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MOBILE OPERATORS' CEM STRATEGIES: THE MARKET REALITY

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Getting the industry thinking

INTRODUCTION

Every operator in the industry will argue emphatically that the experience customers have of their service is crucial to their ongoing sucess. As operators' offerings become increasingly homogenised, and price-based competition ever more difficult to sustain, operators are embracing Customer Experience Management (CEM) as a key differentiator. But just how much of what we hear reflects real commitment and activity—and how much, for the moment, is just talk?

One of the difficulties the industry faces with CEM is that, as we will see, it can still mean different things to different people. But there is growing acceptance that, if it is to mean anything at all, CEM must be end-to-end. It must take a customer-centric view of all of an operator's processes, services and customer touch points. This is the goal that many operators have established for their CEM strategies—but for the purposes of this survey we are interested in the situation today.

Telecoms.com Intelligence set out to chart the gap between the aspirations and ideals associated with CEM and the market reality. We surveyed more than 50 executives at mobile operators for insights into CEM strategy at their organisation. We wanted to find out what operators believe they can achieve with CEM and how and when they intend to make progress.

The results, as you might expect, highlighted some key differences between where these organisations are today and where they would like to be in the future. They also revealed some of the challenges that operators face as they work to make CEM central to their business—ranging from issues of project ownership to back end complexities—as well as some of the benefits they expect to derive.

It became clear that, if CEM really is to become a central point of differentiation for mobile operators, there is a great deal of work to be done.

MIND THE GAP

It should not surprise us that there is a disconnect between what operators believe to be their strategy or their mission and what is actually happening in their businesses.

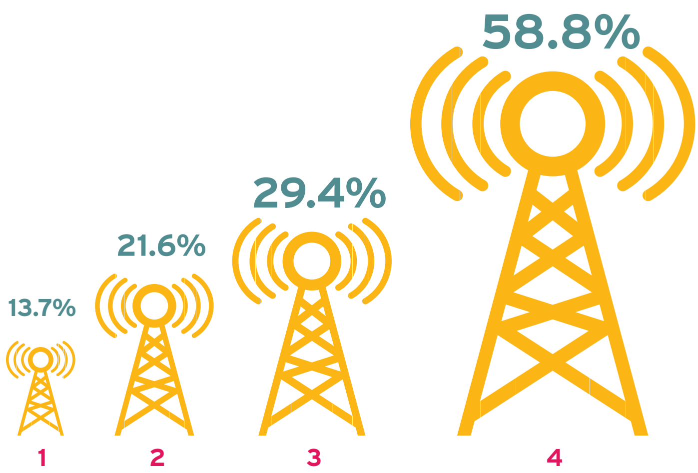
More than 75 per cent of respondents to our survey said that their company has a strategy in place that puts CEM at the heart of end-to-end operations for all departments (fig. 4). That is a high number but it is important to bear in mind the remainder.

While 13.7 per cent of respondents said outright that there was no such strategy in place, almost ten percent said they didn't know whether one existed or not. It is difficult to see how this last set of respondents could be unaware of a corporate strategy that was truly at the heart of operations for all departments. So although many people said that CEM was central to their business, we must not overlook the fact that almost one quarter of respondents were unable to make that claim.

Interestingly, when asked to describe their company's approach to CEM—a question that placed more emphasis on activity than the one that asked about strategy—respondents were less emphatic. Just 58.8 per cent said that, for their organisation, CEM is an overarching concept involving all departments (fig. 1). For 29.4 per cent of respondents CEM is restricted to Quality of Service, while for 13.7 per cent it is limited only to Customer Relationship Management; a far narrower part of the operation than the accepted definition of CEM requires.

Effective CEM needs to involve action, so it was noteworthy that, for

How would you describe your company's approach to CEM?



1 CEM is limited only to CRM
2 CEM is limited to understanding the behaviour of customers
3 CEM is limited to quality of service
4 CEM is an overreaching concept involving all departments

FIG. 1

Within what time frame do you expect your organisation to have implemented your CEM strategy?

