

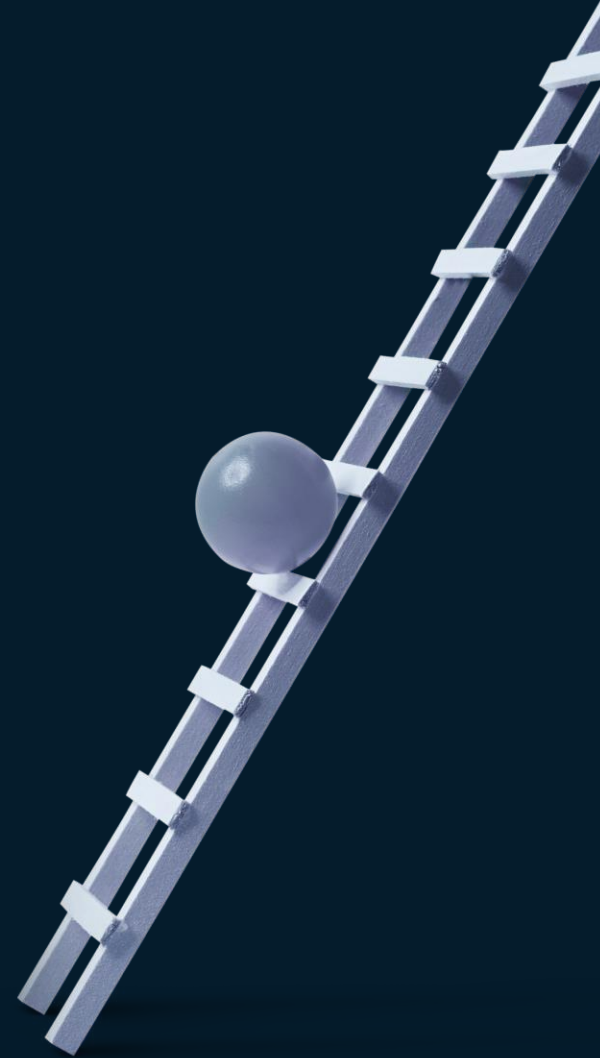


# Customer excellence – today's imperative

Dr. Johannes-Tobias Lorenz, Senior Partner Digital/McKinsey, McKinsey & Company, Inc.



