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Customer experience – the new battlefield for mobile operators



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Telecoms.com periodically invites expert third parties to share their views on the industry's most pressing issues. In this piece Bill Safran, CEO of Vizolution, examines the growing importance of customer experience for operators in sustaining a viable business model.

There is no doubt that the mobile industry has gone through massive changes over the last 10 years – from the launch of the first Apple smartphone back in 2007, to innovations in wireless technologies. These changes have been so fundamental that today, for many consumers, their mobile phone is the one technology they simply can't live without.

While these innovations have provided a number of benefits for consumers, these changes have also brought challenges for operators. With the market reaching saturation, competition has intensified exponentially. Furthermore, the industry is currently facing strong downward pressures on margins as operators battle each other on price. There is no doubt this is good for consumers in the short term. However, for operators, this price competitive market means average revenue per user (ARPU) is falling and profit margins are being squeezed.

These changes also mean it is increasingly difficult for operators to set themselves apart from their competitors. So long as the customer gets the minutes, texts and data they need, the operator providing the 'pipe' becomes irrelevant to them. In fact, consumers are more proactive than ever in searching for the best deal at the lowest price – forcing the market to become commoditised. Coupled with the fact that it is easy for consumers to cancel and switch telecoms providers, operators are facing high levels of churn and lower retention rates.

With the current level of commoditisation not sustainable, operators are now looking for new ways to differentiate their offerings. With increasingly complex product options on offer today, customer experience is one of the few remaining avenues that can bring operators long term competitive advantage.

The cost of poor customer experience

As new channels have emerged customers can now reach businesses in a number of ways including stores and concessions, over the phone, or digitally via website, email and social media. The introduction of digital channels and the drive towards Digital transformation has allowed operators to provide customer service at a reduced cost, but such channels are often typified by low engagement. This can lead to lower customer satisfaction, higher drop off rates and lower completion rates – particularly if the journey itself is complex and has a wider scope for potential difficulties.

In January 2017, the UK Customer Satisfaction Index (UKCSI), an independent, professional membership body for customer service, ranked the telecoms sector as the worst of 13 industries examined in the report*. This was below utilities, public services and banks. The reason for this poor ranking was related to customers experiencing journeys that were prone to breaks, frustrations and inefficiencies. The UKCSI stats also show the telecoms industry continues to generate the highest number of complaints, with 20% of customers having experienced a problem, compared to the UK average of 12.5% across all other industries.

The need for change is not solely a matter of improving ratings. Ofcom has levied millions of pounds of fines on mobile companies in the past five years for miss-selling, inaccurate billing and poor handling of complaints. Indeed, while these fines are a direct indication of offering a poor customer service, there are further indirect impacts on brand image and customer perception which, though hard to quantify, must be acknowledged.

Although it may seem like doom and gloom for operators, the good news is that these issues can be overcome by making the customer journey more customer centric.

Time for change – improving the customer experience

The starting point for operators is to identify reoccurring issues in the journey. Many of the problems facing the telecoms industry can be attributed to four stalling points:

- The inability to present complex contract and billing information in an understandable format
- The need to simultaneously adhere to regulations while keeping the customer engaged
- The failure to adequately resolve customer queries on the first customer call
- Failing to allow customers to move seamlessly between different channels.

Crucially, if a provider is to differentiate themselves on the basis of customer experience, these pain points must be first considered from the perspective of the customer. Are device or package comparisons well communicated, or are customers left confused by the range of options open to them? Are customers being forced to speak to multiple agents to solve a single query? Similarly, are terms and conditions – whether for insurance or for plans – well understood before a sale is completed?

Using omni-channel technology as an enabler

All too often, a customer starts a journey on a particular platform and becomes stuck. The linear approach that many operators have taken to customer service means that when faced with a break in the journey, a customer will start their journey again on an alternative channel, or walk away. Siloes between the different channels of communication often frustrate customers and deny them the agile service they require. However, some operators have already found simple and intuitive solutions to these breaks in the customer journey by utilising omni-channel technology in the right way.

The combination of telephony and online tools has proved particularly useful for one operator. It enabled its call centre agents to demonstrate contract options visually in real time while the customer remained on the line. As a result, customer retention and satisfaction improved by more than 20%. Compliance rates also improved by 45%, as operators could prove a solid audit trail by requesting digital acceptance and customers were not subjected to long scripts.

The use of this type of customer experience technology can also help to resolve service calls, since a call centre agent could show a customer their bill, highlight relevant areas and explain additional charges leading to an increased number of queries being resolved on the first call, and allowing customers were able to make more informed decisions and improve their understanding of the charging structure.

Standing out from the crowd

Delivering the right customer experience doesn't have to be costly. In fact, the benefits can far exceed the investment. One study from Bain & Company estimated companies that excel in customer experience grow revenues 4-8% above their market.

With increased competition and decreasing margins, mobile phone operators have a real opportunity to differentiate themselves by resolving the issues facing their customers, and firmly placing themselves as a customer service leader.

*Source: Institute of Customer Service (Jan 2017 UK Customer Satisfaction Index)

Bill Safran is CEO of Vizolution, and has over 15 years' experience in working in technology. Having launched Vizolution almost nine years ago, Bill has helped the company grow to become a leading provider of customer experience technology for the financial services, insurance, energy and telecoms markets. Prior to Vizolution, Bill was CEO of Trigold, a mortgage sourcing software company. During his time at Trigold, Bill was instrumental in turning the company from a loss-making business to a profitable market leader with over 25,000 customers. Bill has a MBA in Entrepreneurial Management, and a BS in Finance and Entrepreneurial Management.

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