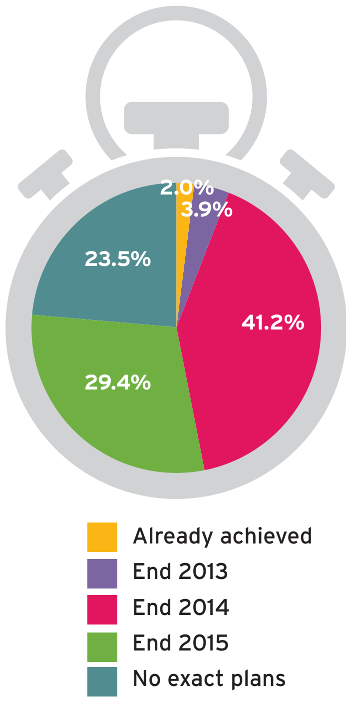


FIG. 2

MIND THE GAP

more than one fifth of respondents, CEM is currently a more passive exercise, focusing just on understanding the behaviour of customers.

Clearly CEM is a work in progress, though. Just over 45 per cent of respondents said that their organisation is now in the process of implementing an integrated CEM programme, with less than six per cent reporting that such a programme has already been introduced (fig. 3).

Almost one quarter of respondents said that there were no timeframes or deadlines in place for the implementation of their organisation's CEM strategy

When asked about timeframes, more than 40 per cent of respondents communicated a sense of urgency, saying that the introduction of an integrated programme would be achieved by the end of 2014 (fig.2). 29.4 per cent expected completion a year out from there, by the end of 2015, but a significant proportion–23.5 per cent– reported that there were "no exact plans" relating to timeframe.

So while a large number of responses reflected high level aspirations in terms of CEM activity at mobile operators, with ideas, strategies and implementations in place, there are sizeable gaps to close. And there are also substantial variations between the understanding that different operators have of CEM and the progress that different operators have made.

Q How would you describe your company's current involvement in CEM?

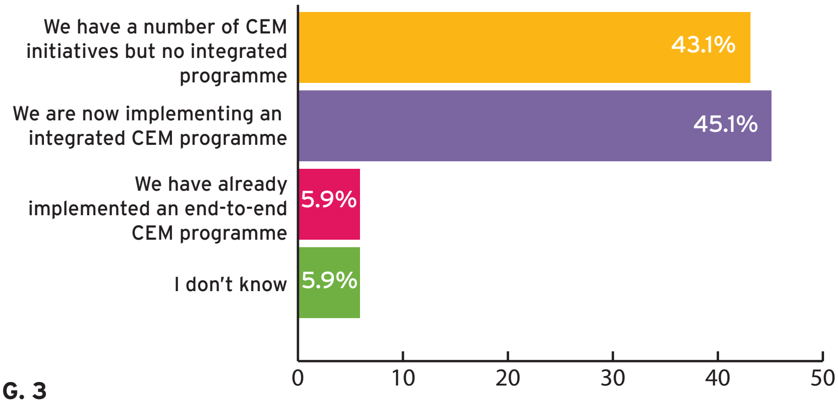


FIG. 3

Q Does your company have a strategy in place that puts CEM at the heart of end-to-end operations for all departments?

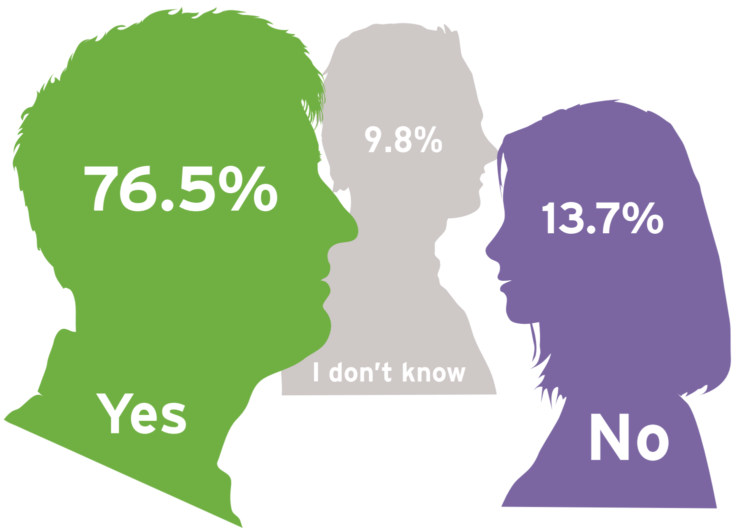


FIG. 4

WHAT IS CEM FOR?