**Prioritize!**  
**Customer Excellence**

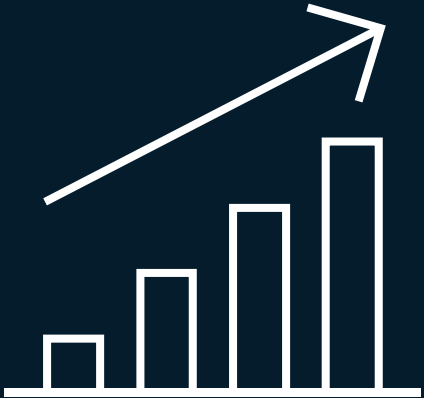




Disneyland  
PARIS

# Customer Experiences is no longer a trade-off

Higher sales





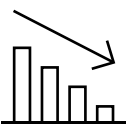
**OR**

Lower costs



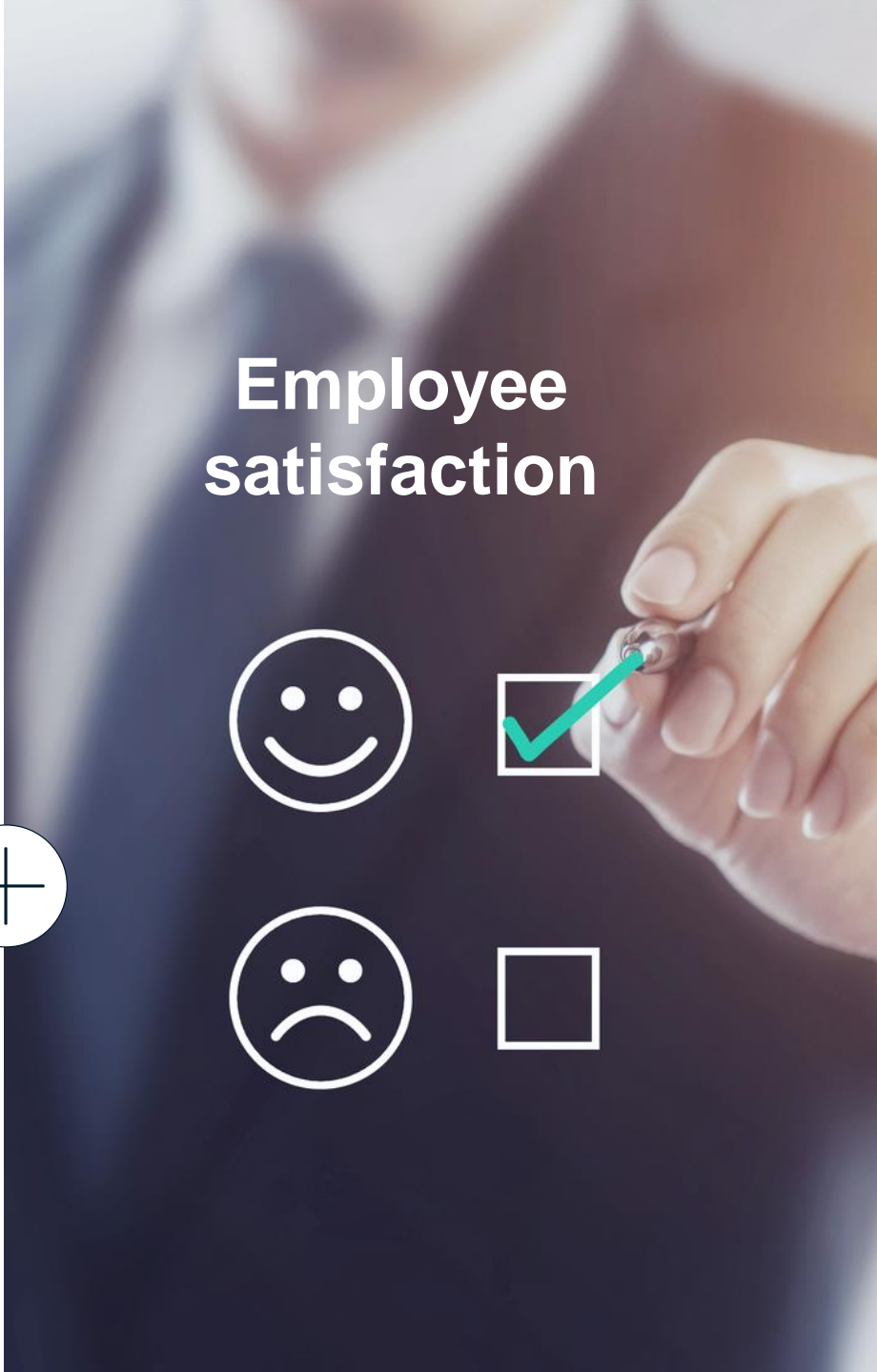
