Cracking the Code of CEM

By Jesse Cryderman

There is a story floating around the interwebs that claims CEM was the most overused buzzword at this year's Mobile World Congress (MWC), and I'd have to agree. From service assurance products to policy controllers to re-branded analytics suites, most folks at the Fira in Barcelona were head over heels for CEM. The acronym was like the promise of 4G in the UK incarnate: Everything, Everywhere. (Oddly enough, robust WiFI, another trending topic this year, was nowhere to be found.)
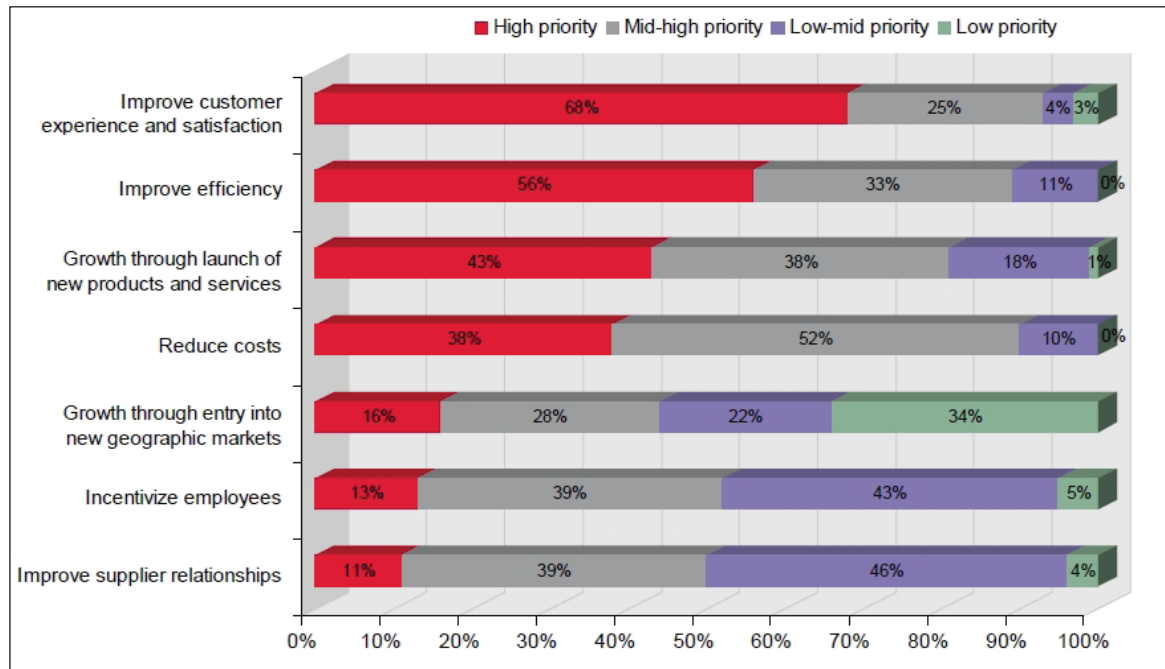
Certainly some companies have done little more than slap a new name tag on an old solution. More than a me-too marketing tactic, however, there are very real reasons behind the trend: CSPs, particularly network operators, are at constant risk of becoming commodities, and they recognize a pressing need to differentiate in new ways, and they've targeted customer experience management (CEM) as a top priority (figure 1).

Fact is the simple difference between being a commodity or not simply has to do with the level of differentiation or uniformity of a product or service

has from the customer perspective. Coal is coal. Copper is copper. Connectivity is connectivity. But, CEM – among other things – can enable CSPs to truly distinguish their offerings and the customer experience by enabling them to differentiate their offerings from that of their competition.

The abundance of CEM solutions on the market and varying definitions of the phrase also created confusion; it seems the industry is still learning how to "do" CEM, and it's aware of its shortcomings. SAP recently reported that although 80% of the executives they surveyed named customer

Legend: ■ High priority ■ Mid-high priority ■ Low-mid priority ■ Low priority

Telco Business Goals	High priority	Mid-high priority	Low-mid priority	Low priority
Improve customer experience and satisfaction	68%	25%	4%	3%
Improve efficiency	56%	33%	11%	0%
Growth through launch of new products and services	43%	38%	18%	1%
Reduce costs	38%	52%	10%	0%
Growth through entry into new geographic markets	16%	28%	22%	34%
Incentivize employees	13%	39%	43%	5%
Improve supplier relationships	11%	39%	46%	4%

Telco Business Goals
Source: Ovum

experience as a top priority, yet only 20% thought they were doing it right. Those numbers are quite accurate. In fact, in the US, among wireless service providers, the American Customer Satisfaction Index showed customer satisfaction fell 1.4% from 2010 to 2011.

There's certainly room for improvement; as a whole, the mobile industry is still wrestling to develop a business model that both produces profit and delivers a seriously improved customer experience. As research group Ovum recently opined, "If telcos want their customers to become loyal and satisfied promoters of their services, they not only need to provide better customer service than their telco peers; they also need to match the level of customer service offered by companies in other service industries."

So what's the best way to tackle the ubiquitous acronym CEM? What are CSPs doing today, and what's working?

A New Hero

Over the past three years, top tier carriers began hiring customer experience leaders—multi-lateral champions of CEM that advocate a customer-centric policy across all functional groups in an organization. With titles like VP of Customer Experience and SVP of Customer First Culture, this new class of telecom exec is tasked with turning organizations that have been primarily network-focused to agile businesses that have deep insight into their customers' needs, usage, and overall experience. With the move to a customer-centric paradigm, new spending initiatives have followed.