As we saw in the previous section, almost half of operators surveyed are currently implementing integrated CEM strategies. But very nearly as many—43 per cent—admitted that, while their firm was running a number of CEM initiatives, it had no integrated programme in place. This opens up a number of issues that require exploration, relating to the perceived benefits of CEM—what it's actually for—and also the assignment of responsibility for relevant activities.

While 62.7 per cent of respondents said that their organisations are working to develop a fully integrated view of all of their customers, for example, a significant number, 27.5 per cent, said these activities were only being applied to enterprise and high spend customers (fig. 8).

These are the kind of customers that operators do not want to lose. Indeed reducing customer churn was one of the key perceived benefits of a CEM programme, according to the survey data. Respondents were asked to rank a number of potential benefits on a scale of one to seven, where seven represented "extremely important" and one "not at all important". Reducing customer churn was ranked six or seven—a very high rating—by 70 per cent of respondents (fig. 5).

But customer retention was not seen as the highest value benefit. "Creating a competitive differentiator" was given a very high rating by more than 80 per cent of respondents. Meanwhile "reducing the number of customer queries and time of their resolution" was given a very high rating by 70.6 per cent of respondents.

Different operators clearly attach different values to various CEM benefits. This is also reflected in the choice of departments and executives given responsibility for implementing CEM strategies. Our survey revealed that there is no dominant selection here, with operators placing control of CEM in a range of departments (fig. 6).

There was an even split between Marketing, Customer Service and Dedicated CEM Department, each of which have control of CEM at 23.5 per cent of respondents' organisations. Just under six per cent of respondents reported that the CEO office has responsibility for CEM, while 15.7 per cent opted for

Q Rate the following benefits of an integrated CEM programme on a scale of 1-7 where 1 is not all important and 7 is extremely important

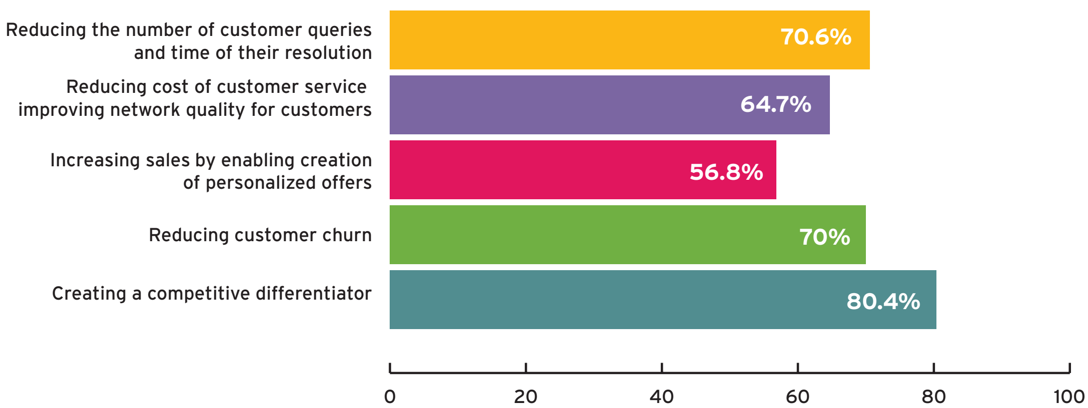


FIG. 5

WHAT IS CEM FOR?

an unspecified "other" and almost eight per cent did not know.

It is encouraging, in CEM terms, that almost one quarter of operators surveyed have already established dedicated CEM departments.

That Customer Service should have control of CEM tallies with the high value attached to customer relationship issues like cutting the number of customer queries and resolution times and reducing churn. But despite Marketing being deemed a natural fit for the management of CEM, the creation of personalised offers to drive sales was given a very high rating as a benefit by only 56.8 per cent of respondents. This was the lowest score of any benefit.