# Embrace the new opportunity

Insurance Example

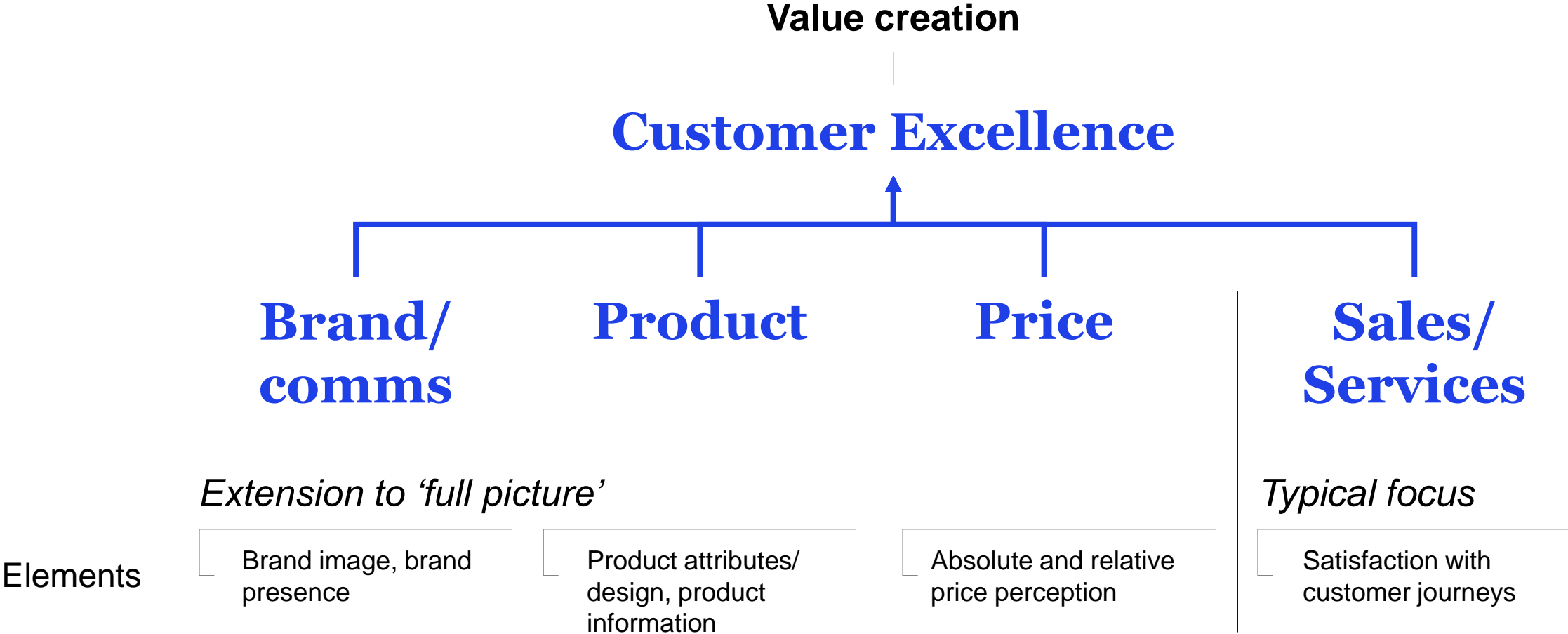
	 <b>CEX</b> CSAT	 <b>Growth</b> CAGR, %	 <b>Costs</b> Expense ratio, %
Leaders	<b>80</b>	<b>7</b>	<b>21</b>
Laggards	<b>60</b>	<b>4</b>	<b>24</b>



