CSPs have made great strides in CX, but have farther to go

In recent years, the telecoms industry has become much more switched on to CX, as embodied by the net promoter score (NPS). CSPs that have been focusing on improving their NPS have had success, with many taking the score from a significantly negative value to a modestly positive one in a reasonably short space of time.

These CSPs have seen an improvement in NPS correlated with a period of renewed revenue growth, or at least a reversal in the decline, and positive trends in profits.

A strong NPS does not just mean satisfied customers, but customers that actively evangelize for a service and brand; customers that recruit new customers, independent of a brand’s marketing efforts; customers willing to pay more for a service they value.

Compared with the OTT players and device vendors that indirectly compete with the CSPs, industry scores are still low.

The positive side of these low scores is that there are still big wins to be had by correcting the most egregious customer pain points and then creating positive ones.

Source: IDC ConsumerScape, 2017
Significant benefits expected from CX improvements

How valuable will the outcomes of your digital transformation efforts be for your organization?

- 88% Telecommunications
- 81% Healthcare services
- 83% Energy
- 81% Finance
- 83% Retail/Wholesale
- 80% Manufacturing
- 80% Transport
- 76% Public sector
- 75% Utilities

Expectations for revenue enhancement from CX are high in the telecoms industry.

Most CSPs expect more than 10% growth over three years when they are able to use significantly more personalized information and create customized offers, an essential part of CX transformation. Larger CSPs and those already able to offer a full range of telecoms services tend to have the highest expectations of revenue growth.

Rating the expected value of six key digital transformation outcomes as low, moderate, or high, CSPs showed higher value expectations than any other industry. Expectations of high value focused especially on CX-related outcomes such as improved brand equity and reputation, superior customer experience and service, and the ability to innovate and respond quickly to market demands.

Business value comes not only from revenue growth, but from the enhanced profit growth that comes with reduced costs. More satisfied customers means reduced churn, and churn retains its power as a telecoms performance indicator. There are other obvious cost benefits to improved customer satisfaction, such as the reduced burden of complaint handling and customer queries.
Carriers talk a lot about digital, but they often mean different things. By themselves, digital services and digital channels do not equal digital transformation, but they can make substantial contributions. Digital channels in particular can improve experience and smooth the customer journey.

Top-level digital transformation KPIs that emerge from IDC conversations with operators are also all CX goals

Top-level KPIs for DX success
- Reduced time to market/increased agility
- Improved NPS
- Adoption of new services
- Increase in transactions per customer
- Improved social engagement with brand
CX is not a product that can be bought or sold

What it really means to focus on CX excellence is not always fully understood. It means changing old ways of thinking.

Old business model: designing standard products and services with a focus on selling as many units as possible to a largely anonymous mass market

New business model: focus on discovering and meeting the needs of individual customers as effectively and efficiently as possible

What does not change:

- the need to maximize revenue and profit. Rather, the focus changes from creating the revenue to meeting customer needs. This demands faith that focusing on the customer will create more revenue in the long run.

Traditional telecom world: the network is at the center of the business

New digital world: the customer is at the center of the business

What does not change:

- the network is the enabler of the business. Without the network there would be no business. And it has to evolve and transform in order to meet the future needs of the market.

Achieving this change requires the right vision, in the form of a digital strategy, the right culture, not only in the training of customer-facing staff but creating CX focus throughout the organization, and the right technology, having access to the best software and systems to break down silos, create a genuine 360-degree customer view, and proactively respond to the insights created.
CX must be emphasized in digital strategies

Achieving CX excellence is the most important goal of transformation in CSPs.

CX success demands full participation

- A telco user’s CX is affected by many things, reaching all levels of the CSP organization: business, operational, and technical.
- Customer touchpoints as well as service design and targeting are incredibly important for a customer’s experience — this is what creates a frictionless customer journey that seems easy to the customer.
- But the full benefits of any customer experience investment can only be realized if different departments collaborate on analyzing and addressing the customer experience and if business processes evolve in line with technical capabilities.
- Any customer experience strategy must focus on bridging departmental and technological silos.
- The organization is as important as the technology: reskilling, process redesign, and customer service training are as important for customer experience as a new CRM system or analytics package.

Source: IDC CIO Survey
KPI design essential for CX culture to permeate organization

When improved CX is taken on as an important overarching goal, KPIs related to that area must become part of many group targets and employee compensation plans.

A big problem with experience targets has always been that it is hard to directly measure a customer’s experience of telecommunications services. CSPs must find proxies for this experience or model it based on available data.