At an executive level, the Chief Marketing Officer is the most likely individual to have responsibilty for CEM, with 31.4 per cent of repondents selecting this option, compared to 21.6 per cent for Chief Customer Officer (a role that may be less widespread than CMO). The Chief Executive Officer has responsibility at 17.6 per cent of respondents' firms, with the Chief Operations Officer slected by 7.8 per cent of respondents (fig. 7).

Which team in your company is the owner of the CEM programme and reports its results?

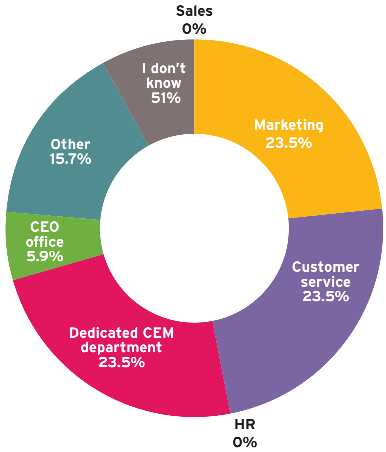


FIG. 6

Which C-level executive has the ultimate responsibility for CEM in your organisation?

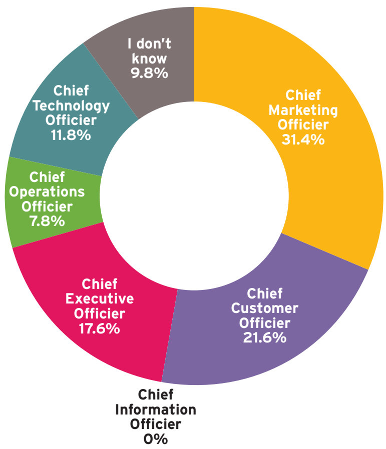


FIG. 7

Does your company have a strategy to develop a fully integrated view of its customers?

FIG. 8

CEM - MORE THAN CUSTOMER CARE

We might have expected the 'softer' departments of the operator business, such as customer care or marketing, to be popular as leaders of CEM initiatives. But it was interesting to note that more than ten per cent of respondents reported that their Chief Technical Offier is the executive with ultimate responsibility for CEM.

This illustrates the importance of technical performance in any CEM programme that aspires to be truly end-to-end. And it leads us onto important factors such as the challenges that operators face in implementing CEM programmes and the different elements of the customer experience that they feel it important to measure.

Respondents were asked what parameters their organisations are currently measuring as part of their CEM activities and, while customer satisfaction (through direct feedback such as surveys) was the highest ranking, selected by 82.4 per cent of respondents, it was closely followed by key technical indicators. More than 80 per cent of operators surveyed measure network performance, including quality and service coverage, while more than 72 per cent measure the number of dropped calls and data sessions.

Figure nine shows the full range of indicators that operators are tracking as part of their CEM activities but it's worth highlighting those that are less widely tracked. Device data is being tracked by less than 30 per cent of respondents, in-store customer service by 43.1 per cent and charging and billing data by 52.3 per cent.

One of the greatest challenges that operators face in many areas of their business, and particularly in CEM, is the complexity and diversity present in their back end systems. This may explain why some siloed activities like charging and billing are less widely measured. When asked to rank a range of challenges to CEM activities, on the same one to seven scale as before, where seven is extremely serious, "obtaining a consistent view of the customer due to many sources of information" was given a very high rating (a value of six or seven) by more than 47 per cent of respondents (fig. 10).

But even more serious, given a very high rating by almost half of respondents, was operators' inability to align their technical view of the network with the influence on customer experience.

Q What is your organization currently measuring as part of its CEM activities?