## Employee satisfaction



# CX reflects total performance

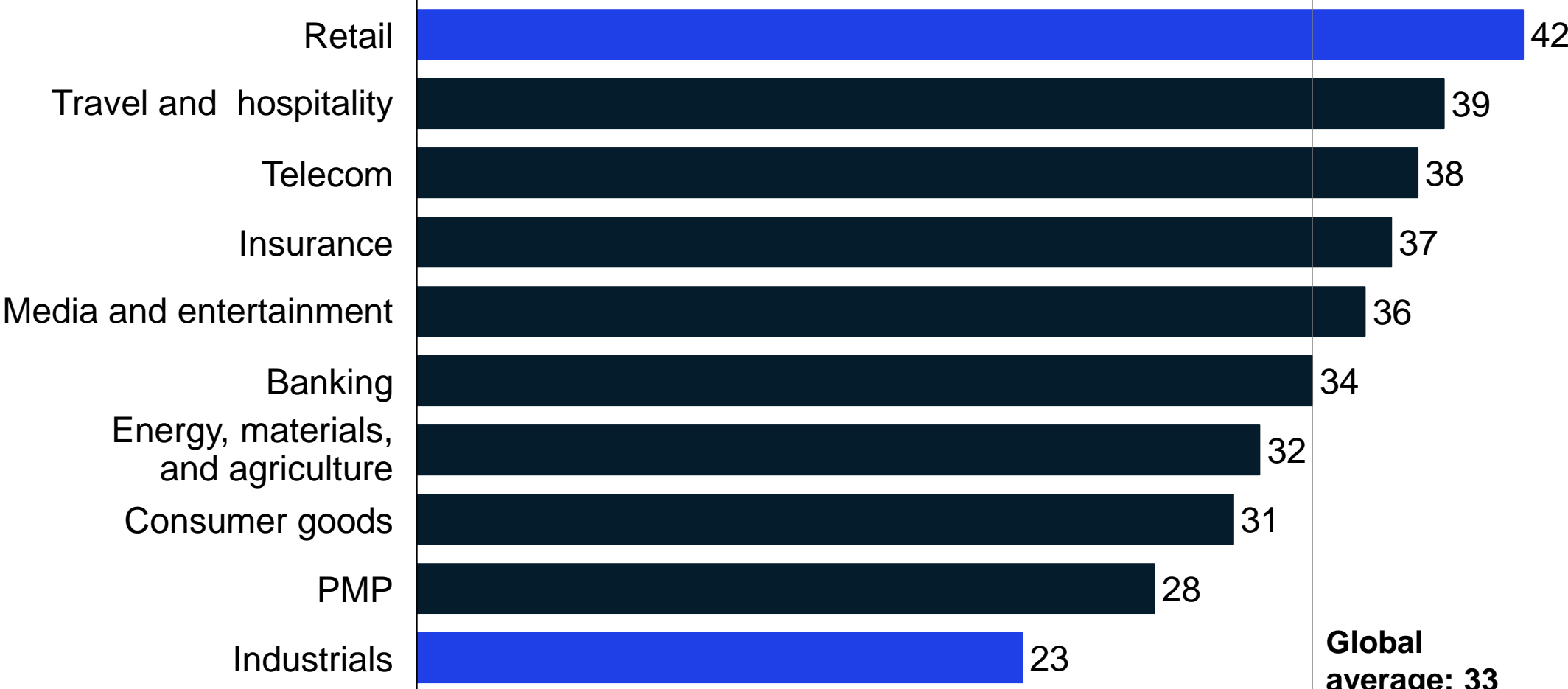


**Accelerate!**  
**The new normal**



# Digitization is progressing

McKinsey's digital quotient (out of 100)





