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Telecom Today

Why Customer Experience Will Be Key for Competitive Advantage

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ABSTRACT

Telecom vendors now suddenly find themselves to be the hand that controls and maintains business equilibrium when the world has shut down. With great power comes great responsibility. And the responsibility that telcos have to bear is providing smooth, efficient, quality customer experience where they not only meet expectations but go much further. This white paper takes a long hard look at the current global scenario and why customer experience management is the key to success and longevity for telecom vendors.

INTRODUCTION

Oliver Wyman recently published a report with eye-opening insights on the telecom industry during the COVID-19 pandemic and the subsequent lockdown. It has been mission-critical for the telecom industry since the 'rush hour' has been extended because of longer hours of confinement. With most countries in lockdown and remote working numbers spiking exponentially, telecom operators are burdened with keeping the economy running, apart from keeping people out of social isolation virtually.

The report made an interesting insight. It identified the COVID pandemic as the best opportunity for telcos for strengthening their relationship with customers and society. Telco companies can improve customer experience by adopting customer-centric relief measures like relaxation in bill payments, extension of data limits, and free entertainment services. This white paper features service providers who have already done this proactively.

While telcos have always been essential service providers, the worldwide social isolation and quarantine have made the public appreciate this fact much more. They now provide critical services that ensure business continuity through virtual collaboration.

However, being in the thick of all the action comes with its own issues. For one, any breakdown in communication, even for a few seconds, can be viewed as a significant deficiency. This has become especially true in the current scenario, where virtual communication has become the primary mode of connecting with each other.

In this context, the role of Customer Experience Management (CEM) has become crucial. Since most vendors are capable of offering the same scale and variety of operations to consumers, the differentiating factor has boiled down to the quality of experience that the customer gets.

Customer preferences and perspectives have changed a lot in the last decade. In keeping with this continuous evolution, one can expect that typical services will no longer suffice in ensuring any differentiation and telecom operators will have to be proactive to stay on top.

1. SEAMLESS CUSTOMER EXPERIENCE: THE NEW NORMAL

Telecom market observers forecast that by 2030, around 50 billion IoT devices will be in use, connecting everything in our technological universe – from smartphones to security cameras and refrigerators. The telecom industry's massive infrastructure is at the center of this universe, enabling communication between each individual component.

This industry, compared to other service industries, boasts of an extremely large customer base. In the Intelligence Report by ResearchAndMarkets.com, the statistics offered are staggering. In the beginning of 2020, there were around 7.7 billion active broadband subscriptions globally, an increase of 3.3 billion from just 5 years ago.

This was the prediction.

But COVID-19 might have changed all these numbers.

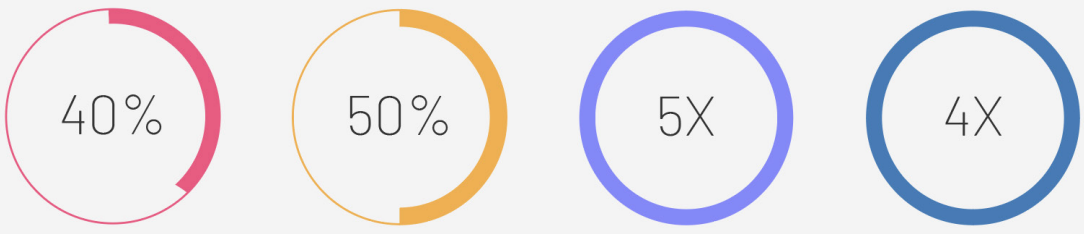
The results of the Oliver Wyman report, derived from an extensive survey of telecom operators in Europe, North America, and Asia, show the spike the industry has recorded in the last few months.

Global reliance on the telecom industry is enormous.

In a sector as dynamic and volatile as telecom, service providers cannot afford to stay behind market trends. Let's take a look at the changing market trends vis-à-vis customer experience management.

Where once service providers competed against each other using price wars and discount bundles, in 2020, painless customer experience has emerged as the key brand differentiator. The sameness in the services provided and the market saturation were clear indicators of this trend as early as 2013 when Walker released its study on customer experience in 2020.

Added to this, the telecom industry now carries a burden of its own creation. The wide prevalence and easy accessibility of telecom services have ensured social and economic inclusion, especially in growing economies, a scenario that demands advancements in customer experience management for altruistic reasons.



