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Keeping the Customer Satisfied
Why Customer Experience Is the Critical Differentiator In New Generation Telecoms

by Robert Machin

In a cut-throat market, what really persuades customers to move or stay with a service provider? Instinctively, we believe that the range of innovative products available to the customer, the technical quality of delivered service (QoS) and competitive pricing are the key factors in ensuring customer retention and extending the service contract. But we should challenge these assumptions - not least because they are often so costly to act upon.

Research indicates that as long as service quality (whether expressed as line speed or other technical quality issues) is broadly sufficient for a customer's needs, most consumers either don't know or don't care about technical performance, or, where they do care, they struggle to differentiate one provider from another. In addition, with one or two exceptions (the obvious example being the iPhone launch in most territories), customers believe they can get a similar range of products and services from many competing providers, and know from experience that, in a world where more and more services are digitally created, innovation is often quickly replicated at a lower price.

Finally, customers know that pricing tends inexorably downwards and discounted pricing from one provider tends to be quickly followed by others. As we have seen in other industries (the periodic newspaper price wars are a good example) only radical cuts (with serious impact on margins) are effective in influencing customer buying decisions.

We shouldn't be surprised by these conclusions, which merely reflect the fact that the telecoms market, for all its attempts to diversify into premium services and new revenue streams, tends to swing back to commodity selling (characterized by broadly similar equipment, services, and pricing).

If we accept them, then perhaps there are things to learn from other commodity markets, where what really seems to make a difference is the quality of service that the consumer actually perceives – sometimes called the customer experience - both in terms of how efficient the service provider is at the point of sale, and later, how responsive to problems and queries. This is shown to make a big difference in terms of how a customer experiences, for example, a supermarket, an insurance broker, or an airline, all businesses which offer broadly the same range of services and roughly similar pricing.

In the next generation telecoms world, though, providing a high quality customer experience is not straightforward and is actually becoming much more difficult. Ever more complex bundles of services, the increasing involvement of delivery partners and third parties in the supply chain, the need to co-ordinate physical and electronic provisioning - all of this means that just as excellent customer service is becoming a vital market differentiator, it is becoming harder to provide. The problem may not be at the CRM level, but in how we handle the data and processes on which the customer experience really depends.

Managing the Critical Interactions

When the customer thinks about service, he or she is normally thinking about points of contact with the organization, and about two key points of contact in particular:

- Initial provisioning when the selected products are provided - Are the correct products supplied? Are they configured as specified? Was the delivery timely? Does the product work first time, and is support for initial use comprehensive?
- Ongoing customer service - If the customer has a problem, a fault to report or a query, how is the response perceived then? Is it quick? Does the CSR understand the problem? Can it be resolved first time? If it can't be resolved first time, how long does it take to apply the necessary expertise and get the problem solved?

Eliminating Friction: Why the Customer Experience Matters

The customer experience matters because it is at these points of contact that the customer forms a perception of the company. When the service is being delivered well, the customer is likely to think about the service provider very little – in fact, he or she is as likely to attribute satisfaction with the service to the handset or to other customer equipment. When it goes badly, or an issue arises, it's ALL about the service provider.

The point of customer service is the source of potential friction and, particularly where other factors are either invisible or discounted, the amount of heat which is generated plays an arguably disproportionate but nonetheless very real part in how the service provider is perceived.

Managing Diversification and Complexity

Difficulty in delivering a quality customer experience can be attributed in large part to the diversification strategy that many service providers have followed in recent years, and in particular:

- Portfolio expansion – where a very short time ago most service providers were associated with one vertically integrated primary service, whether that was fixed line POTS, mobile or internet service, now, virtually every service provider in the developed world is offering some kind of multi-play proposition, is at least partly dependent on partners, and is seeking to open further revenue streams.
- Portfolio complexity – the greater the number of services on offer, the greater the number of ways of combining them into various packages and bundles, and the greater the need for product marketing to do so, whether to seize the initiative or to respond to a competitor move.

