Customer Experience Management

View the world through the eyes of your customer

Arijit Roy

Business Consultant (BUGS GSC I BA / PRESALES)
ERICSSON INDIA GLOBAL SERVICES PVT. LTD.
Kolkata, India
E-mail: arijit.r.roy@ericsson.com

Abstract: It cost many time more to acquire a new customer than retain as existing one. However not all customers are created equal. Some require more attention than others, some need guidance from time to time, and some simply don't wish to be disturbed. By gaining insights on needs, preferences & behavior, customer journeys can be optimized at critical touch points. Consistently delivering positive experiences establishes relationships. Strong relationships help build loyalty and drive growth. Sustaining the brand promise has never been more important in maturing markets, where customers have greater choice for devices, services and applications than ever before and are consequently more discerning in their selection of mobile service providers. A comprehensive and transformative approach to customer experience management can unlock value across operator networks and product offerings, as well positively transform customer relationships.

Introduction:

The customer experience is the competitive battle ground for service providers – whether a Customer calls the contact center, visits a retail store or is browsing the website, consumers are mindful of their position of power and choice; the choice of whether the vendor can satisfy their product, service and customer experience needs better than the competition. But as markets continue to mature, there is increasing commoditization of products and services, leaving the customer experience the most persuasive driver of loyalty. Creating a differentiated and compelling customer experience is to ensure interactions are straightforward, informed, convenient and consistent across and amongst the channels preferred by the customer.

Realizing the value of each customer interaction, both the short-term gain, and the long-term advantage, is fundamental to sustaining growth by attracting new customers, and securing the loyalty that is the hallmark of a successful service provider.

Telco Industry challenges:

To gain a better understanding of operators' current strategies regarding customer experience management, In a recent research where over 100 C-suite executives from tier-one operators across South East Asia has interviewed. Three key insights derived from this research are:

81% of executives believed that customer experience is key to improved financial performance. (This is due to extended customer lifetime value due to increased customer retention, which is far less costly than customer acquisition).

77% of executives indicated that customer experience is a key driver for differentiation within the marketplace; and nevertheless, 72 % of executives evaluated their current customer experience as being average or poor. (According to the interviewees, the three key reasons holding back operators from delivering a superior customer experience were due to a lack of consistency across multiple channels, the time taken to resolve customer issues and finally the ability to do things right, first time around). The results clearly indicate the high level of strategic importance placed on meeting customer expectations, yet the challenge (Fig: 1) of actually focusing on improving customer experience remains largely un-addressed.
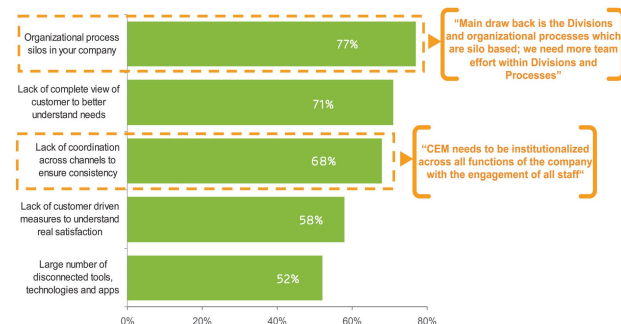

Fig 1: Key Obstacles to implementing Customer experience initiatives

Understanding subscriber dynamics

A recent end-user study shows that almost 40% of subscriber churn can be attributed to perceived poor levels of experience from service providers. In extreme cases, such as in the Indonesian, Malaysian and Sri Lankan markets, nine out of the top ten reasons for churn are related to poor levels of customer experience.

The study also reveals that not only are subscribers concerned about network service performance; they also want a better experience across their entire service lifecycle. Experiences such as coverage and service reliability, billing accuracy, ease of recharging/reloading of prepaid credit an d flexible service

bundling have become increasingly important to subscribers, as illustrated in the figure (Fig:2) below. When considering selected markets in South East Asia including Malaysia, Indonesia, Bangladesh and Sri Lanka, pricing ranks the highest amongst reasons given for churn and there is little or no differentiation across other areas of customer experience. This leaves customers with few options other than price to make a churn decision. In other words, while price is a key determinant of churn, in the absence of customer experience differentiation, customers have no other relevant benchmarks for comparing services.
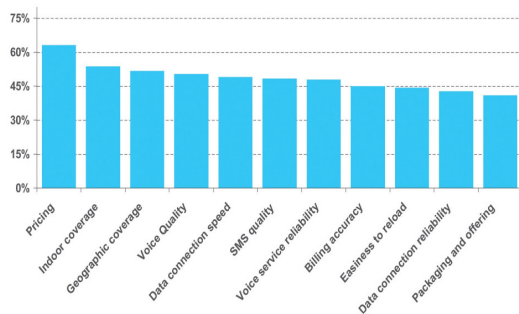

Fig 2: Customer View: Main reasons for telecom services churn

Optimizing the consumer experience

By studying both the satisfaction and importance of each expectation, this has been identified that each area which operators have successfully implemented that needs to be prioritized to raise the experience.

