

The State of the Nation

Our up-close analysis of the Luxembourg customer market has allowed us to identify certain cultural and societal factors that are specific to the Grand-Duchy, and which appear to be driving customer behaviours and preferences.

Luxembourg is home to a highly multicultural society, made up of some 170 different nationalities. With so many nationalities living, working, and consuming in Luxembourg, and with a correspondingly wide variety of cultural expectations, brands must have strong intercultural capabilities that allow them to adapt, adjust and deliver greater customer satisfaction.

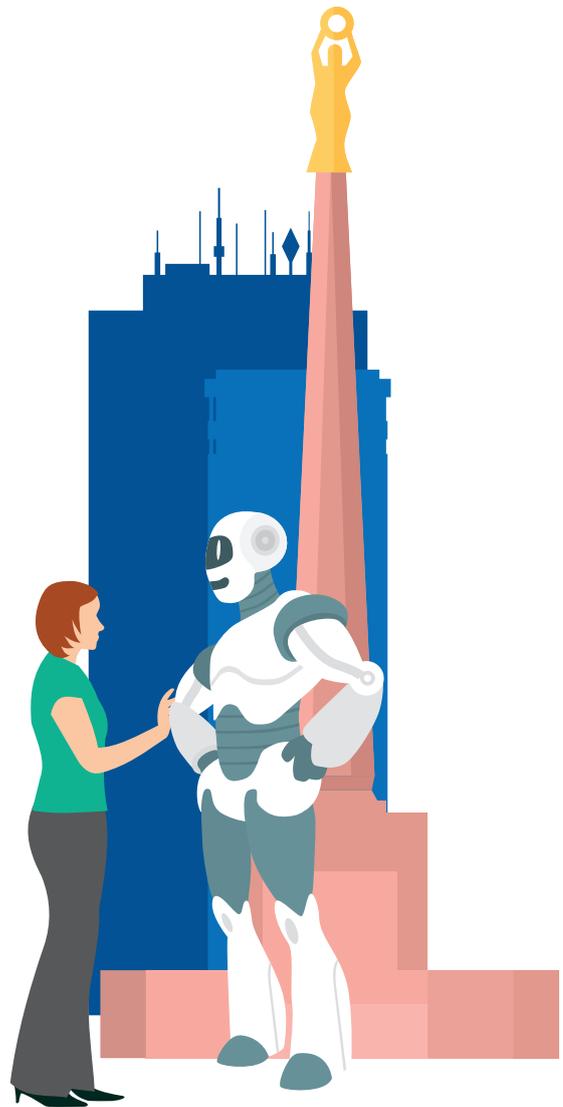
A number of survey respondents awarded high scores for Personalisation and Empathy to brands providing goods and services specific to the Luxembourgish population, i.e. children's books written in Luxembourgish, or which employ Luxembourgish-speaking staff. These brands provide a service that is tailored to the individual's personal needs and circumstances, and this is highly valued by their customers.

This indicates that language is central to the intercultural capabilities that Luxembourg brands need. With four different languages - Luxembourgish, French, German and English - in widespread use in both written and spoken forms, the ability to communicate and interact with a customer in their mother tongue can be a key differentiator.

Customers in Luxembourg also value physical proximity when interacting with a brand, and tend to interact more through physical channels, such as shops or branches, than digital ones. Many of the Top 20 brands have a stronger off-line than on-line presence.

Cultural factors aside, geographical factors also play a role in what, how and where customers interact. Luxembourg's central position at the heart of Europe means that France, Belgium, and Germany are all less than thirty minutes away by car, enabling over 167,000 German, French, and Belgian cross-border employees to commute in and out of the country every day. These cross-border employees constitute another important strand of Luxembourg's customer market, spending their money primarily during the flow of the working day and to a lesser extent during the ebb of evening and weekend leisure time.