# Good news: the glass is half full



---

**The need to transform** understood and endorsed

**Digital spin-offs and ventures** funded

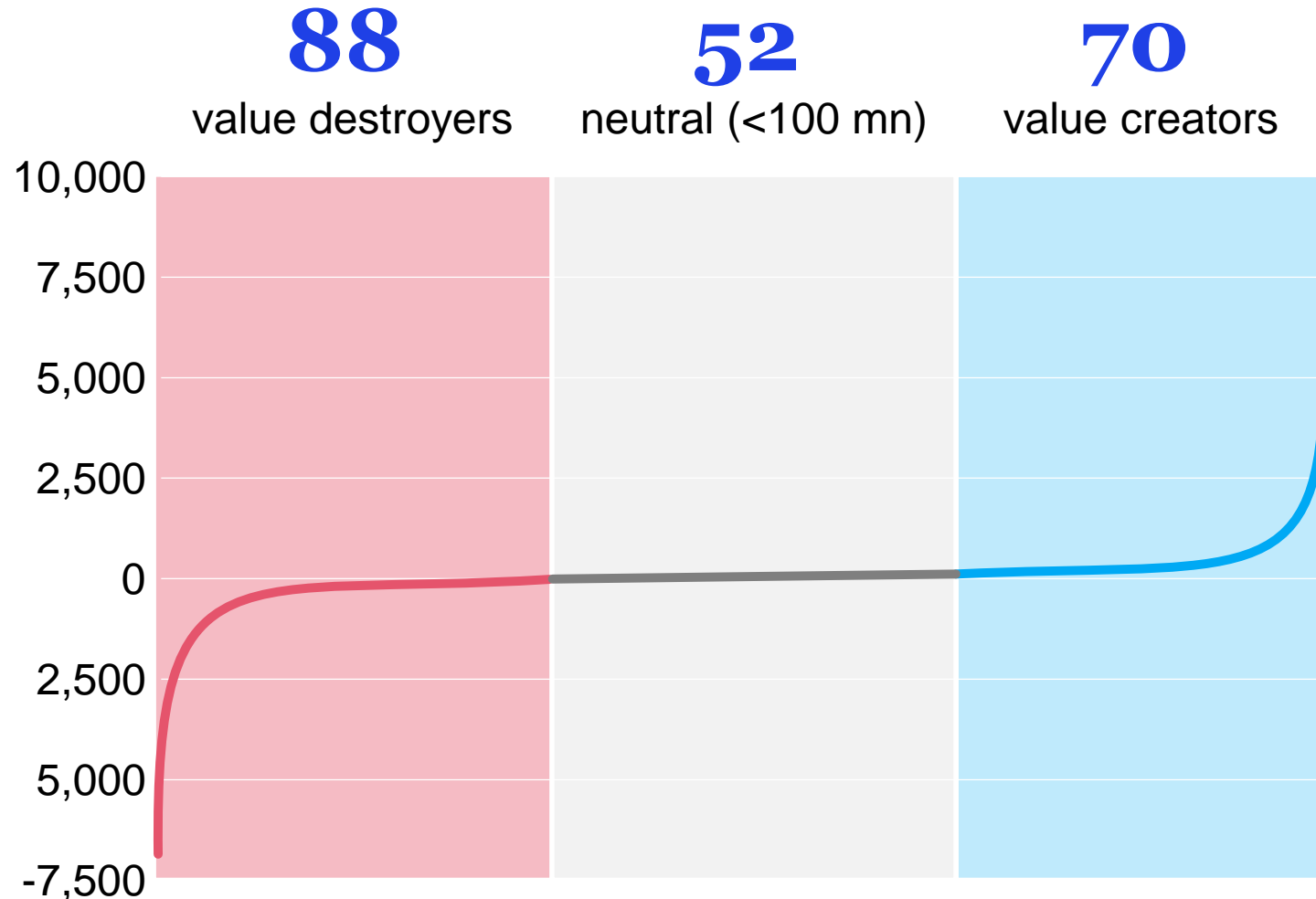
**Online partnerships** established

**New ways of working** tested

**Customer experience** discovered

# However, there is maximal polarization – example insurance

Average economic profit, 2013-17, USD millions (n=210)



USD 6 bn value  
destroyed p.a.

Top 25 creating 72% of  
value

Limited movement along  
the power curve

# “New normal” accelerates the polarization

---



## Economies of scale

---

“Sizeable investments in technology, data, and brand, but zero marginal costs



## Economies of scope

---

Unique skills, data, and talent as new differentiators yet scarce resources



## Network effects

---

Customer access and ownership exponentially drive the value of the network

×

×

---

The value of time moves to infinite (for all industries!) – decisive transformers benefit

