When Does the Customer Experience Matter?

By Tim Young

When does the customer experience start to really matter?

That may be a bit of a loaded question. What communications service provider (CSP) would dream of admitting that the customer experience was anything short of priority number one? However, CSPs have been in business, in one way or another, for years and years, and yet, it is only in the last few that we've heard an immense outcry in favor of carefully considered efforts by CSPs to better understand and track qualitative and quantitative elements of the customer experience.

Why now? Well, customers are consuming more services in more places than ever before, and are increasingly viewing communications services as an integral part of their lives. Wireless and wireline video, voice and data connections help them work and play.

Perhaps most importantly, however, consumers have choices. Long gone are the days of a single ILEC dominating a given region without challenge. Gone, too, are the days of competitive threats coming only from within the same industry vertical. The picture now, as we are all too aware, is one of competitive threats coming from all sides, with telcos competing

with cablecos and wireless companies for voice revenue, wireless data speeds escalating to the point of competition with fixed broadband companies, and over-the-top (OTT) players angling for a piece of every business line.

Many operators resist the idea that OTT are, in fact, having a significant impact on their bottom lines. A study done in July by the CMO Council found that 88 percent of CSPs surveyed did not believe that OTT providers were competing for their customers.

Perhaps it is the case that OTT players aren't out to take any CSP's entire customer base, but they can certainly cut into ARPU. Recent research by Centris suggests that the "cord-cutting" phenomenon, the existence of which many operators deny, is happening nonetheless. Five percent of U.S. households have switched from pay TV to some OTT alternative, and

56 percent of households use a combination of pay TV and web- or mobile-based content consumption. Similar patterns exist in voice services, as POTS services slide into obscurity in many markets and OTT VoIP becomes even more ubiquitous.

Moreover, MVNOs continue to draw marketshare away from traditional wireless providers, and wholesale players like LightSquared are enabling an even more disruptive set of emerging wireless players.

So, going back to my original question: When did customer experience really start to matter? When customers realized they could walk away at any time.

And why should they stay? What's compelling your customers to remain your customers? And how can this loyalty be encouraged?

There are examples of successful brands in countless other industry verticals. Given the recent retirement announcement of Steve Jobs, one example of well-done customer experience readily leaps to mind. Why is Apple a great example of customer experience done well? For several reasons.

- Cohesive user experience: If you buy an iPad or an iPhone or a MacBook, you get a certain level of user experience as part of the deal. If you happen to live nearby an Apple store, you get glossy countertops manned by subject-matter experts who can guide you through technical woes and show you how to get the most out of your machine. The look and feel of the store is replicated through web portals and iTunes stores, as well. A MacBook purchased online can still be brought to the experts at the Genius Bar. The look and feel of the different product lines are all based on the same aesthetic principles. Even the packaging makes the devices feel less like tools or commodities and more like boutique items.

- Reputation for quality: Mac lovers enjoy reminding the rest of the world about the rarity of viruses and general reliability of Apple products. Furthermore, the fit and finish of Apple products is tight and smooth, making some competitors' products feel plasticky and low-rent in comparison.

- Price-point control: You buy a 16 GB Wi-Fi-only iPad from the Apple store. You pay $499. Buy that same iPad from WalMart? $499. BestBuy? $499. This is all due to strict reseller agreements that Apple enforces and that resellers comply

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with in order to have access to the sought-after glowing Apple logo. This actually speaks to the first point, as all of these reseller agreements are based on the idea of a single, unified user experience.

Compare this tight, well-integrated user experience with that enjoyed by customers of wireless and wireline communications services. These end-users generally face levels of voice, video and data quality that are all over the map. End-users employ a mish-mash of paid services from the operator and OTT services, and expect a certain quality standard across all of this. Connected devices vary widely in the wireless and wireline environment, from handsets to routers to web-enabled video game consoles and set-top boxes.

Credit for new and varied communications technologies is spread widely, but blame for problematic service tends to fall squarely into the lap of operators.

Granted, managing a retail environment and a service environment are two very different things, but the underlying principles are very similar. If CSPs can chart a course to a cohesive user experience, they can increase their overall level of customer retention. They may, in fact, be able to do even more than that.

Cost is a factor for many customers. They want more for less, and are willing to put up with sub-standard performance at a lower price point. However, Apple proves in its own realm that not all customers fit this mold. Furthermore, not all communications users view pricing as the number one concern in selecting their services.

A survey conducted earlier this year by research firm Vanson Bourne found that some 60 percent of mobile broadband users would pay more money tomorrow if it meant an improved quality of experience (QoE). Seventy-four percent of those respondents willing to pay more said that they are prepared to spend more money just for faster download speeds.

The study, commissioned by Comptel Corporation—an OSS firm specializing in service fulfillment, policy control, mediation and charging—polled 2000 consumers in Western Europe and the United States, and also found that a strong majority of consumers want tailor-made service plans that speak to their individual usage patterns and needs.

Other studies support this finding. Yankee Group's 2011 survey of 1,278 U.S. consumers found that nearly half (46 percent) of all users describe themselves as "very willing" to pay an extra 10 percent per month for higher download speeds automatically provided based on use.

These findings point to a wealth of opportunity for CSPs seeking to differentiate their services and create a user experience that develops customer loyalty. In fact, it speaks to one of several points along the value chain at which CSPs can enhance the customer experience.

The first is at the very beginning of a relationship with a new customer. At the point of sale, a cohesive online and in-store retail experience (a la Apple) is important, and the CSP has an opportunity to create a strong first impression through the activation and provisioning process, as well. Is the customer getting precisely what he or she ordered, and are those services available as quickly as possible?

Once that hurdle is cleared, the hard work really begins. The second general area for customer experience enhancement is the optimization of services as they are being used.

This area is perhaps the most crucial of the many types of CEM solutions currently flooding the market. CSPs need clear insight into what their users are doing and where problems and opportunities may emerge. The accuracy and availability of real-time analytics is better than ever, and operators not currently employing these services in a strategic way are missing the boat.

This is where CEM offers something new. Companies like Comptel are taking the idea of customer experience beyond call centers and self-care portals, which are certainly important, but don't offer a fundamental understanding of customer behavior.

This level of analysis can help bolster other important areas like policy control. As wireless customers,

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especially, continue to do more in more places, a clear picture of the entitlements of those customers can ensure that subscribers get exactly what they pay for when and where they need it.

Furthermore, areas like roaming cost control, an area of particular concern for European users, can ingratiate customers to their carriers. If they can be sent a free SMS when they've roamed onto an international tower, or an option to turn off their data packages when in a high-cost roaming area, this increases the level of trust between customer and provider. Sure, a bit of revenue may be lost, but any charges perceived by the customer as hidden or underhanded arguably cause more harm than good to the service provider in an age of rampant competition.

This notification process can also extend to other services. If a subscriber is downloading a movie and is given the option to temporarily upgrade download speed for a nominal premium, what's the downside?

Finally, customer experience can be enhanced after something goes wrong. And things do go wrong. Using the same level of customer visibility that enables policy control and real-time analysis, however, many of these faults can be managed before the customer is even aware of the issue. Having a customer experience strategy that is thoroughly embedded in the OSS layer creates a nerve center that lets the CSP use information they'd be collecting anyway to build stronger customer relationships.

CSPs may not always be loved, but they should be trusted. In the current state of widespread competition, this trust-based differentiator could be just the thing that elevates the user experience, drives down churn, elevates ARPU and turns customers into brand ambassadors.