More than 40% increase in fixed IP traffic

More than 50% increase in mobile voice usage

5 times increase in instant messaging platforms usage

4 times increase in traffic in remote work platforms

Figure 1: Increase in adoption pattern after the COVID crisis

Gartner reports that in 2020, customers will manage 85% of their relationship with an enterprise without interacting with a human.

"67% of consumers cite bad experience as a reason for churn."

Only 1 out of 26 unhappy customers complain. The rest churn.

1.1. AI-powered CEM

Now that we are in 2020, we can see this prediction unfolding in real-time. What the Walker report failed to note in its 2013 version was the rise of AI-powered consumer engagement tools like chatbots. In just a short time, chatbots have proliferated into all aspects of a brand's customer engagement strategy. From answering quick queries on websites about a certain product to conducting feedback surveys for services, chatbots have removed a significant chunk of human-to-human interaction. Gartner reports that in 2020, customers will manage 85% of their relationship with an enterprise without interacting with a human.

The introduction of social distancing has increased digital needs, especially in areas like self-service. It is safe to assume that even after the pandemic is done and dusted, the digital trends will become a mainstay. Telecoms have begun shutting their overseas customer care operations, which were forcing them to provide more with less. A Bain & Company report says that there will be up to 40% reduction in low-value interactions with digital self-service, a trend which telecom operators must prepare themselves for in a matter of months.

1.2. Omnichannel outreach

An important trend that has come to the forefront due to the prevalence of social media is omnichannel marketing. Companies with strong omnichannel customer engagement strategies will retain more customers than those with a weaker presence. The way customers interact with service providers has changed. A survey conducted by an omnichannel marketing consultant found that 86% of respondents don't mind paying 25% extra if it translates into a better customer experience.

A cohesive and consistent omnichannel customer experience must be the foundation of all channel-specific strategies. A disconnected omnichannel landscape will increase customer dissatisfaction, leading to customer churn.

1.3. Reducing churn

This is not a trend per se but concerned by the significant hit to the bottom line caused by a high rate of churn, reducing it has now become a priority for all operators.

A significant factor in reducing customer churn is to keep them happy. In other words, customer frustration will lead to churn. Esteban Kolsky, the founder of the customer strategy consulting firm thinkJar, advises companies to embrace customer experience. According to an annual survey done by Kolsky and his team, "67% of consumers cite bad experiences as a reason for churn." This is an important statistic, considering how the team also notes that:

"Only 1 out of 26 unhappy customers complain. The rest churn. A lesson here is that companies should not view absence of feedback as a sign of satisfaction. The true enemy is indifference."

1.4. Proactive approach

In the unexpected and rather unprepared phase the economy has currently entered, telecom operators are now sustaining society's continued working. With this added responsibility, the reliance on them has increased multifold. For example, in some European countries, Vodafone has recorded a 50% increase in internet usage, owing to work and education moving online. In the UK alone, data usage has increased by 30%. This is a market trend Vodafone expects to continue as most of Europe still prefers to stay indoors.

Sensing the increased use of smartphones throughout this period, Virgin Media in the UK offered 10 GB data for free for around 3 million of its customers. It also removed the 20 Mbps usage cap for tens of thousands of customers. In India, where prepaid phone services are still mainstream on which roughly half the population rely on, telecom operators have introduced ad hoc policies to support their customers. Airtel, for example, added Rs. 10 talktime to low-income users, covering around 80 million subscribers. Vodafone has followed suit to cover 100 million low-income subscribers.

Proactive approaches (like the ones mentioned above) in turbulent times have a great impact on positive customer experience. They can go on to become the norm when the dust settles.

2. REVITALIZING YOUR CUSTOMER EXPERIENCE MANAGEMENT STRATEGY

Modern consumers are savvy and cannot be swayed by gimmicky features. They expect services that are convenient and add value to their ventures. The same expectation has carried over to the customer experience journey as well.

Telcos are looking at satisfying the requirements of an extremely large customer base vis-à-vis other service industries. Hyper-competitiveness notwithstanding, over the years, telcos have managed to achieve high penetration into this wide base; they have been drivers of social and economic inclusion in many markets as well. A downside of this is that there is a low exit barrier for customers who are unhappy with the services provided. The answer lies in providing a consistent experience across multiple and varied touchpoints that is regulated to offer uniform Quality of Service (QoS) across segments. Imbibing this into their DNA will be the key differentiator.