# Tough news: filling the glass is more tricky

**Re-think, innovate and deliver!**

The need to transform understood and endorsed

**Invest in the core!**

Digital spin-offs and ventures funded

**Think ecosystem!**

Online partnerships established

**Develop capabilities and mindsets!**

New ways of working tested

**Own the customer!**

Customer experience discovered



**Deliver!  
True Customer  
Excellence**



# The Customer Excellence imperative

## Design

»» Be comprehensive

»» Measure and understand

»» Differentiate

## Deliver

»» Integrate the approach

»» Invest

»» Involve the organization

# Design

»» Be comprehensive

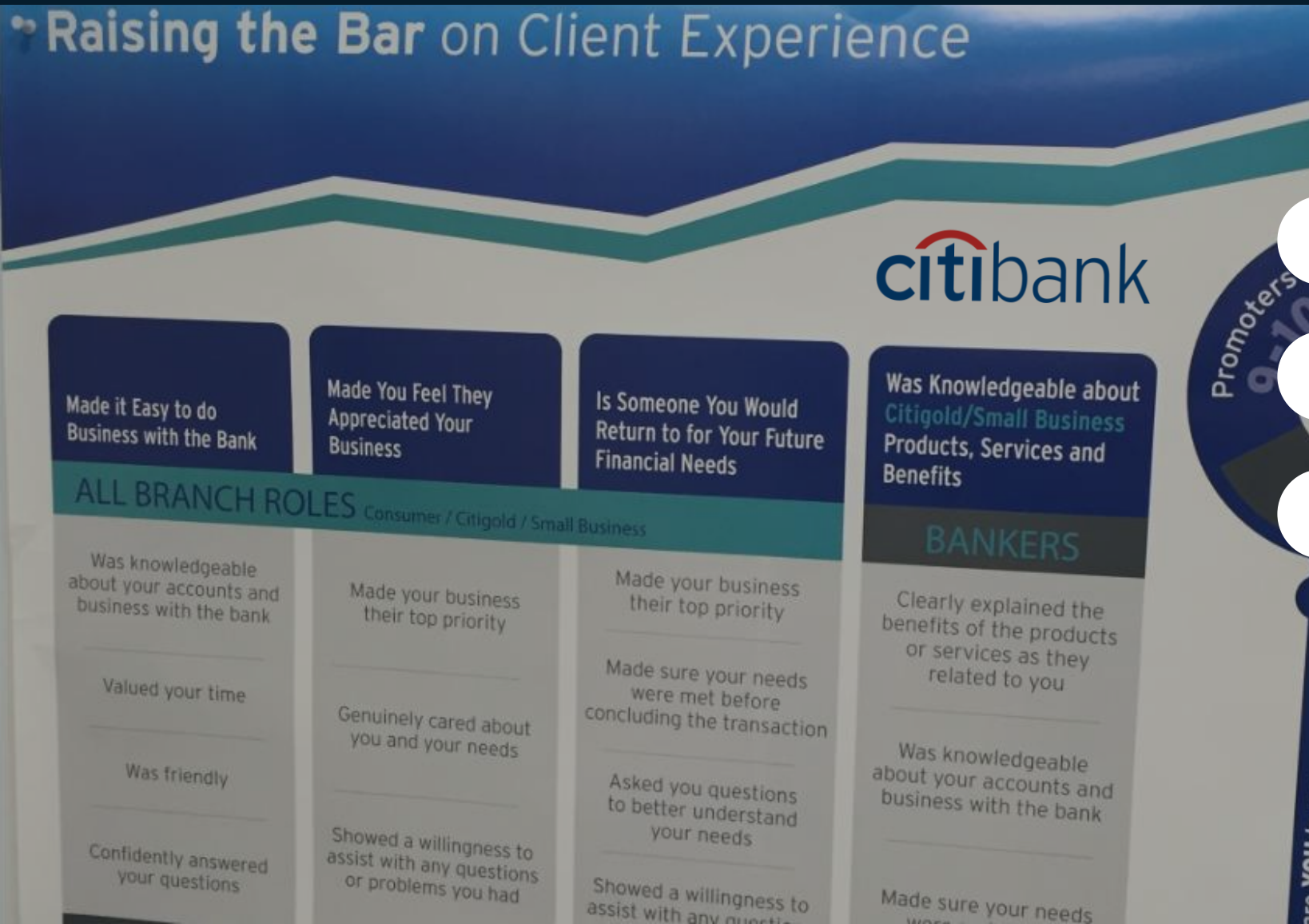
# digit

- > Simplicity DNA
- > 15 year olds as acid test participate in pilot
- > Digital and analytics enabler for CX with no touch



# Design

## » Measure and understand



Pragmatic measurement



Closing the loop



Real-time feedback

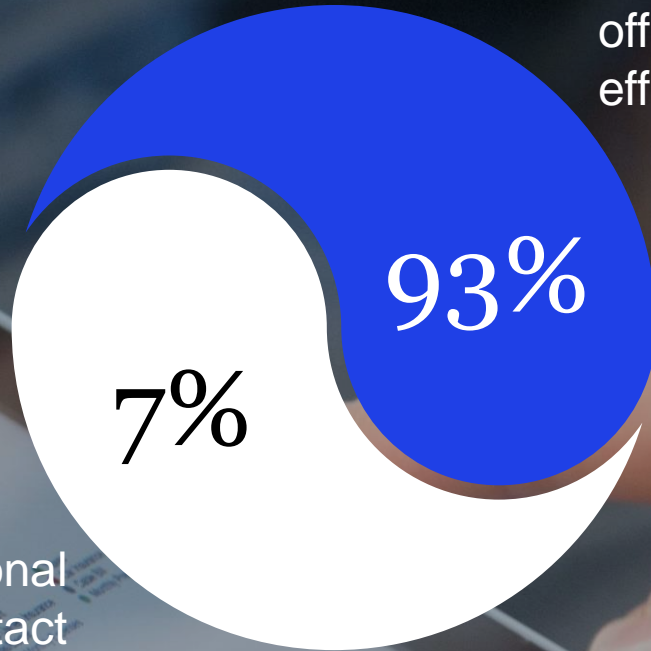


# Design

»» Differentiate



Fully automated standard processes offering maximum efficiency



High-quality personal customer contact when it matters

- > Customer understanding
- > Differentiated steering
- > First-time-done incentive

# The Customer Excellence imperative

## Design

»» Be comprehensive

»» Measure and understand

»» Differentiate

## Deliver

»» Integrate the approach

»» Invest

»» Involve the organization

# Deliver

»» Integrate the approach

## Re-think!

### Customer focus

Start to solve the issues most relevant to your customers

Involve customers in every development step

As incumbent, build on the value creation potential of the existing customers



### Business model imperatives

Start with the "maximum aspirational proposition" before working on "minimum viable products"

