



The Future of CX in Telecoms

What is the State of CX in Telecoms?

IDC defines CX as

‘the entire process, over the lifetime of a relationship, relating to the interaction between customers and an organisation with which they engage. In this context, customer experiences can range from a single transaction to an ongoing relationship over a period of many years.’



More than three-quarters of CSPs have customer-centricity goals as company targets.



It is not uncommon for a CSP to appoint a chief customer or digital experience officer, or for a multinational telco group to mandate that there be a CX evangelist on the board of each subsidiary.

Almost 100% of CSPs now track NPS in some form, and most have been working to improve CX issues, but the digital companies with which they increasingly compete consistently outperform them.

IDC’s global average NPS for CSPs was less than zero in 2017, while **Apple scored over 40.**

A circular graphic with five yellow stars and a hand pointing to the right.

There is clearly awareness of the importance of CX in the telecoms industry, and there have been some successes, but telcos have farther to go if they want to offer a compelling, competitive customer experience in the digital world.

Why do CSPs Need to Improve Their CX?

IDC predicts ... CX will become the principal differentiator between CSPs

- Traditional differentiators such as network quality, coverage and even price still linger in some places, but their significance is decreasing in a commoditised market.
- CSPs can gain competitive strength by adding to their range of services, but their peers can follow suit, and being able to deliver those services in a convenient and effective way will still be the biggest differentiator.
- Telecoms markets are highly competitive, and customers that have negative experiences can easily change supplier.

“The customer has the power, and we must respect that ... If you don't do it, you lose customers and money. Good CX makes the business sustainable.”

Latin American CSP



Investing money and effort in CX improvements is essential for CSPs. Those who fail to do so will fall behind, and will not survive.

Where to Invest in CX — Avoid Falling Behind

1. **Correct obvious pain points.** Virtually all CSPs have made some progress in doing this, and have seen fast, positive results from successful projects. For example, eliminating mistakes at bill time leads to an immediate reduction in calls to service agents. **Over half of CSPs still have obvious problems to fix.**
2. **Listen to and learn more about customers.** **Current CX priorities at CSPs vary** depending on the individual situation, **but all CSPs prioritise understanding their customers better.** This means listening to customer feedback and closing the loop so that the feedback has an impact and customers feel heard. It also means building a more complete and detailed data picture of the customer. This will provide a guide for **discovering the less obvious pain points** that need fixing, and for **building positive experiences.**
3. Start to set out a detailed roadmap to lead to sustainable CX excellence, not only to correct current problems, but to build a base from which to respond to future needs.

Current priorities vary depending on the situation and CX maturity.

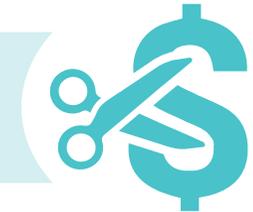
Examples include:

- ★ Closing the loop — ensuring customers feel heard and their feedback has impact
- ★ Improving online experience and getting all products available through self-service
- ★ Understanding customer journeys
- ★ Improving response times to social media enquiries/complaints
- ★ Soft skills training
- ★ Updating legacy systems to eliminate repeated mistakes and avoid skills gaps
- ★ Assessing the potential of cloud adoption to transform CX



Why invest in CX - Reducing cost to serve while increasing customer value

CX leads to sustained cost cutting and reduces opex



CHURN

Most CSPs mention reduced churn as the first way that improving CX creates value. Lower churn means increased customer lifetime value, and reduces costs from customer acquisition. Reducing churn has the highest impact in prepaid-dominant markets where acquisition makes a huge contribution to overall costs.

CALL CENTRE

The second most commonly cited reason for reduced costs thanks to CX investments is a drop in demand on call centres, which allows for fewer service agents and reallocation of resources. Creating a more reliable overall service, correcting specific pain points such as incorrect bills and building easy-to-use self-service channels all contribute to reduced demand for service agents.

AUTOMATION

Unifying customer data and a flexible data platform allow some formerly manual processes in customer care and marketing to be automated, or at least made less labour intensive. These efficiency gains can allow for a reduction in headcount.

The first financial value that CSPs have seen or expect to see from their quest to improve CX is in reduced costs, and cutting costs is of strategic importance in the telecoms industry. However, the value that CX can create for CSPs goes way beyond this.