The traditional approach to Customer Experience Management (CEM) is reactive in nature and focuses on complaint management. A customer reacts to a bad experience — a defective product or deficiency in service, for example — by registering a complaint with the customer care or by going to the retail store. This creates a negative disposition towards the service provider in the customer's mind. And this image persists despite improvements made by the service provider.

The ideal CEM should make the customer's life simple.

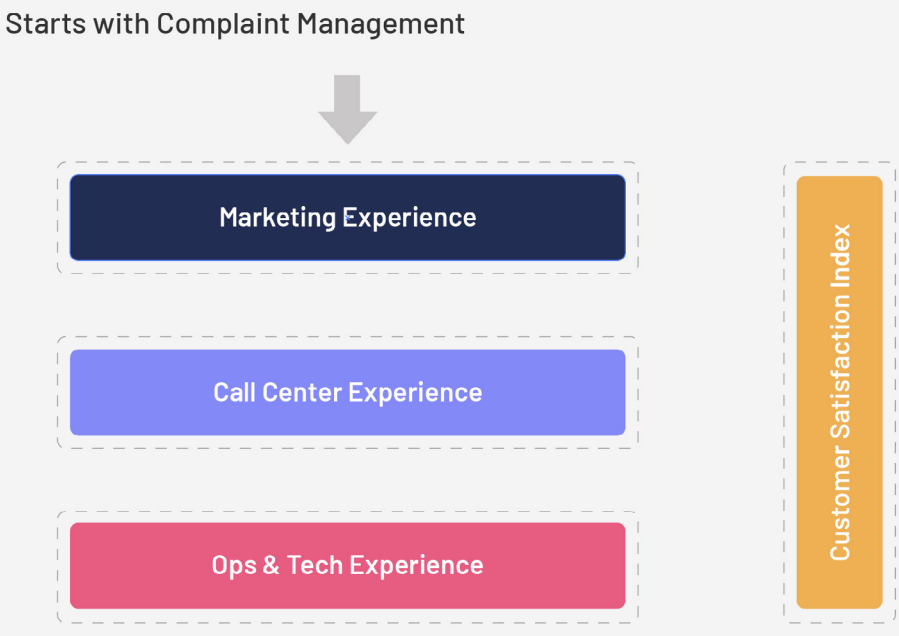


Figure 2: Reactive customer experience

In the age of Big Data and Machine Learning where service providers can obtain a crystal clear view of the customer persona, there is no excuse for not anticipating and planning for the needs of the customer.

Given any typical customer lifecycle, CEM should be able to segment customers based on their usage and consumption of various services offered by the service provider. This generates insights that allow the service provider to intelligently target the customer with relevant offerings and services using a variety of channels and touchpoints.

This is the first step towards moving from a reactive to a proactive CEM strategy.

In the continuously evolving market, CEM can be leveraged to gain direct feedback on:

- Existing services
- Insight relevant to product management
- Data relevant to decision-making on the product portfolio
- Verification of campaign successes
- Identification of trend in usage behavior
- Input for customer segmentation and profiling

CEM can provide both individual and segmented views on KPIs related to network, device, usage, subscribers, and customer perception.

To accomplish this, there should be a new way of addressing a customer's changing needs and services.

Telcos need to move from being tactical to taking a holistic view on initiatives around QoS which has to be consistent, regardless of location, device type, or activity. And these are the basic tenets of a proactive customer experience strategy.

2.1. The Modern approach to CEM

As mentioned before, being proactive to the customer's requirements works like magic for seamless CEM in 2020. In the age of Big Data and Machine Learning where service providers can obtain a crystal clear view of the customer persona, there is no excuse for not anticipating and planning for the needs of the customer.

Going forward, telecom providers will need to adopt a more practical approach to provide a better service experience to customers by combining the aspects of network, product and customer service which contribute equally to the overall perception of the customer.