KPI design is therefore difficult but vital to ensuring different parts of the organization work together to improve customer experience.

Basic NPS makes sense as an overall corporate goal, for C-level officers and to some extent for those working in the business functions of the organization. Since operational departments need more specific goals to prioritize their work, however, this must be translated into more concrete goals for individual departments, and the departments, in turn, must boil it down into individual KPIs (e.g., problem resolution time, number of outages, and operational parameters). Since determining the effect of a given KPI on the overall NPS is tricky, this process of definition and correlation has to be ongoing.
Technology investments grow CX value

Telcos around the world are investing in digital marketing and support channels, not only to reduce personnel costs, but to enable a richer and more seamless experience in all channels. The variety of channels is ever expanding — in-store, online, mobile, social, live chat (with or without chatbots), voice control guided calls, digital assistants, and homehubs.

Key investments around social media, Big Data and analytics, AI/cognitive, and channel integration help create truly omni-channel experiences where the experience is agnostic to the channel.

Omni-channel customer journeys add value

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<td>A customer wanders into a store on a whim to look at a new device she is interested in, and a sales assistant approaches to discuss purchase and upgrade options.</td>
<td>Later, through her mobile app, she is invited to upgrade with a compelling, tailored package.</td>
<td>When the device arrives, she seeks set-up advice through social media, and the carrier is able to connect her to appropriate support.</td>
<td>Using additional third-party data could provide a more detailed profile of the customer’s interests, suggesting content-based add-ons and other services that she is likely to find attractive.</td>
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<td>Social media analytics identify an unhappy customer at risk of churn.</td>
<td>A targeted offer is identified, and the offer is made and accepted over the preferred social media channel, preventing churn.</td>
<td>After the offer has been accepted, a follow-up call or message conversation attempts to discover the full reasons for churn, and check that all problems have been addressed.</td>
<td>Using multiple data sources and Big Data analytics can identify churn before it happens, giving more opportunity to prevent it, increasing the lifetime value of a customer, and reducing potential costs of new customer recruitment. Knowing the full reasons behind churn also creates new value.</td>
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Investing in marketing, channel, and CRM-related technology has a big impact on CX, but so do other investments. A European CSP invested in tech to build a service view to enhance classic network operations and has already realized benefits in service quality and many other savings. The service operations monitoring layer identifies some network problems first, and helps prioritize fixes and network investments by identifying which ones have the biggest impact on customers, improving overall experience.
The future of CX in telecoms

Where the industry is now is addressing the low-hanging fruit — dealing with the most significant pain points, implementing targeting where possible, trying to integrate channels, and provide consistency of experience. Even when the fruit is comparatively low hanging, it still does not mean that reaching it is easy or straightforward. If it was, they would have done it already.

In the future, CSPs need to move beyond this point to a place where optimized CX provides true competitive advantage, not just with their peers but in the wider digital marketplace. This means creating an environment that is aware, intelligent, agile, and flexible. It means realizing a true digital transformation.

Greater challenges on the horizon include an even more complex environment as the number of connected devices multiplies, not only creating exponentially more data points, but many new possible channels that must be assimilated into a unified experience.

AI is already beginning to realize its potential in customer care to save costs and create a more efficient and richer experience. However, the role of AI, cognitive computing, and advanced analytics will be much greater than this, and will be essential to support CX excellence in a changing market place, and allowing CSPs to take a central role in the platform economy.

It is impossible to fully anticipate all future needs, which is why transformation never truly ends. It is possible to create an environment that makes continuing transformation easier to achieve, supported by a truly digital, cloud-native platform.
The Future of CX in Telecoms

A handful of CSPs will achieve optimized CX for a true competitive advantage

Over the next five years the CX environment in telecoms will improve significantly, so as to be almost unrecognizable in some cases, but only a very few will manage to achieve a fully mature, optimized CX. These CSPs will have a competitive advantage not only over their peers, but against their wider digital competitors, to become serious digital players.

CX will become the principal differentiator between CSPs

There are still traditional differentiators such as network quality, coverage, and even price in many communications markets, but their significance is decreasing in a commoditized market. This will continue, so the customer experience becomes the main differentiator, meaning those who fail to address it will fall behind.

The notion of the “C” in CX will change

As CSPs aim to become the dominant “platform” in the platform economy of the future, the traditional customer types will be joined by IT partners, industry specialists, startups, enterprise developers, smart devices, and others looking to make use of the telco platform in order to build their own services. No matter the type of customer relationship, the CX will still be essential, and this even more diverse environment will present new challenges.