BT, for example, is investing roughly $117M on

providing a, "simple and complete global customer experience," by improving customer service, simplifying their CRM infrastructure, streamlining incident reporting, and enhancing network availability. Last year, the CSP tapped Alcatel-Lucent for its ServiceView Solution Suite to support its high-speed Internet, IPTV and VoIP services.

And, while network reliability is certainly part of the CEM puzzle, it's only one piece. A new language is evolving. Indeed, when I asked Carol Borhesi, SVP Customer First Culture, Telus, about the drivers behind a positive customer experience, the word network wasn't uttered. "Handset functionality, product and service reliability, pricing and transparency, reputation and brand image," she said. Today we see CSPs investing in CEM initiatives that span multiple functional groups. Some of the most popular areas include:

- **Self-Care Portals:** As device and service complexity increases, synchronizing with legacy systems can create frustrating experiences for customers. This truth is played out in customer satisfaction scores over the past year, when arguably the best functioning handsets to date were released. Crafting a self-help portal that meets customers' needs—not a developer's idea of customer needs—is paramount. Verizon

recently experienced a 15% decrease in calls to their contact center by deploying self-help tools.

- **Real-Time Service Provisioning:** Giving customers the ability to upgrade and control their services on the fly creates increased loyalty, transparency, and upsell opportunity. Wataniya Telecom recently deployed a Comptel solution that allows customers to dynamically choose their numbers and the packages they want in real time.

- **Advanced Billing:** Including real-time usage notification, interactive billing, and SMS notification. Many carriers have moved in this direction, particularly in light of bill shock. AT&T recently took next-gen billing a step further with U-Verse Video Bill, a flash-enabled interactive monthly bill.

- **Contact Center Overhaul:** Negative response to outsourced contact centers has driven many CSPs to re-think their call center strategy. According to Ovum, "Customer service is now so important to the overall health of telcos' businesses that previously outsourced contact-center functions or help forums are being brought back in house."

- **Advanced Analytics:** Data crunching suites that aggregate and correlate previously siloed data and contextualize it to deliver real-time, customer-centric intelligence, and expose new business opportunities.

- **Retail 2.0:** From kiosks to websites to brick and mortar stores, the initial customer interaction can occur almost anywhere these days. Retail strategies must evolve to deliver unified

messaging and enable customers to select the right device for their needs. In the UK, Orange and T-Mobile have launched service concepts stores, and in the US, AT&T has built "Customer Experience" stores that offer a hands-on way to experience and shop for communications and entertainment services.

- **Social Media:** Some CSPs, like Telus and Verizon, have effectively leveraged social media to boost customer loyalty and improve reputation and brand image.

- **Time Management:** Several CSPs are implementing an innovative way to avoid frustrating call-center wait times: book an appointment. It's an easy win-win. Similarly, CSPs who have to send a technician to the home or business are leveraging SMS notification to eliminate frustrating appointment windows of the past. BT uses such a system to notify customers when a technician is on the way, and has seen a 50% reduction in complaints as a result.

This is a significant contrast to other approaches that simply cater to the customer that are costly and do not create the experience that attracts and keeps customers. This approach is unique in that

it understands what matters to customers first and then invests in those areas so that the customers experience meets or exceeds their expectations.

Reach Out and Touch Me

How CSPs are interacting with their customers is changing. In recent months, Ovum took a close look at how CSPs are spending on CEM across various customer service channels, noting that, "operators have indicated that approximately 50% of their overall CS budget is spent on contact centers, while 30% goes to retail stores, 15% to portals, and 5% to social media."

The same research found, though, that CSPs are improving customer service efficiencies. Among tier-one service providers in mature markets worldwide, all telcos reported spending less on overall customer service activities in 2011. In fact, by eliminating the cost of failure across all channels, one operator reported a 45% savings over three years.

Even when efficiencies are realized and problems are proactively identified, customer issues will arise. That is where proactive customer contact is paying off. A study commissioned by Comptel found that simply apologizing for a mistake goes a long way. Whether dropped calls, low bandwidth, or slow file loading, "the majority (72 percent) of consumers agree that if their mobile operators apologized and sent special offers, it would make up for the poor QoS and would increase their loyalty."

The Right Recipe

It may sound simple, but the right recipe for CEM is one that is truly based on what customers want. In practice, this is anything but simple. Since customer needs vary (regionally, temporally, financially, and functionally), and since different groups of customers have different needs, there is no "one-size-fits-all" approach. Whether it's accomplished by social media analysis, focus groups, multi-platform data contextualization, commercial CEM suites, or a combination of strategies, divining customers' real needs is paramount.

For example, different customer groups have different needs throughout different points of the customer lifecycle. A recent study commissioned by Comptel found that, "consumers who have been with their mobile operator for less than a year were more likely to base their selection decision around download speeds, whereas those who have been with their mobile operator longer are more likely to stick with them because of ease." This kind of insight is crucial to shaping CEM solutions.

Uncovering customer insight can mean thinking big. In November, AT&T launched the one-of-a-kind AT&T Retail Innovation Center in Arlington Heights. The store serves as a proving ground for the company's most innovative products, and serves as a portal to gather customers' feedback on new retail concepts — all designed to help shape the ultimate customer experience across AT&T's more than 2,300 stores nationwide.

It can also mean creatively leveraging social media. In Canada, Telus has built one of the top brands on Facebook, with 670,000 fans in French and English. Social media initiatives have helped Telus find the pulse of its customers, even going so far as to engage social followers to help choose a company mascot.

Perhaps this explains why there are so many CEM offerings on the market—there are many paths to the same goal, which is why understanding your customers' needs, anticipating and reacting to problems, and creating lasting relationships built on transparency and excellent quality of service is essential. Neither customer profiles nor customer data nor service bundles can be forced into pre-defined categories. Telcos must embrace a customer-centric paradigm, and move past network- or product-centric approaches of the past.