Leading Through Connections

Insights from the
Global Chief Executive
Officer Study

Telecommunications

Use insight to build customer advocacy

By Bob Fox

The IBM Global CEO Study 2012, "Leading Through Connections" comprises face-to-face conversations with more than 1,700 CEOs in 64 countries and 18 industries. In the Telecommunications industry, 74 CEOs were interviewed. The study reveals three imperatives impacting geographies and industries: Empowering employees through values; engaging customers as individuals; and amplifying innovation with partnerships.

The findings of the CEO Study are particularly relevant to the Telecommunications industry. The most recent IBM Global Telecommunications Consumer Survey revealed that customer advocacy is quite low; globally less than a fifth of consumers were identified as advocates for their communications service provider (CSP). CSPs therefore realize they must be more proactive in understanding customer issues and improve customer experience insight by focusing on attributes that drive customer advocacy.

Of 74 Telecommunications CEOs interviewed for the CEO Study, 83 percent identified *customer insights* as the most critical investment area, compared to 73 percent of CEOs globally. Seventy-six percent aim to improve their understanding of individual customer needs, compared to 72 percent of the global sample.

As shown in our latest IBM industry research, "Building advocacy in telecommunications," consumers' preferred sources of information are the Internet, friends and family, and social media. However, Telecommunications CEOs told us their use of social media is very low today, with only 11 percent engaging customers through this medium. They feel their customers pulling away. As a result, 73 percent said they plan to have social media as the key channel to interact with their customers over the next three to five years, enabling two-way communication as well as the ability to proactively respond to negative chatter.

Significantly more than CEOs in the global sample, Telecommunications executives focus on extensive external partnering – 69 percent versus 84 percent. In the global sample, outperforming organizations are partnering specifically for innovation. Telecommunications CEOs are focusing on industry model innovation; 67 percent of them are pursuing opportunities in vertical markets, 31 percent more than the outperformers in the global sample.

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As Internet-enabled communication models have gained audience, attention and market share at the expense of traditional CSPs, companies have to find new sources of revenue. Telecommunications CEOs are already ahead of the curve, with 26 percent of revenues from new sources, the same percentage of that of the outperformers in the global sample. Telecommunications CEOs expect to increase revenue from new sources by almost 50 percent in the coming five years.

To reach an IBM industry expert, contact iibv@us.ibm.com and for more information about the IBM CEO Study, please visit ibm.com/ceostudy.