Operators may already have many satisfaction drivers in place but there is still great potential for improvement across all touch point areas. Implemented drivers of satisfaction that need to be continuously maintained and enhanced.

Satisfaction drivers that have been successfully implemented

- Customization: Give consumers the opportunity to personalize services to meet their specific individual needs. Provide detailed information about each consumer to the customer support reps.
- Speed: Customer service representatives can make immediate decisions to solve problems more quickly.
- Simplicity: Continue with offerings that are easier to understand.
- 24/7 customer support: Maintain 24/7 availability of customer support for trouble shooting.

It is not enough to just maintain the areas that work today. Service providers need to implement prioritized drivers to provide consumers with an optimized experience.

The main drivers of satisfaction that need to be implemented in order to achieve the optimal consumer experience in the future.

- Transparency: Avoid hidden clauses in contracts and other Communications to the consumer.
- Efficiency: Guarantee that a problem will be resolved within a specific time period, with penalties if not achieved.

- Proactivity: Recommend cost savings based on past consumption.
- Consumers in control: Offer consumers the tools they need to keep track of usage and spending in real time.

Meeting tomorrow's needs

Today, loyalty building, account management, and billing and payment contribute less to the overall consumer experience than initial purchase process and service and support.

In addition to maintaining the satisfaction drivers that create a good consumer experience today, there is an opportunity in the future for operators to capitalize on consumer expectations that have not yet been fully met.

When analyzed in detail, these consumer expectations call for proactivity and transparency to provide consumers with a greater feeling of control over their account. They are classified within the loyalty, account management, billing and payment touch point areas.

Fig 3: Important level of five touch points of any tier 1 telecom operator

Value-Driven Approach to Customer Experience Improvement

To achieve impactful customer experience improvements, CSPs require a uniform approach to define, evaluate and prioritize customer experience improvement initiatives and maximize the impact of a customer experience improvement program.

Service providers essentially have 6 key areas they must focus on to improve customer experience. They include:

1. Product and service portfolio— The range of products and services a CSP offers its customers, including devices, connectivity services, content, applications, etc.
2. Marketing and sales—pricing, merchandising, offer management, campaign management and initial ordering.
3. Service quality—The perceived quality of services, including availability, usability, sustainability, capacity, performance, stability and security
4. Customer support— Availability, accessibility, breadth, speed and effectiveness of support;
5. Billing, charging and cost management—The range and flexibility of billing/charging options available, and the ability of the customer to control costs based on transparency of billing information;
6. Brand—Includes reputation for product excellence, image, responsiveness and trustworthiness

Transform the experiences

Defining and executing a business transformation program across the organization to address key areas of improvement is a critical step. In the case of customer experience, a transformation program takes an even more important role.
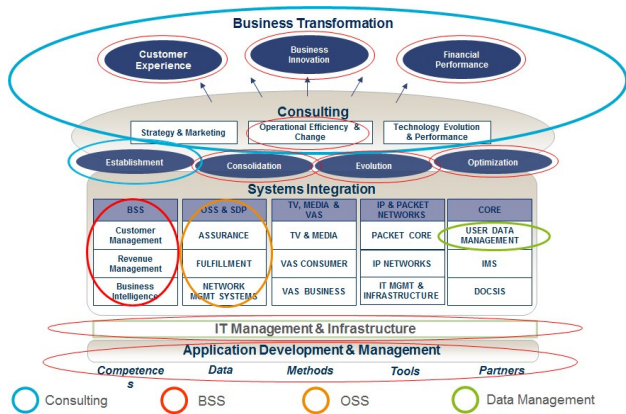

Fig 4: Important level of five touch points of any tier 1 telecom operator

The above diagram (Fig:4) describes customer experience transformation program has value addition in BSS, OSS, Consulting & Data management areas. For an example: A customer calling to congratulate an operator on their great customer experience is not something that happens very often, because consumers generally only notice bad customer service. Many people may have complained to a friend, colleague or family member about poor customer service at some point but don't remark on good customer service. There is a well-known phrase that says customers are likely to tell five times as many people about bad customer service than they would tell about good customer service.