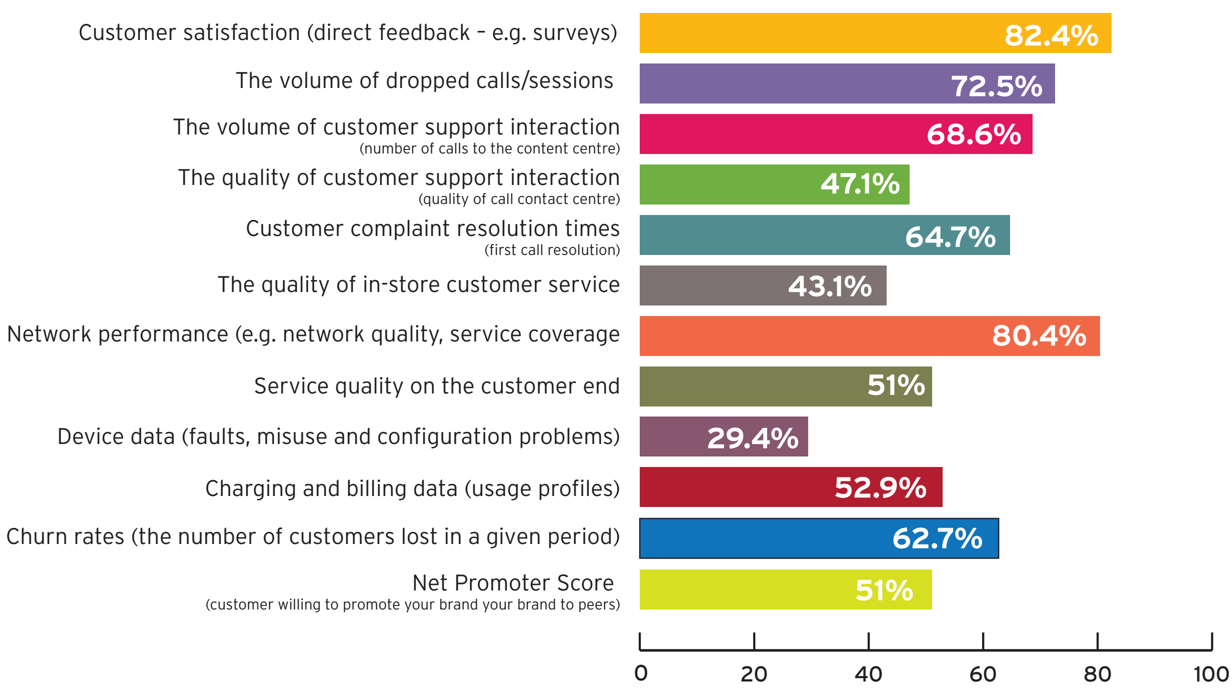


FIG. 9

CEM - MORE THAN CUSTOMER CARE

Q What are your company's main challenges to implementing an integrated CEM programme?

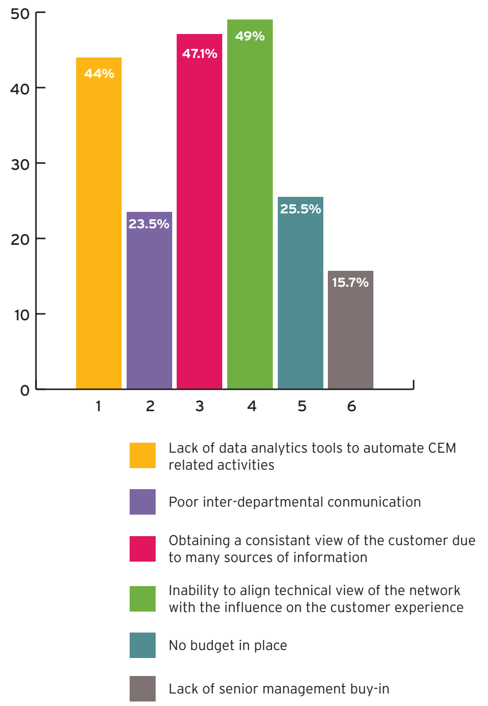


FIG. 10

Poor inter-departmental communication was seen as very serious by just under a quarter of respondents and lack of budget by just over a quarter.

These issues constitute a real threat to operators' stated aims in terms of customer awareness. Remember that almost 63 per cent of respondents said that their organisation has a strategy that requires them to develop a fully integrated view of its entire customer base.