CX Creates Value — Some CSPs Will Win at CX

IDC predicts ... **A handful of CSPs will achieve optimised CX for a true competitive advantage**

In the changing digital marketplace, CSPs are not only required to compete with their peers, but also a massive array of digital service providers that compete for customers' attention.



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

CSP CX winners:

- ⊕ See an opportunity in the changing market to become the preferred platform for digital services
- ⊕ Have a detailed and holistic approach to embedding customer-centric thinking in every fibre of their organisation
- ⊕ Will be able to create new value for their company through CX
- ⊕ Will create a reliable and adaptable CX platform that takes full advantage of Big Data and artificial intelligence to build smooth, sophisticated customer journeys and enable a high degree of automation



CX Winners — CX Is at the Heart of Digital Strategy

In a global CSP survey, over 80% said creating an optimised CX was their leading digital transformation goal, making it the top choice.



“The customer is everything.”

MEA incumbent

→ **Virtually all CSPs have some kind of digital transformation strategy** — common themes include increasing digitisation of customer interactions and providing a better experience for customers.

→ But **real CX winners** understand that achieving true customer centricity and true digital transformation means changing old ways of thinking. They will **ensure that CX thinking is embedded in every decision**, and that processes change alongside technology.

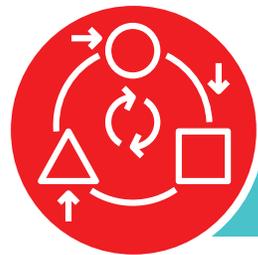
→ This also means finding a way to mould company culture around digital transformation and **CX excellence**. Every CSP when asked about improving CX will mention the importance of cultural change — CX winners know how they are going to effect that change.

CX Winners Create CX Success Through Full Participation



CX winners foster a culture that prioritises CX and permeates the entire organisation.

-  CX indicators such as basic NPS are taken seriously as essential indicators of company performance, included in reporting.
-  When new technology enables change, old attitudes and business practices are not allowed to hold back that change. CSP winners ensure that business processes are updated in line with technology improvements, and the workforce is appropriately educated.
-  CX winners use multiple techniques to make CX real and relevant and its impact well understood in all departments.



CSPs report that slow cultural change remains a barrier to further progress in transforming CX

How CX Winners Ensure Customer Focus Throughout the Organisation



KPI redesign and demonstrating CX results

- When improved CX is taken on as a key goal, related KPIs become part of group targets and employee compensation plans.
- An issue with CX targets is that it is hard to directly measure a customer's experience of telecom services. CX winners find proxies for this experience or model it based on available data.
- CSPs must be able to demonstrate the success and value of CX improvement projects. This is a challenge in all but the simplest of projects, due to the difficulty in pinpointing cause and effect.
- Vendors can support this process with solutions that help measure and understand their customers' real experience.

Dedicated CX teams and the human touch

- CX winners use dedicated CX teams to ensure CX focus.
- For CSPs at an early stage of their CX journey an interdisciplinary team can help solve burning CX issues more quickly and effectively, and ensure all departments are involved.
- A CX team can represent CX interests in different departments or levels of the organisation, advocate for the dedication of resources to CX relevant projects, encourage the formation of CX focused culture, and share best practice.
- Ongoing training for those with any kind of contact with customers is still cited as an effective investment by those with an advanced CX strategy.

CX Winners Leverage Technology to Build CX Value

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STEP 1

Casual visit to store, discusses favourite new phone with sales assistant.

360-customer view and real-time data platform connects channels

STEP 2

Mobile app suggests personalised upgrade package.

Omni-channel integration

STEP 3

Device arrives, seeks set up advice through social media, connected quickly to appropriate support.

The CSP knows this customer, and has augmented this knowledge **with third-party data** giving insight into likely content preferences. The CSP is also taking advantage of a marketing platform leveraging **machine learning**, which identifies that customers like this one, with this device and a positive set-up experience, are likely to respond to a **tailored content subscription offer**.

Machine-learning-powered platform can recommend and automate next best action

Social media and sentiment analysis powered by AI and ML can discover new leads and stimulate automatic responses

STEP 1

Non-customer complaining about their current SMB connectivity service on social media.

STEP 2

CSP makes contact over social media.