As operators' ability to differentiate themselves through their service offerings diminishes, the relationship they have with their customers becomes increasingly important. In these tough conditions, the operator's KPIs are increasingly orientated around reducing churn and maximizing the value of their existing customer relationships. Moreover they need to create a positive differentiator from their Customer Relationship Management (CRM), providing the optimal personalized experience through their sales, marketing, and in particular, customer care teams.

At the same time, adverse economic conditions and intense competition are forcing most operators into reducing operational costs. Traditionally, customer-facing channels have been people resource intensive and inherently expensive to run, thus adding to the challenge facing CMOs.

Focusing on CRM in order to increase customer loyalty is imperative. On one hand, there are few alternative differentiators available. On the other hand, the consequences of failing to improve CRM, such as alienating customers with wrongly sold products, unsolicited or poorly targeted marketing promotions or long waiting times, have never been more likely to cause customer churn than they are today.

Holistic Approach: 360 Degree Customer Experience Management (CEM) increases customer value

CEM platform is the sum of product, services, integration and consulting capabilities guaranteeing quality of your network and business.
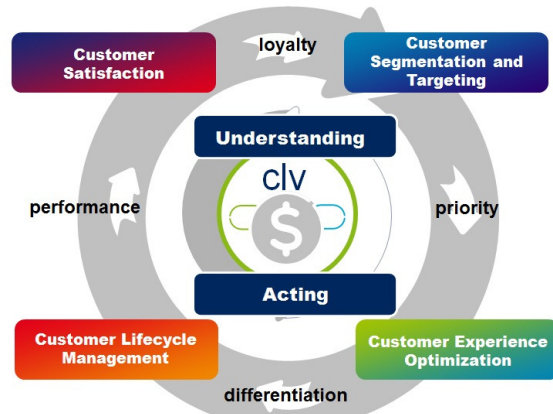

Fig 5: Customer Lifetime Value

Understanding: It is the first dimension where to navigate from when exploring CEM and the four cardinal points mentioned. Data management, intelligent analytics to understanding of the ecosystem, technology, financials, customers etc.

Acting: acting is the second dimension. Materializing all the decisions taken, making use of the implementations, and all that within a well-managed balance of investments, efforts, sacrifices and results.

Customer segmentation & targeting: Directly related to CLV, segmentation and targeting would be dynamic and feed by data intelligence from technology and customer behavior. Social demographics, usage and other circumstances as previously mentioned immaterial social status.

Customer lifecycle management: a classic way to look after all touch points or customer-operator interactions; from cradle to grave, all those well-known touch-points. The idea is to make use of process, tools and organizational readiness across the whole lifecycle.

Customer Experience Optimization: Optimization takes part when operations gain certain level of maturity and change impacts strategic directions. Transformation (external or internal) might affect Customer Experience due to capacity and quality issues. Optimization programs with customer centricity focus sustain CEM.

Customer Satisfaction: not only a measurement area but also a proactive mindset in the whole organization. Satisfaction is recently measured via NPS (Net Promoter Score) where people, users, qualify the experience by the level of intention to recommend the service to a friend or family member. Additionally, is recommended to request more insights on the origin of the decision. The conformed compass and its relation with understanding/acting through customer

centricity, give organizations CEM results -- by priorities, differentiation, performance and loyalty positive indicators.

Customer Lifetime Value: customer lifetime value (CLV) is the present value of the future cash flows - understanding the customers-users from the lifetime perspective, will give us more visibility on the targeting and profitability of our investments in propositions for certain type of segments.

Meet Customer Experience & Opex KPI's

Operational excellence leads to improve financial and customer experience metrics. An understanding of current and potential end-state KPIs is critical to the process of creating new operations models which transform costs and improve customer retention and revenues.
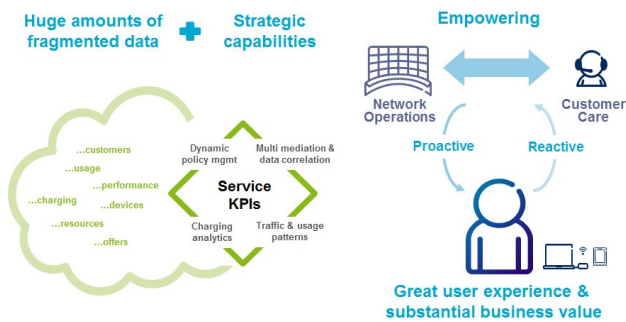

Fig 6: Customer Experience Assurance

Architectural Perspective:

The CEM solution enables:

- Early Detection – enabling operators to see a customer-impacting event (sorted out from the many less important events), leading to reduced average trouble duration.