Furthermore, if operators are so focused on measuring technical parameters, as we see above, what is stopping them from turning this data into an actionable view of the influence of network performance on customer experience?

"In order to provide seamless customer experience, operators need to gather and analyze as much information on their customers as possible, and then translate it into visible actions that can directly influence the satisfaction of their clients," says Piotr Machnik, VP Product Management and Marketing at Comarch. "Data such as billing, service / call usage, customer behaviour and profile are no longer enough to understand what level of customer experience is being delivered to each subscriber, and how to improve it. Today it is clear that without the help of information from OSS systems the picture is far from being full.

"In order for CEM programs to bring real return on investment, operators need to be tracking all sorts of OSS data, such as service availability, drop calls, and service quality degradation on VIP / corporate accounts. By integrating Service Quality Management and Service Assurance systems with BSS components, service providers can pin every customer complaint down to the right root cause and translate network faults into customer service quality KQIs."

The fact that there seems to be widespread buy in from senior management is very positive but operators clearly face a number of restrictions, some technical, some cultural and some resource-based. As well as concerns over budget, it was particularly interesting that 44 per cent of respondents rated the lack of the appropriate data analytics tools required to automate CEM as a very serious challenge, for example.

KNOWN UNKNOWNS

One of the revelations of this survey was how frequently the 'I don't know' response was selected. The survey uncovered some fundamental gaps in awareness:

- 7.1 per cent of respondents did not know how to categorise their company's involvement in CEM.
- 10.3 per cent of respondents did not know which C-level executive has ultimate responsibility for CEM in their organisation
- 10.9 per cent of respondents did not know whether their company was working to develop a fully integrated view of its customers.
- 11.1 per cent of respondents did knot know whether their company had an end-to-end CEM strategy in place
- 13.4 per cent of respondents did not know which team in their organisation owns the CEM programme and reports its results.
- 14.3 per cent of respondents did not know which tools and systems their company uses in its CEM programme.

If, as seems to be widely agreed, CEM needs to be end-to-end to be effective, it is surprising that so many fundamentals are unkown by operator employees. It suggests that operators have much to do in terms of internal communication to ensure that all teams are up to speed on the importance and implementation of successful CEM.

CALL TO ACTION: WHAT ARE OPERATORS ACTUALLY DOING?

The challenges discussed in the previous section will be keenly felt as operators work to implement and improve their CEM activities. And when looking at the tools and processes that operators are already using for CEM (fig. 11) we can see, once more, a leaning towards the CRM elements of CEM activities.

Likewise, the introduction of automation has been led by CRM-focused divisions. 72.5 per cent of respondents said that their organisation has already introduced automation in Customer Service, for example. This compares to ust 25.3 per cent for network management, where the technical challenges are greater (fig. 12).

We have seen that operators are keen to measure customer feedback and network performance as part of their CEM data gathering. This is reflected in their current uses of the data that they gather (fig. 14). The most common response was that data is used to more effectively resolve customer complaints (65.4 per cent), while improving network quality was selected by 60.7 per cent of respondents. The lowest scoring use of data was in enabling the creation of personalised offers.

This is interesting in light of the fact that respondents reported the Chief Marketing Officer as the executive most likely to have responsibility for CEM. If the primary uses of the data are customer service and network related, as we see from fig 14, then we might wonder whether it makes sense for the CMO to be managing the project (unless the CMO also has ultimate responsibility for CRM).

We also asked respondents to rank different departments within their organisation for their effectiveness in using customer data to improve the customer experience, again on a scale of one to seven where seven is 'extremely

Q Which IT tools/systems does your organisation currently use in its CEM programme?

