

Cablecos vs Telcos: The Battle of Customer Support

By Tim Young, Pipeline EIC

The struggle between cablecos and telcos to wrangle the elusive and almighty customer dollar is still in full effect. With neither side even approaching concession, each wields its respective technology in an attempt to maximize service offerings, reduce churn, and increase ARPU. When's it going to give? What will it take for one technology to win out and be lifted up as the gold standard for connectivity, and be viewed universally as the best option for video, voice, and data, relegating the other to hang out with BetaMax, slide rules, and astrolabes in the land of obsolescence.

At this point, much conventional wisdom in the industry is that cable has a definite edge in moving toward the single bill ideal. Cable internet and video are strong and proven technologies, and there can no longer be any debate about whether or not VoIP is "ready for primetime." Many consider telcos to be at a disadvantage, with video rollouts being at the mercy of massive fiber deployments.

Bill Kula of Verizon, however, begs to differ. "We have a passive optical network. We're employing GPON technology. We've tested, quite successfully, pumping 100 megabits into the home." By the end of 2009, Kula says that Verizon will have its all-fiber network in place for well over 12 million homes.

Then maybe the gap between cablecos and telcos is more easily spanned than some suggest. While conventional wisdom dictates that the quantity and quality of service offerings will ultimately determine the victor, another factor cannot go unrecognized: Customer Satisfaction. The battle between the technologies is only as important as the ability of each to deliver top-quality content, and maintain customer loyalty through gracious, speedy, and precise customer service. There are many differing philosophies on how to best approach this dilemma, with each supporting myriad pros and cons. Ultimately, the goal is to keep customers happy without diverting resources, financial or human, from other important facets of the business.

A recent US News and World Report study states that 68% of customers who stop buying from a particular business do so because of "employee indifference toward their need and wants," whereas only 14% do so because of dissatisfaction with the product itself. The evidence, whether empirical or anecdotal, is not particularly sunny for most major SPs. It comes as no surprise that online message boards and blogs are generally brimming with discontent regarding virtually every SP. Then again, how many times have you read volumes and volumes of message board postings about how much people LOVE their service providers? However, even if these anecdotes can be written off as outliers by phone and cable companies, other prospective customers are not so easily swayed. One displeased customer with a loud enough voice (or a Blogger account) can have an effect on an SPs bottom line.

So where is the trouble? One major complaint circling around has to do with excessive automation or underqualified CSRs. While some automation is completely necessary, and even the most naive customer hardly expects pleasant, live, switchboard operators handling every incoming call to a major service

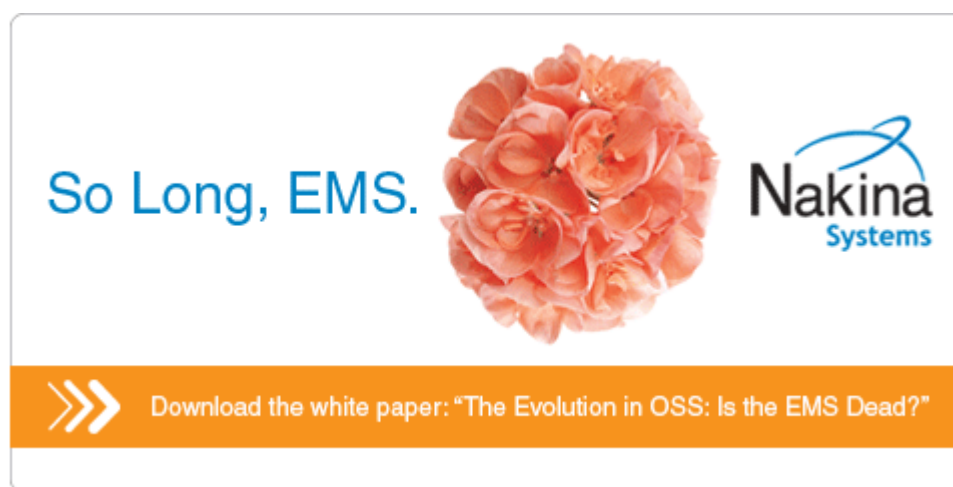
provider, the impersonal feel of multiple, lengthy, and cold automated messages does little to give any customer a sense of importance.

Perhaps even more difficult is what happens once a customer actually gets a real person on the line. Is that rep able to make decisions and fix problems to make the customer happy?

A positive customer service program “involves more than telling your employees how to treat customers right,” says David Stauffer of the Harvard Management Update. “You’ve got to give employees the authority and tools to decide the right way to treat customers. Your front-line people must be able to decide what to do on the spot.”

This approach, of attempting first call resolution, is also the backbone of the philosophy of a very different service provider, CLEC McLeod USA. “We’ve done away with voicemail jail,” says Greg Crosby of McLeod. “The person who answers your call is the person who is responsible for fixing your problem.” Crosby states that McLeod is able to ensure first-call satisfaction about 65% of the time, and uses other techniques, like conferencing-in other departments rather than transferring calls, for many problems in which the first CSR is unable to fully handle the issue. McLeod and others have also instituted recertification and evaluation programs to ensure that all representatives are consistently delivering knowledgeable and capable service.