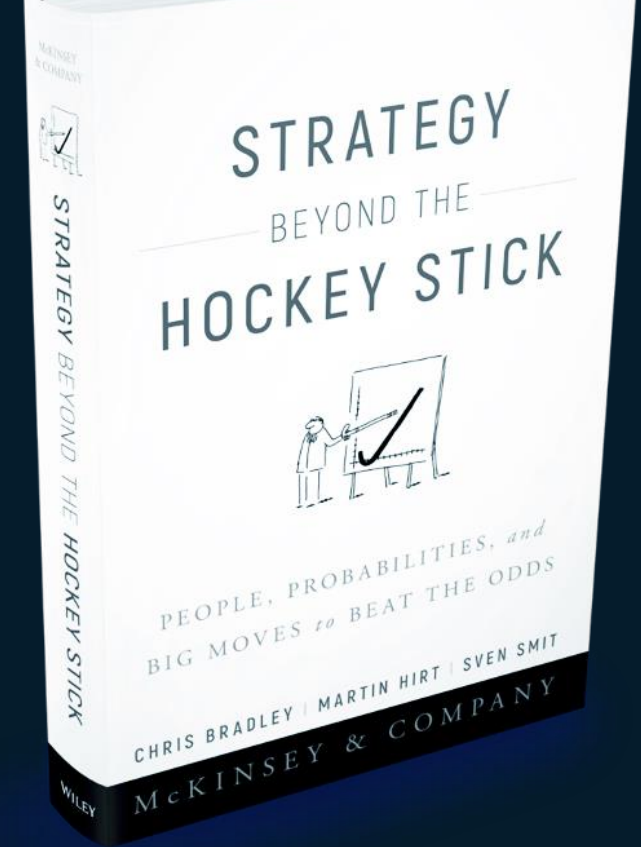
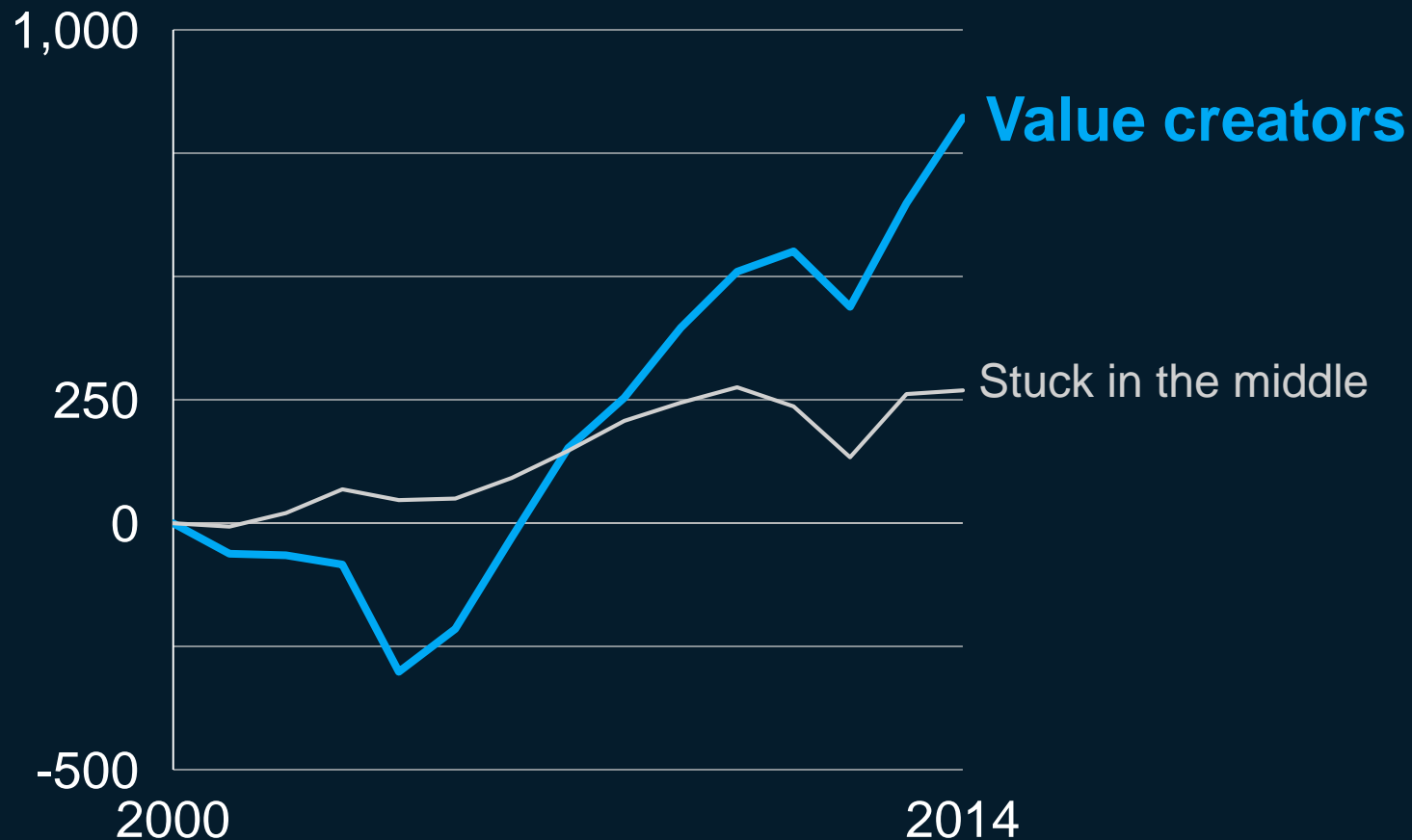
Focus on key value levers to reset the economics

