-and-mortar and online channels

19% retail
0% consumer
Inconsistency in products and pricing across channels

21% retail
0% consumer
Siloed business units

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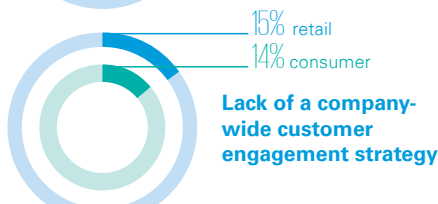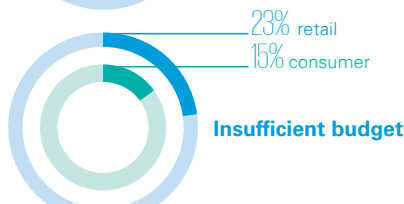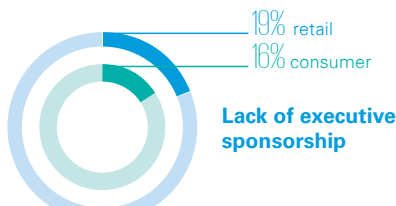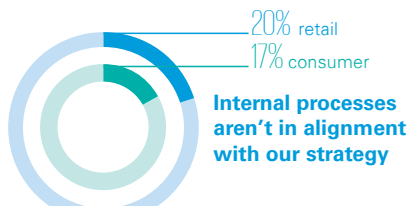
5 | Strategy misalignment | Customers reward companies based on their best experiences.

Organizations are struggling to balance stakeholder expectations for growth and profitability with delivering the 21st-century experience their customers demand. While companies say they are focused on customer-centricity, they remain challenged by lack of appropriate executive sponsorship, a company-wide strategy, and sufficient funding to enable execution. Our experience is that most consumer product organizations take a case-by-case approach to a connected enterprise strategy, which results in essentially unwieldy cross-channel experiences for customers.

20% retail
17% consumer
Internal processes aren't in alignment with our strategy

19% retail
16% consumer
Lack of executive sponsorship

23% retail
15% consumer
Insufficient budget

15% retail
14% consumer
Lack of a company-wide customer engagement strategy

Traditional consumer and retail organizations are challenged to navigate these obstacles because they lack the right data and technology capabilities to respond, versus newer, more innovative players.

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So what can consumer and retail organizations do to improve and deliver a trusted experience?

KPMG's Connected Enterprise is a customer-centric approach to consumer and retail digital transformation. It focuses on creating and aligning eight core capabilities to help organizations meet evolving customer expectations throughout the enterprise and achieve growth. Companies that invest in and connect these eight capabilities are twice as likely to be successful at achieving customer centricity and they help address the five challenges identified in our research.

Insight-driven strategies and actions

Innovative products and services

Experience centricity by design

Seamless interactions and commerce

2X impact

Responsive operations and supply chain

Aligned and empowered workforce

Digitally enabled technology architecture

Integrated partner and alliance ecosystem

Strong relationships are based on trust. Customer-centric organizations earn the trust of their customers by addressing specific aspects of organizational governance:

Process and systems governance

Companies need to assess the end-to-end transaction across multiple use cases to identify where things could break down or simply deteriorate, resulting in a poor customer experience. Are you delivering the right product to the right customer at the right time? Leveraging new applications, data and automation to monitor transaction activity, including the quality of those transactions, can improve the organization's ability to maintain and enhance customer trust. Organizations should also consider fraud detection and prevention controls as they build out these processes.

Data governance

Privacy compliance and data enablement start with a clear understanding of what data is in the environment, the purposes for which that data is used, and the people, processes and technology that allow for sustainable visibility and control of that data. Achieving this understanding represents a significant, transformational change for most companies and must be approached in a thoughtful, practical way. The good news: given overlap in many activities, investment in privacy compliance requirements (CCPA, GDPR, etc.) can help to fund these foundational initiatives. Further, strong data governance can serve as a strong foundation for information protection and security, supporting risk-based protection of information assets.

Third-party governance

Companies are leveraging cloud based platforms, custom application developers and various other third parties within their supply chains to deliver a customer-centric experience. Now they need to develop new governance policies, procedures, and capabilities to ensure appropriate oversight of third parties in the digital age.

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