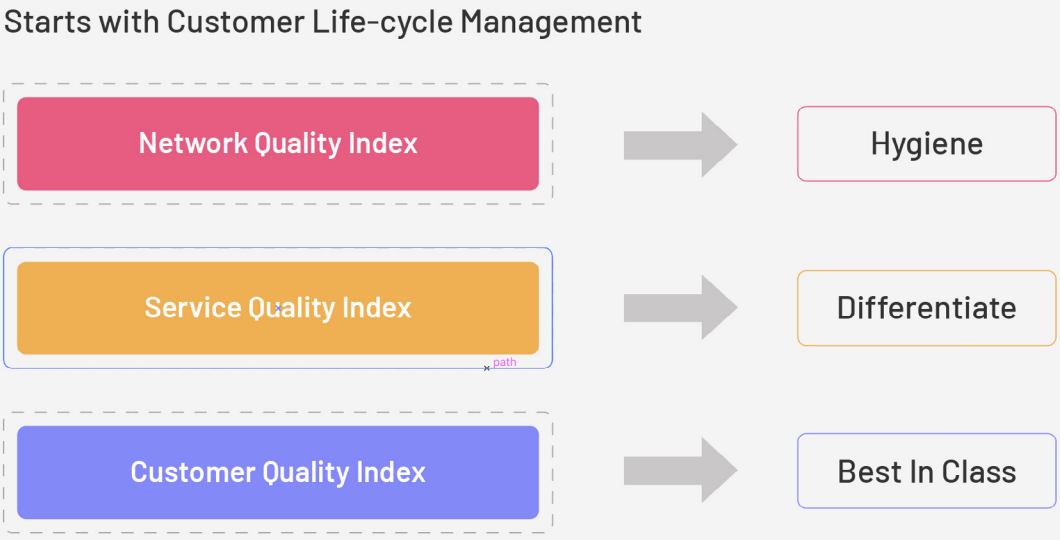


Figure 3: Proactive customer experience

Here's a roadmap that service providers can use to evolve their CEM into a more proactive approach:

- Telcos are sitting on huge amounts of customer data. They can **leverage the data** using analytics to drive useful insights that will help them achieve business objectives in a lean and agile manner.

- Billing issues account for a large share of customer complaints. If the customer feels that they've been billed for unused services or even overcharged for a particular service, it can seriously dent the image of the service provider. Providing **complete visibility of charged services and regular updates on cost management** can positively impact customer satisfaction.

- Dropped calls, service disruptions, and security breaches can be significant sources of discontent. Disruptions due to infrastructure malfunction may be unavoidable, but **keeping the customer in the loop about the issue and updating them on the resolution ETA** can significantly boost their goodwill towards telcos. Very few operators currently make the effort to be this proactive.

- An **attractive product and service portfolio** strongly influences consumer choices. A good product can induce customers to switch allegiances even if they are otherwise satisfied with their existing service provider.

- Today's customers have become more self-reliant in finding answers to product queries or support issues. **Self-service support** makes it possible for customers to solve their support issues 24/7. It significantly reduces the cost to serve for the telco.

- Engaged customers are usually better advocates of the brand and are more loyal and more profitable. With so many channels, **simplifying the engagement flows and maintaining consistency** throughout all channels is what creates loyal customers. An omnichannel customer outreach with consistent messaging is the need of the hour.

- As customers increasingly opt for digital channels to acquire new services, the expectations from the buying experience have grown. **Consumer behavioral insights drawn from product, channel, and usage preference data** residing with customer service providers can be used to significantly enhance the buying experience.

- Customers are now faced with a plethora of options when it comes to making contact with a brand. They expect these channels to be always open to them – even 24 hours a day in some cases – and there is **a strong expectation that their interactions will be consistent in quality**, no matter how or when they choose to initiate them.

2.2. Quality of service: A key differentiator

The common thread in all modern CEM practices is the increased focus on QoS. The flip side of this coin is about how service providers respond to issues of QoS deficiencies.

Since all the players in the telecom space have more or less equal access to resources and technologies, the only unique factor actually differentiating them is the quality of service they provide to their customers.

2.3. Boosting proactivity through analytics

Being able to delight customers with a proactive approach to problem identification and solving, and anticipating customers' future needs based on their historical data are prime motivating factors for customers to stick with a service provider. Even if you can provide subscribers with all of these, if the quality of the promised service is not up to the mark, they will not think twice before switching providers.

Deloitte's predictions on telecom for 2025 suggest that enabled by technology, operators will have the chance to enhance customer experience as well as reduce operational costs. Access to technology empowers telecom operators to understand the customer better, boosted by analytics, which will help them to be proactive.

