

IBM Institute for Business Value

Restoring connections

How telecommunications providers can reboot the customer experience



Overview

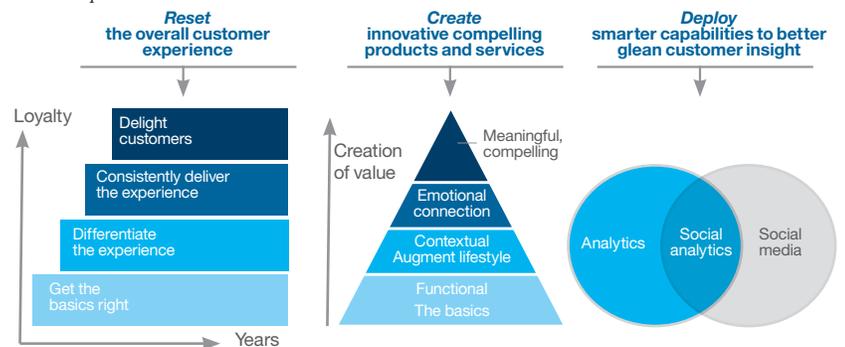
Few industries have commoditized themselves more than telecommunications. Communications service providers (CSPs) risk becoming mere utilities and, at the same time, face the disintermediation of the customer relationship. Today's consumers have a plethora of product and service choices, including those offered by over-the-top (OTT) providers, whose popularity continues. How can CSPs escape commoditization and differentiate themselves? We believe the next competitive battle will be won by CSPs that can deliver an exceptional customer experience and build brand loyalty through innovative, compelling services tailored to customers' needs.

As CSPs confront both industry commoditization and continued competition from OTT providers, they also must contend with a knowledgeable and demanding customer base with a shifting focus in value. While today's consumers still appreciate – and expect – quality telecommunications products and services, they are placing more and more value on their experiences with those products and services. To survive in the new customer experience economy, the industry needs to adopt an “outside-looking-in” orientation focused on the customer perspective.¹

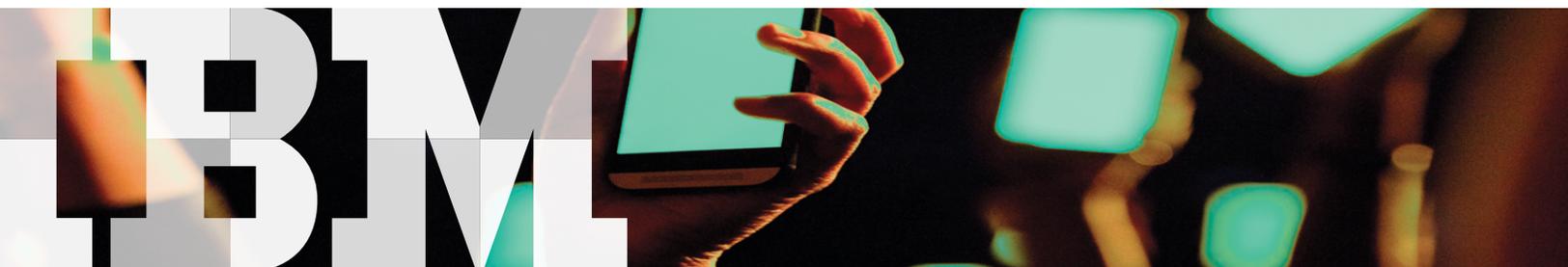
As part of this transformation, CSPs should focus on three key strategies: 1) Reset the overall customer experience; 2) Create innovative, compelling products and services; and 3) Deploy smarter capabilities to better glean customer insight (see Figure).

Figure 1

CSPs should focus on resetting the customer experience, building compelling products and services, and deploying smarter capabilities



Source: IBM Institute for Business Value analysis.



Reset the customer experience

- *Get the basics right:* The first step toward customer loyalty starts with the simple basics, such as customer service, billing transparency, timely and effective responses, efficient data collection and openness. CSPs should devote substantial resources to improve these basics, as more than half of consumers rated their providers “average to poor” in these areas.
- *Differentiate the experience:* CSPs should establish an enduring idea they believe in, determine what differentiates the organization, define how this differentiation is primarily experienced and clearly identify who the organization serves.
- *Consistently deliver the experience:* While consumers appreciate the variety of channels offered by their CSP, they would like more consistency across channels. A successful omnichannel approach integrates information and processes, enabling customers to move easily and experience consistency across channels.
- *Delight customers:* CSPs need to focus on these areas, where well over half of consumers rated them average to poor: reward loyalty, seek customer opinions, proactively aim to improve, enable customization, personalize services, provide consistent services and resolve issues in a fair way.

Create compelling products and services

In a competitive industry, it is vital to design innovative products and services that are both functional and create emotional, meaningful brand connections. To spark innovation in their organizations, we suggest CSPs:

- Embrace tools such as social suggestion boxes, social innovation platforms and online brainstorming sessions
- Leverage the internal “wisdom of crowds” by facilitating employee innovation
- Attract partners with new perspectives and complimentary competencies
- Focus on all aspects of the business model to extend innovation beyond products
- Include the customer’s voice by encouraging ideas and feedback. Finding customers to share ideas should not be a problem: 84 percent from our survey are willing to engage with providers regarding improvements.

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To learn more about this IBM Institute for Business Value study, please contact us at iibv@us.ibm.com.

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Deploy smarter capabilities

CSPs need to deepen their customer knowledge through smarter capabilities:

- *Gain customer insight through big data:* These solutions enable real-time information analysis, which is particularly important in telecommunications. Also, predictive analytics can help identify possible customer needs, up-selling opportunities and potential churn, while network performance monitoring solutions can help address issues before customers are affected.
- *Engage via social media:* Although social engagement can help build brand strength and trust, providers are not using social media effectively, according to two-thirds of consumers surveyed.² To tap the potential of social media, CSPs should integrate it into their comprehensive multi-channel strategy.
- *Detect sentiment and influencers using social analytics:* Social media analytics can shed insights on how consumers feel or what issues are circulating about a brand, product or service. Social network analytics can help in identify relationships between people, groups, organizations and related systems.

Are you ready to restore connections?

In the age of experience, CSPs are forced to re-examine their products, services and operations from the customer's perspective. If they do so successfully, they can begin to reset the telecommunications customer experience and build brand loyalty through innovative, compelling, personalized services based on deep customer insights.

How can IBM help?

- *Omnichannel optimization* – Realize channel and process orchestration to deliver a seamless customer experience
 - *Integrated self care* – Integrate self service into the omnichannel approach, including mobile applications for proactive self care
 - *Leveraging social* – Integrate social channels into customer engagement and deploy social analytics to identify consumer sentiment and influencers
 - *Customer experience management* – Use analytics and big data to drive deeper customer insight and enable differentiated customer experiences
 - *Structuring innovation efforts* – Use social business practices for greater innovation and increased customer delight.
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Notes and sources

- 1 This paper is based primarily on data from two sources: 1) The 2014 IBM Global Telecommunications Consumer Survey, for which IBM surveyed approximately 22,000 consumers in 35 countries about a variety of topics, including expected spending priorities for the next two years, daily use of various communication services, adoption of communication products, information sources for products and services, attitudes toward CSPs, customer experience/loyalty issues and attitudes about privacy; and 2) The 2013 IBM Global C-Suite Study, which included 218 C-suite executives from the telecommunications industry as part of the overall study.
- 2 Fox, Bob, and Rob van den Dam. “Telecom’s future is social: The value of social business for communications service providers.” IBM Institute for Business Value. February 2013.



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