Taking a Rational Approach

Many of the challenges inherent in the new and more complex service ecosystem with which CSPs have to work can be addressed through better management and understanding of the underlying data and processes that support the customer interaction. In particular, we need to:

- Rationalize information and eliminate manual duplication across systems. In any data processing environment, this is shown to reduce not only effort, but the errors which arise from duplication and replication. So, for example, a handset and its capabilities should only be defined in one place, notwithstanding that it may be sold standalone to a consumer or bundled with WiFi and a laptop card for a corporate package. That handset can be treated as a *component*, reusable across many packages and bundles. The same principle can be applied to services and to the less tangible components of service delivery, such as activation commands or workflow steps. By rationalizing information into commonly reusable components, we eliminate the errors that arise from duplication, and where errors fall in number, the quality of service inevitably rises.
- Rationalise service fulfilment processes: why do we need to replicate, for example, common fulfilment activities across multiple service types? A consumer credit check is a consumer credit check; a delivery booking is a delivery booking, whether it's to install a Home Media Centre or a DSL router. If we continue to duplicate common processes across an ever increasing stack of products and services, the business of service provision soon becomes unsupportable. Further, those processes, though identical on paper, will tend to diversify within their silos, removing any hope of

consistency from the fulfilment process. And even where faults and flaws are identified, the sheer amount of work and co-ordination across so many stacks will make it impossible to introduce service improvement.

Learning from Other Industries

A positive note for telecoms is that many other industries are ahead of us and have had to face up to similar challenges. Automotive companies like Ford or VAG long ago stopped building new cars from the ground up, realizing that to do so sucked up far too much resource, not only at the design and build stage but in later servicing and support. Instead, multinational car companies now build a wide range of models for different brands, market sectors and geographies from standard platforms and components.

The effect of this philosophy on service quality is huge: cars can be assembled from pre-tested components and delivered to customers within days. And when service and support calls come in, the service engineer doesn't need to understand the configurations of hundreds of different models and variants – just a comparatively small number of engines, steering racks, audio units and so on. A similar comparison could be made with consumer electronics companies such as Dell or Panasonic. These companies have found that rationalization and normalization of data minimizes the amount of information that needs to be retained, managed, and accessed.

Managing product data in this way also allows additional service information, which is vital for good customer support to be carried, such as how different services, product components, technical capabilities, and equipment can be, or as importantly mustn't be, combined. This level of understanding is critical to resolving customer queries with the minimum of highly skilled (and expensive) resources, and to recommending valid upgrades or replacements. In this way, we see that effective product data management becomes a vital element not only in delivering a good customer experience, but in turning that service interaction smoothly into a natural sales opportunity.

Addressing the Product Lifecycle

Industries such as automotive and consumer electronics are applying effective product lifecycle management (PLM). They are rationalising data across the product space in such a way that it can be easily and consistently accessed and used. This supports a more efficient design process, as different parts of the organization can collaborate around a common product view, and base much of their design on pre-tested components. But it also supports a much more efficient rollout of service (as processes and workflow also become reusable components) and a much more effective response to customer queries as product data becomes simpler and easier to understand without advanced engineering skills.

Keeping the Customer Satisfied

Competing on product innovation alone is exhausting, costly, and doesn't retain customers in a market where products are easily copied, and usually at a lower price. Product innovation is essential to keep pace with or, ideally, ahead of the market over the long term, but it rarely retains or actively attracts new customers – indeed it is regarded almost a given by the modern consumer.

Competing on price simply drags all competitors down to the point where margins are extinguished. It is never more than a short term gambit, ideally to be applied when the product is nearing the end of what the service provider hopes will have been a long and profitable life.

Competing on customer service quality, however, contributes hugely to the customer experience, leads to happier and less fickle customers, and is a more sustainable strategy for customer retention, depending on steady investment to achieve continuous improvement of product data management (PDM) and product lifecycle management (PLM) processes, rather than the sporadic (and stressful) injections of effort and cash required by other competitive strategies.

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