

Analysts Weigh in on the Customer Experience

By Tim Young

As you might have guessed from some of the ramblings elsewhere in this issue, the whole “CEM” craze has left us just a little confused.

And, as we generally do when we are confused by the murky world of marketing spin, we turn to the analyst world to see if they could set us straight on some of the wonders of customer experience management we may have been missing. Maybe they could tell us that CEM is more than a cobbling together of disparate technologies under a common umbrella. Maybe they could tell us that there’s a universal understanding among service providers of what CEM is, and that we’re the only ones who are confused.

Our first stop was Nancee Ruzicka, Senior Research Analyst in Stratecast’s (a division of Frost & Sullivan) OSS Competitive Strategies (OSSCS) Analysis Service. We figured Ruzicka could tell us that everything was coming together, and that CEM was more than just a mish-mash of otherwise useful solutions stuck together arbitrarily. So Nancee, What’s the deal with CEM?

“It’s kind of a mess,” said Ruzicka.

Ah. So we’re not the only ones who think so.



And that “mess”, Ruzicka went on to say, is due, in part, to an unclear idea of what CEM is.

Early in the game, providers assumed CEM was a tangible and clearly defined technology. That it was a product that you could buy. But it isn’t. “It’s a business imperative,” according to Ruzicka. “It’s a cultural thing that says we’re going to look at everything from a customer’s point of view. That we’re going to rotate so our focus is on our customers rather than on our infrastructure.”

Susan McNeice, Vice President of Software Research with Yankee Group’s Network Research group, seems to agree that the precise nature of CEM is still nebulous. “There is no real CEM definition yet,” she said. “At least not one that large numbers of CEOs can embrace.”

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In fact, the term has become so murky from use and abuse that some have abandoned it altogether.

"I actually don't define CEM," said Shira Levine, Directing Analyst for Next Gen OSS and Policy at Infonetics Research. "I think it's a fairly useless buzzword, to be quite honest. Just about any software solution out there right now could be categorized as CEM, and if you talk to five different operators, you'd get five different responses on how they define CEM."

And she'll get no argument here.

But even if you can assume some rough consensus on what CEM is (which is a big 'if'), there's still the problem of getting operators to get to a point at which the needs of the customer are important enough to warrant more than lip service.

"If you get a group of people together in a room and say 'CEM', they all nod their heads and say 'yeah, yeah, yeah, we need to do that,'" said Ruzicka. However, if one takes a look at what's actually driving transformation at the provider level, Ruzicka said, "it's the same things that have always been driving it. Increase revenue, reduce cost. It's still all about the money."

And transformation efforts built around cost savings and higher ARPU are certainly not a problem, per se. However, focusing on these criteria alone, and ignoring the customer experience altogether, is more of the same for service providers. Cost savings and bigger revenues do not automatically make for a better user experience.

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But how about the opposite? Can improving the user experience drive out cost and increase revenue?

"The good news is that the technologies that allow you to do a better job of understanding your customers and looking at your customers and looking at the business the way the customer does," said Ruzicka, "those things do reduce cost. They do improve revenues. They do have all of those positive money effects. Then you start to see your business case."

And what exactly do customers want? Well, recent research from Yankee Group can give us some idea. In their 2011 U.S. Consumer, Yankee asked consumers to rank their most important ingredients for a positive customer experience. Sixty-two percent did name competitive pricing as being among the top considerations. Does that mean that consumers just want cheap service? Not entirely, as network service quality was also named a top concern by some 53 percent of users.

That these elements topped the list isn't all that surprising. What's more surprising, however, was how few consumers named devices (11%), web self-

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service (7%), and retail stores (5%) as top concerns. Perhaps these elements may bring customers in the door, but they aren't considered to be long-term concerns.

Still, if customers are most concerned with having higher network quality at lower prices, is the nature of the customer experience even worth considering? For example, we all know of service providers who crow about their customer service and their network speeds, but still hemorrhage customers. These providers, said Ruzicka, aren't focused enough on the full business proposition for prioritizing the customer.

"You can't say you're going to be customer focused and not do anything on the back end."

That business case for prioritizing the customer experience, however, has not fully emerged. "The conversations I have had around CEM payback have been very focused, function-specific kinds of chats," said McNeice. "They're not broad ROI benefits just yet. "

"That said," McNeice continued, "the benefits are still real." She went on to relate a story of an executive at one Southeast Asian mobile operator who was so taken with one data analysis product and the real savings it produced in increased attach rates and decreased call center time that when he left his job at that operator and started a new job with another, he insisted on using that same vendor's product at his new post.

Of course, the specific benefits depend on the type of solution we're talking about.

"What they're bringing to market is something that helps with that cultural rotation," said Ruzicka. "Now I can give you that data that you've always had about your customer in a form you can use or that another system can use."

This is arguably the most compelling set of solutions under the CEM banner. By taking all that customer data that was coming in all along and packaging it in a way that the business folks can understand it and use it to drive strategy, everything from network planning to marketing efforts can be optimized in a way that meets customers where they are.

"Recently, you see it on the customer support side," said Ruzicka. "If you can give the folks in the call center better data, and give them answers instead of just another icon, then the call times go down. You

We can all agree that the customer experience is important, but there is no way forward without common understanding.

can save real money there, and the customers are more satisfied."

Here again, we have an opportunity for clearly defined cost savings. At a recent conference, I heard a Comcast executive say that one second of average call center time costs his company around \$2.5 million. That's a serious opportunity for savings.

"The customer criteria will never be as high as the money criteria, and we have to accept that," said Ruzicka. "However, there is a lot of synergy there, and we're just starting to capture that. If I actually do something that benefits the customer, it does benefit the business. They're not mutually exclusive."