Leverage your existing assets

# Deliver

## » Invest

Average economic profit, normalized to zero, USD millions

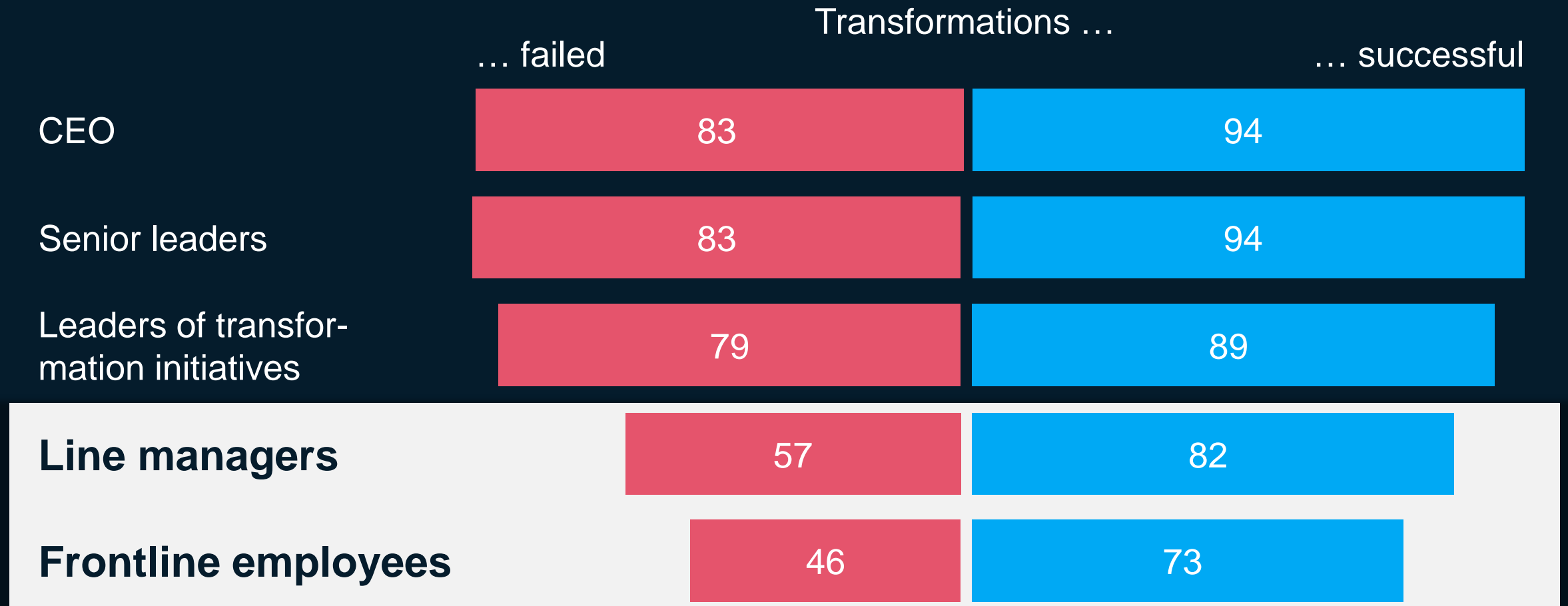


- Investments required
- Track record as pre-requisite
- Impact controlling

# Deliver

## »» Involve the frontline

Engagement throughout the hierarchy, percent



# Start today!



McKinsey  
& Company

Thank you!