- Prioritization – enabling operators to identify which and how many customers are affected, and to prioritize responses based on number and value of impacted customers, leading to reduced average number of customers affected.

- Rapid Diagnosis – enabling operators to find likely root causes of experience impairments more rapidly and accurately, leading to further reduction in average trouble duration.

- Prevention – enabling operators to spot recurring troubles, and prevent future recurrences (through device or network configuration, capacity expansion, etc.), leading to fewer overall troubles.

- With the help of the CEM solution operators can improve their response to trouble (or potential trouble), which in turn will improve the customer experience, finally driving business results including reduced churn, improved ARPU, and lower customer care and repair expense. In addition, operators can also better

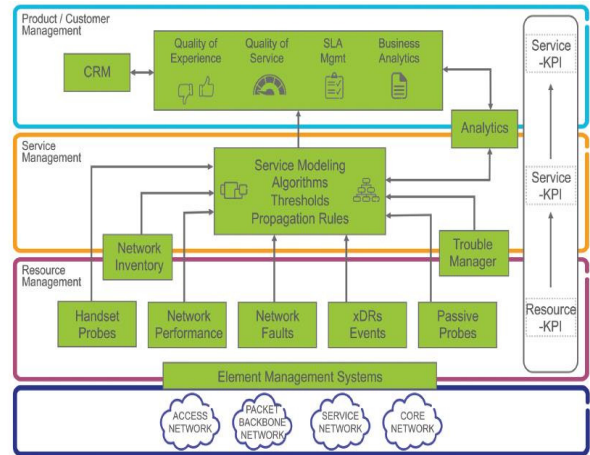set and meet service level agreement (SLA) obligations for enterprise and wholesale customers.

Fig 6: Customer Experience Management High level Architecture

The above figure (Fig:6) describes three levels of Key Performance Indicators (KPIs) that should be considered when establishing relevant key customer interactions that are to be monitored:

1. The resource management layer includes metrics such as handset performance, network performance, network fault management, billing/ charging events and passive monitoring of critical resources.

2. The service management layer models service behavior, including acceptable service thresholds and scope of service performance.

3. The product / customer management layer aggregates the resource and service management data and KPIs into supervisory performance indicators which can be used by product managers and management teams to monitor underlying service performance. This may include, but is not limited to, Quality of Experience, Quality of Service, product service level agreements and business analytics.
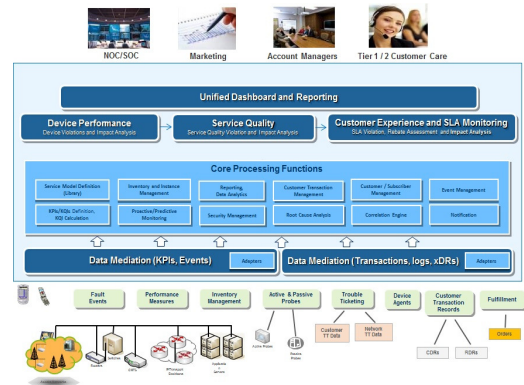
Solution Benefits:

Fig 7: CEM Solution benefits

1. Benefits For Operations / NOC / SOC:

Operations will want to roll out new services with minimum of unexpected service issues, and they will want to identify the root causes of service disruptions rapidly, and use this information to systemically correct errors and prevent future disruptions. The CEM solution enables operation to:

• Identify network, service and device performance issues.
• Systematically solve quality issues, such as configuration problems, traffic overloads, etc.
• Identify quality issues that appear only at the aggregate level (KQI) but not at the individual metric level (KPI).
• Reduce number of trouble tickets.
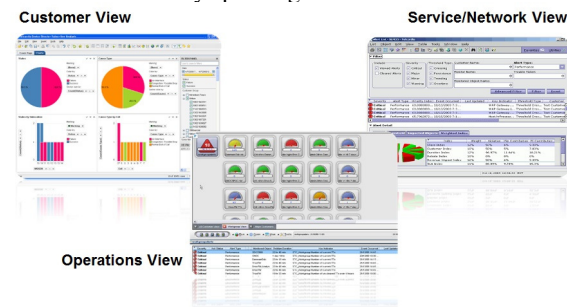• Reduce MTTR by speeding root cause identification.