Sophisticated channel integration

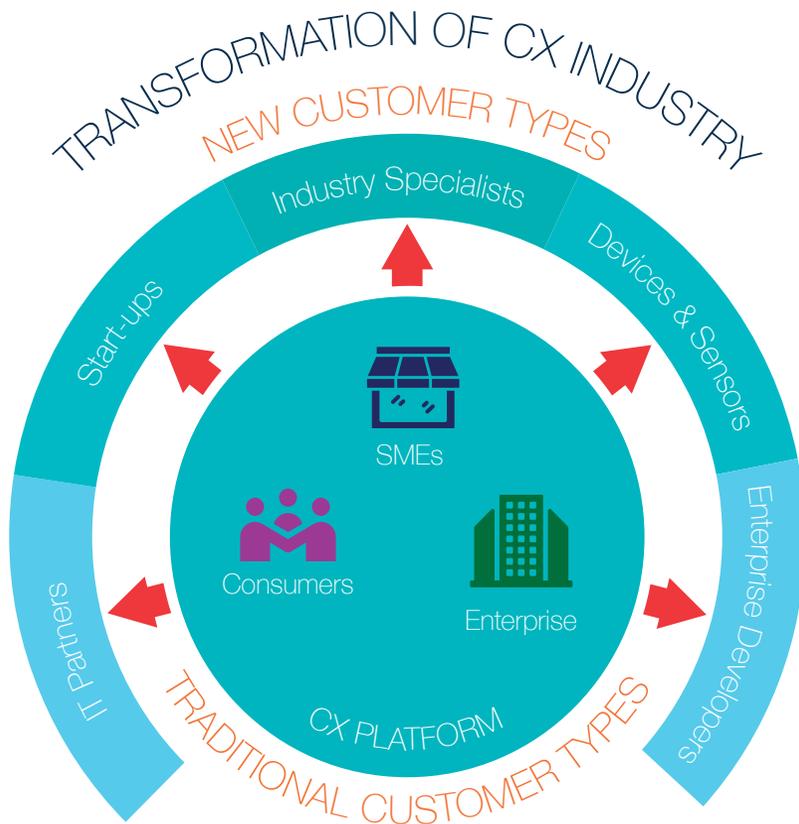
STEP 3

Conversation transferred to chat facility within company website. Suitable package and handover from previous service easily set up.

Further **analysis of customer's social media** history indicates interest in connected security. An alert is **automatically** generated for an agent to call the customer five days after the new service has been set up, to check that everything is going well. The alert also instructs the agent that if the customer is pleased, they should also **propose a connected security service**.

Empowered agent can be supported by intelligent chatbot that will quickly deduce the best package and avoid potential missteps based on previous experiences

Future Challenges for Telecoms CX Excellence



IDC predicts ... The notion of the “C” in CX will change

As CSPs forge their place in the evolving platform economy, the traditional customer types will be joined by IT partners, start-ups, industry specialists, devices and sensors, enterprise developers and others looking to use the telco platform to build their own services. **No matter the type of relationship, the CX will still be essential, and this even more diverse environment will present new challenges.**

Key technologies will enable CSPs to navigate these turbulent waters:

- **Almost all CSPs expect AI and machine learning to have a significant future impact on CX**, and be key enabling technologies for CX excellence in the platform economy.
- **Most CSPs expect Big Data to bring new and greater benefits in the future.**

The combination of Big Data structured and unstructured and AI will be key to allowing CSPs to adapt their platform to accommodate the needs of new “customer” types.

Future Challenges for Telecoms CX Excellence

IDC predicts ... Increasing complexity of services will do the most to threaten past CX gains



When asked about coming threats to CX gains, CSPs most often mention complexity.



Sources of service complexity

- The personalisation of services will increase as CSPs expand their capabilities to tailor solutions. As networks become more flexible and adaptable, options will multiply rapidly.
- As they search for new revenue sources, CSPs are adding new types of service to their portfolios.
- IoT expansion is leading to many new types of connected devices, with associated services and even introducing machine “customers”.



Maintaining CX excellence in such a complex environment will require vigilance and a strong base from which to adapt.

It is impossible to fully anticipate all future needs, so 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. This will enable the CX winners to become heavyweight players in the digital marketplace, adapting to new challenges.

CSPs agree that there is no end to their CX journey, but most also expect to see an inflection point in CX in the next three to five years. After this time, CX in telecoms will look very different, and it will be the principal competitive differentiator. Those who do not remain CX focused will be disadvantaged.