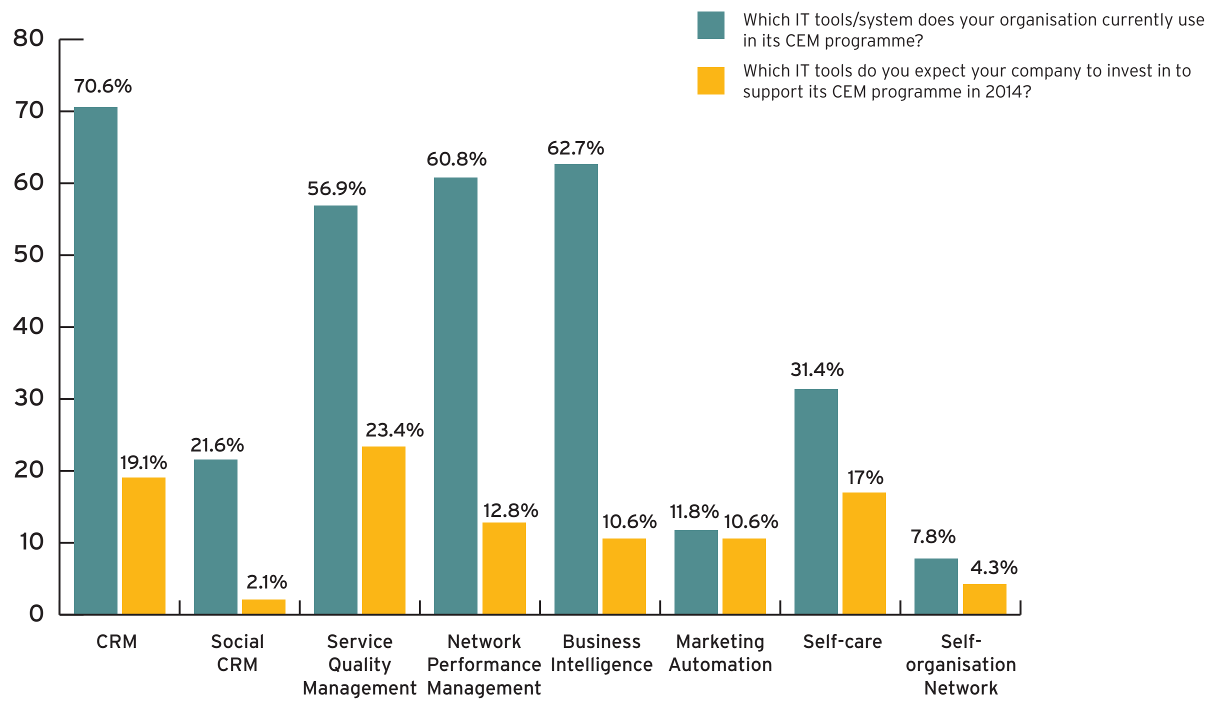


FIG. 11

CALL TO ACTION: WHAT ARE OPERATORS ACTUALLY DOING?

effective'. Customer Service (given a very high rating by 45 per cent of respondents), Churn and Loyalty (37.3 per cent) and Network Management (33.4 per cent) all outscored Marketing and Product Management (31. 3 per cent).

One of the established goals of CEM is for operators to be able to address negative customer experiences in real time and, in some cases, preemptively. This is arguably an advanced CEM capability and only 55.5 per cent of respondents reported that their organisation currently uses customer data to take preventative measures (fig. 13). The fact that almost half of operators surveyed cannot or are not doing this is a key opportunity for progress.

Q In which of the following areas has your organisation already introduced automation to support?