Fig 8: Operational views of CEM Solution

2. Benefits For Customer Care

Customer care will want to have real-time access to root causes of customer issues, in order to provide credible feedback to customer calling with complaints. Furthermore, they will wish to proactively communicate (outbound, automatically) with customers to let them know that service disruptions and performance issues are being addressed. The CEM solution enables customer care to :

• Provide a single, aggregated end-to-end view of the customer's status.
• Enable CC to respond quickly and intelligently, when they customer calls, with credible information about what is wrong, why, and when it may be resolved.
• Enable preemptive customer contact (via SMS, email, etc.) to inform them of issues before they call.
• Provide visibility to existing, relevant trouble tickets, and avoid duplicate trouble ticket creation.
• Resulting in Fewer calls, reduced call duration etc.

3. Benefits For Marketing & Product Management
Marketing will be concerned about meeting SLA obligations, in order to minimize performance

penalties. In addition, they will want to know in advance if the network is capable of supporting premium SLAs (that produce premium revenue). Finallly they need to obtain business intelligence that can illuminate customer behavior and influence future product direction and investments. CEM enables to :

• Enable premium SLAs (validate that higher service commitments can be made and kept) that drive higher revenue; prevent SLA penalties for non-performance
• Prove to customers that higher level of service has indeed been delivered
• Ensure successful launch of new services by identifying quality issues during trial
• Reduce churn by improving customer experience (for both reported and unreported troubles, and by preventing troubles)
• Understand service usage patterns and customer behavior, leading to better informed product development, packaging and pricing decisions, as well as better capacity build-out plans

Customer Experience Management in Action
During a recent engagement with an operator, it has been identified 23 different customer interactions and prioritized them based on subscriber / service provider importance and current satisfaction levels subscribers expressed. As shown in Figure 9 these interactions are broadly classified into low, medium and high influence customer priorities. It is also important to notice that in this particular case, we have identified two classes of interactions:
1. Hygiene interactions – which create a highly negative impact on customer satisfaction if the expectations are not met (e.g. easiness to reload).
2. Differentiator interactions – which will clearly differentiate a service provider in the market, when it comes to up-selling or choosing a network provider (e.g. data connection reliability)
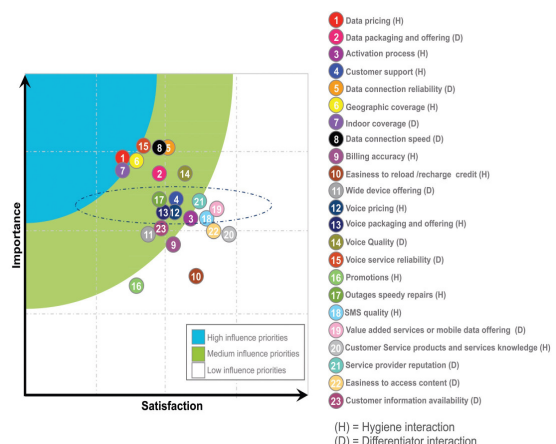

Fig 9: Customer Importance Vs Satisfaction of interactions in their Lifecycle

Both types of interactions are equally important; however, they can each have significantly different impacts on a service provider's strategy. On the one hand, hygiene interactions have a strong impact on churn as they provide higher dissatisfaction and users will take immediate actions. Differentiator interactions, on the other hand, may not have an immediate impact on churn, but will directly affect the ability of the service provider to 'upsell' additional services to a customer in the longer-term. Based on key customer experience drivers, this service provider designed several customer-centric key quality indicators, specifically for voice experience, data experience and data connection failure rate.

Conclusion

In today's hyper competitive environment, customer experience is critical to the success of telecom companies. Most CSPs understand that delivering superior customer experience is the key to winning customer loyalty and building sustainable competitive differentiation. Consequently, CSPs have already initiated customer experience improvement projects at different levels in their organizations. Since customer experience in telecom is multi-dimensional, the initiatives undertaken to improve customer experience also need to be multi-dimensional, addressing different functions from customer care to network departments. However, most customer experience improvement initiatives today are fragmented and fail to employ a holistic approach that is required for success. To ensure that customer experience improvement initiatives are closely tied to business objectives, telecom companies should adopt a unified framework to document the customer experience impact of these initiatives. The customer experience impact, in conjunction with the financial business case, will provide a single window to evaluate and prioritize initiatives.

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