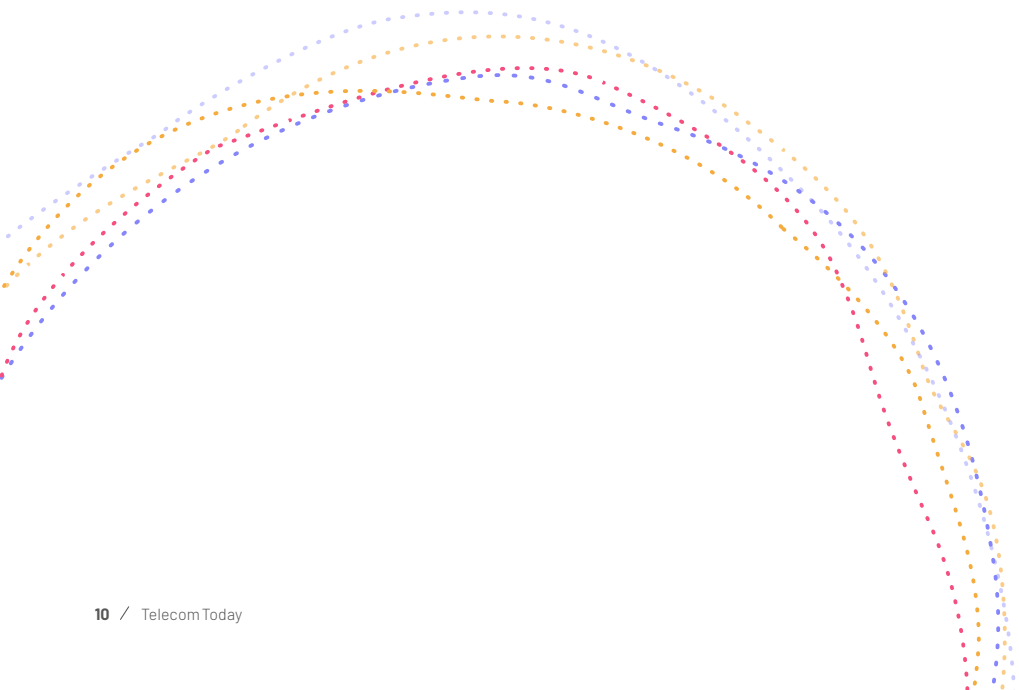
1. **Key Performance Indicators (KPI):** Monitoring metrics like Average Return per User (ARPU), Subscriber Acquisition Cost, Churn, and Network Operation Cost are fundamental to analyzing the performance.

2. **Network Quality Indicators (NQI):** A derivative of KPI, NQI provides a measure of overall network performance that impacts the customer experience.

3. **Service Quality Indicators (SQI):** This is an end-to-end performance indicator of various services offered by telcos — voice, data, SMS, MMS, etc. — integrated with fault management.

4. **Customer Quality Indicators (CQI):** This involves monitoring performance at the individual customer level.