As a small country, Luxembourg does not pose a geographical challenge in terms of physical distance - a key consideration for logistics companies. However, the correspondingly small size of the market means that competition in terms of brands' real-world presence is limited. Customers who are unable to find what they are looking for in Luxembourg's physical outlets either opt for online channels or take their custom beyond Luxembourg's borders, travelling to Greater Region towns such as Trier (Germany), Arlon (Belgium) or Thionville (France) for half-day shopping trips.



LUX Pillar Performance

(maximum of 10 points)



Of The Six Pillars, Luxembourg performs best on Time and Effort. Our analysis shows that many companies are successfully using Time and Effort as a source of competitive advantage on the local market. As in many other countries, customers in Luxembourg are time-poor and are increasingly seeking instant gratification. By removing unnecessary obstacles and red tape, Luxembourg brands allow customers to achieve their objectives quickly and easily, boosting customer loyalty as a result.

Empathy - the emotional capacity to show that you understand and care about another person's experience - is the weakest of The Six Pillars, both in Luxembourg and the other thirteen countries as well. Strong performance on Empathy requires brands to have a deep and comprehensive understanding of their customers' lives and circumstances, allowing them to reflect back to customers that their feelings and experiences are recognised and understood. For a brand to demonstrate empathy and then go the extra mile to assist its customers on that basis is the highest form of customer service.

LUX Sector Comparison

(maximum of 10 points)



Luxembourg customers' needs and expectations are best met by brands within the Financial Services sector, such as retail banks and insurance companies. With an average score of 7.14, this sector is leading the field on customer experience, and outstripping the national average by 6%.

Despite the country's limited geographical challenges, Logistics is Luxembourg's worst-performing sector, scoring 7% below the average. When it comes to parcel delivery, customers have clear expectations: they expect them to be delivered at the right time, to the right place, and in one piece. It may be that the delivery sector offers more opportunity for things to go wrong in attempting to meet these expectations than it does to delight customers by exceeding them, which may explain the Logistics sector's low ranking.

Global benchmarking

Compared against international best practices and customer experience performance in other countries, Luxembourg brands are delivering good customer service. Achieving broadly similar results, the majority (69%) of the brands included in this study score between 6 and 7, with an average CEE score of 6.70.



Based on the eight years of research undertaken by KPMG's Customer Experience Excellence Centre, a brand is often considered "outstanding" with a CEE score of 8 or more, although cultural and contextual factors need of course always to be taken into account so that this score can slightly vary from one country to another.

Customer obsession has yet to be fully embraced by Luxembourg brands. There is, as always, still room for improvement if they are to evolve from customer awareness to embedded customer obsession. This shift may be supported by seeking inspiration from abroad, from markets such as the UK or the US, which have often demonstrated a greater maturity in terms of customer experience.

Research conducted by KPMG's Customer Experience Excellence Centre shows that organisations which deliver outstanding customer experience adopt the following approach.

In these organisations:

- **They are clearer on their customer purpose** and what they intend to achieve for customers, enacting corporate rules more effectively to ensure consistency of delivery.
- **They are more tightly focused on key segments.** They realise that you cannot be all things to all customers, so they define their target customers tightly, specify the target experience, and then follow the rules for delivery.
- **The customer is understood more deeply.** The voice of the customer carries more weight than the voice of finance.
- **The customer agenda is set from the very top.** CEOs own the customer agenda. One CEO, addressing a series of questions with his executive team, was asked whether they had a customer experience department. His response? "Yes - you're looking at it!"
- **Experience is more multidimensional and sensorial.** No detail is overlooked, with an increasing sense of theatre in relation to experience delivery. There is a much greater focus on inspiring and exciting customers.
- **Digital is integrated,** not seen as a digital fiefdom in a multichannel world. They maintain an omnichannel approach.
- **Employees are at the epicentre of the experience.** They are very particular about whom they recruit. They focus on finding people who have a passion for customers, a passion for the sector and a natural, in-built desire to deliver exceptional service.