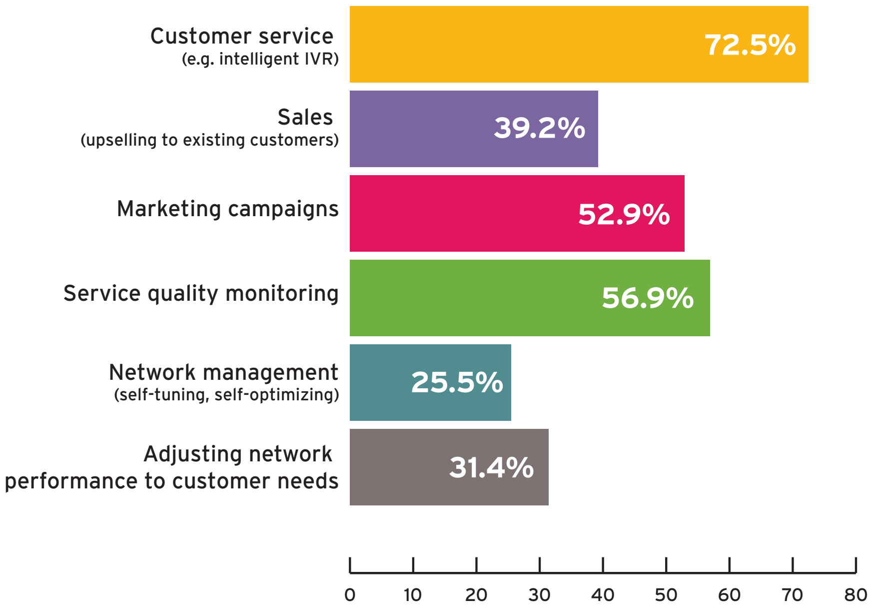


FIG. 12

Q Does your organisation use customer data to take preventative measures?

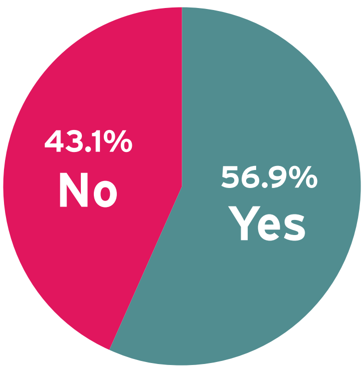


FIG. 13

Q How does your company currently use the customer/network data that it gathers

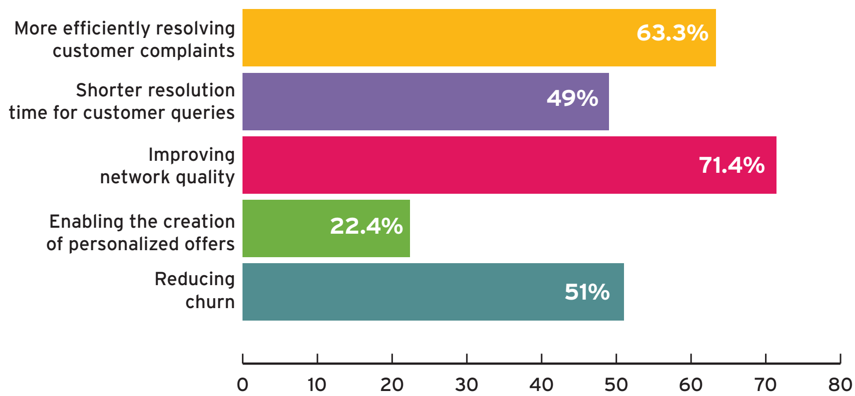


FIG. 14

CONCLUSION

Any project that is required to flow through, influence and derive benefit from every part of the operator's business is going to be difficult to implement. But if such a project, and CEM clearly qualifies, is going to be successful at all then it needs to have awareness and buy-in, across the board and from the outset.

This survey showed us that there are clear positive intentions among mobile operators with respect to CEM activities. It showed us that, in the majority of cases, there is strong backing from the executive leadership and financial resource set aside. These influencing factors derive, as we have seen, from a compelling list of benefits that have been identified—the cultivation of a powerful new competitive differentiator chief among them.

But the survey also highlighted a number of serious challenges to the spread of a CEM focus throughout the operator business. There are debates to be had over which team and C-level executive are best placed to drive the project, for example. There are significant differences between departments in terms of their current levels of CEM performance.

Then there is the familiar problem of fragmentation in the back end and potential issues with inter-dpartmental communication. Huge varieties and quantities of data must be gathered for CEM to be high impact. Furthermore many operators do not currently have all the tools necessary to measure everything that must be measured, to process the data and to drive the most timely and effective customer-focused actions as a result.

But there are processes underway to meet these challenges and improve performances. It will be necessary to revisit this increasingly important area of the operator business in two years' time, when more than 70 per cent of our respondents expect to have successfully implemented a business-wide CEM programme. Perhaps by this stage we will see a marked decrease in selection of the 'I don't know' option. ●