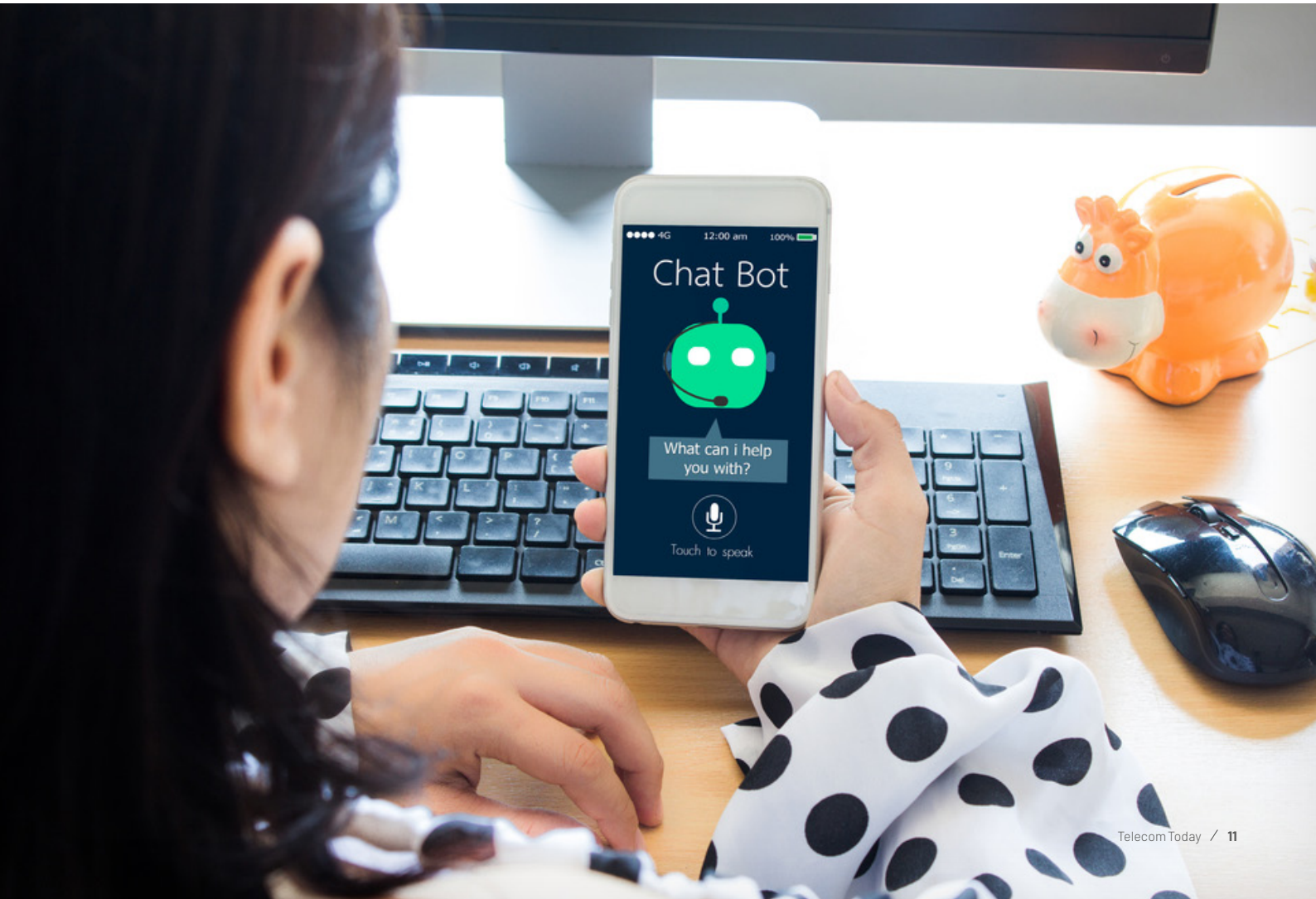
Through continuous monitoring of all these indicators, service providers can engage with customers proactively and decrease churn. Personalizing offerings as per the customer has the cascading effect of increasing ARPU in the age of decreasing revenue streams for telcos.



2.4. The digital route to self-care

Issue resolution and information access have the potential to become bottlenecks in customer experience. Unfortunately, reactive responses are still part of the process, and customer retention is determined by how much time a customer loses in resolution.

Telecoms have hugely benefited from digital self-service options like Twitter, Facebook and other platforms, McKinsey says. Telecoms have reduced millions of calls by investing in digital technologies to help customers resolve their issues in a few clicks. Easy resolution with minimum human interaction will also be the new norm in coming years. Acquired or inhouse AI tools like chatbots will be worthwhile investments, eventually helping telecoms reduce their operational costs.



CONCLUSION

A well-rounded CEM strategy will help telecom providers to:

- Optimize and automate campaigns
- Analyze customer behavior to identify the customers with the highest propensity to accept offers and figure out the right packaging and incentive for each customer
- Improve customer categorization
- Finetune targeted ad support
- Optimize market offers
- Offer differentiated services
- Ensure dynamic pricing

With QoS as an integral part of the CEM journey, telcos can truly differentiate and stand out in an overcrowded and hyper-competitive market.

A CEM model that follows the above template is certain to give telcos a competitive advantage. The age of one-upping competitors is not exactly over. However, telcos can now clearly see that offering next-gen infrastructure is pointless without smoothening the customer's experience when using them. Achieving this requires the use of modern data analytics and AI-powered solutions to learn and analyze customer behavior and predict rough patches ahead of time.

If there is one takeaway from this, it's this: quality of service will dictate which telco will get the wallet and mind-share of the consumer.

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