Indeed the companies who receive consistently high marks in customer service strive to do just that. David Grabert, of Cox Communications says that “our Customer Care representatives are empowered to make decisions that will help them to resolve customer issues on their first call, a first call resolution approach.” That may have something to do with Cox leading JD Power and Associates polls for overall customer satisfaction in all-distance telephone service. The company topped surveys in three of six regions in 2006, and was the lone cable company on top in any region in 2005.



The advertisement features a white background with a large, vibrant orange flower in the center. To the left of the flower, the text "So Long, EMS." is written in a blue, sans-serif font. To the right of the flower is the Nakina Systems logo, which consists of a blue stylized wave above the word "Nakina" in a bold, black, sans-serif font, with "Systems" in a smaller, blue, sans-serif font below it. At the bottom of the advertisement is a solid orange horizontal bar. On the left side of this bar are three white chevron arrows pointing to the right. To the right of the arrows, the text "Download the white paper: 'The Evolution in OSS: Is the EMS Dead?'" is written in a white, sans-serif font.

However, there may be indications that other cable companies are not quite so keen on proactive approaches to customer care. Comcast, the largest cable provider in the US, has received a huge amount of negative press about its customer service, with entire websites dedicated to providing negative feedback about the company. Some of the negative press, like the widely circulated video of a Comcast technician falling asleep on a customer’s couch while on hold with the company, is inflammatory, but could be written off as an outlier. The same could be true for the episode of a Chicago Comcast customer receiving a bill with a less-than-flattering nickname in place of her actual name. However, repeated anecdotes do not bode well for public perception, as there is no doubt that many customers do not make decisions based on empirical evidence, but rather a fusion of many small factors, coming together to create an overall impression of a company. While Comcast could not be reached for comment, the company seems to be taking some cues from the previous experiences, and is constructing new, state-of-the art call-centers to potentially redeem the company’s reputation for customer service.

Let there be no doubt, however, that as long as Comcast is on the top of the cable market, they will be a target for detractors and competitors alike. Verizon is continuing to expand its FiOS video service into areas where Comcast is active, and doing so with gusto. Does Verizon feel that they can successfully bump Comcast out in those areas? Apparently. Kula references a recent focus group in Dallas, TX in which customers who lived in areas where Comcast and Verizon were both active this question: If you had the choice to receive all of your services from either Verizon or Comcast, which would you prefer? Kula says that 47 out of 48 surveyed chose Verizon. "They are on the run," says Kula. "We have them precisely where we want them. Running."

So is there a way to limit contact with cablecos and telcos altogether? Unfortunately, users looking to bypass customer service problems by avoiding bundled services are bound to be disappointed. Customer service from VoIP providers like Vonage and SunRocket are plagued with many of the same issues, and users of ultra-low cost programs like Skype have made more than a few reports of getting what they pay for in terms of customer service. Furthermore, anyone who has tried to report service issues to any service provider can tell you that having numerous external routers, VoIP boxes, and other bells and whistles not provided by the SP hardly make the experience easier or more enjoyable.

So how else can all companies avoid the woes of negative customer service and maintain customer loyalty? "The key is to create a culture of information sharing in order to improve the customer experience," says Yankee Group analyst Sheryl Kingstone. "No matter what size the company, everyone cares about improving the customer experience." And one key can be streamlining the CRM systems at these companies. According to a Dynamic Markets study quoted by UK-based enterprise software vendor, Corizon, customers may perceive customer service employees as indifferent, unhelpful, a waste of time, etc., because employees are bogged down with IT applications. The study investigated agents at 100 "multi-task" contact centers and discovered that 66 percent of call center agents have to use three applications or more to serve customers, with 27 percent using five or more. It also found that 71 percent of agents think that time is wasted on an average customer call because of switching between different applications.

The challenge, therefore, is to balance the maintenance of a well-informed and capable staff with decision making power and a simplicity and fluidity of software programs that ensures a pleasant and seemingly effortless interaction between customer and CSR. "All the algorithms and scientific studies that we've all been through grad school to learn are all great," says Crosby, "but at the end of the day it boils down to who the customer is interacting with at your company, and what that person is doing for them." Indeed, a strong CRM backbone is essential, but only as long as the staff is trained to use it well. Otherwise, a solution becomes another hindrance.

In the end, customer service is indeed a front line in the battle between cablecos and telcos. While it is no substitute for other elements of quality of service, a strong customer relationship can carry providers through rollout build time, and hopefully maintain a strong customer base that will wait out delays in service offerings. Customer choice is still influenced by a volume of less-than-scientific factors, including limited options in a given geographical area, customer inertia and historical loyalty, and the perception among some customers that service is bad everywhere, and that they prefer the evil they know to the evil they do not. However, with fiber buildouts going on across the US, and increasing technological advances that make once-imaginary service options reality, all SPs must understand that they have two choices: please the end-user or perish.