Optimizing the online customer experience in Telecommunication

Telecommunications companies re-invention

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As networks, devices and media converge, telecommunications companies (telcos) have increasingly complex catalogues of products and services to offer customers who are constantly being invited to switch to other providers. The sales process is further complicated by a plethora of options including influences from new media, Web 2.0 and social networking, as well as completely different methods of communication and transacting. Telcos need to find ways to efficiently, effectively and consistently engage with customers to optimize their whole experience across online, retail stores and call centers and capitalize on these other influences rather than lose out to them.
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Delivering on the operator-subscriber relationship

How can telecommunications companies (telcos) exploit their most valuable asset—the customer billing relationship—in a converging landscape and provide a framework for encouraging new and productive relationships and the creation of new revenue streams?

**Telecommunications landscape has changed**

New players are entering the communications space from the IT industry, bringing strong ecosystems and an end-to-end user experience. Traditional telco revenues such as voice are declining, but devices such as smartphones and tablets mean that mobile users are consuming much more content and data and expecting an excellent network service at minimal price point. Operators are being squeezed on price and delivery while needing to change to ensure their continued relevance.

**Commerce and service have become more complex transactions**

Online commerce and services have become engrained in consumers’ minds. Whether it is for accessing online banking, booking holidays or shopping, the internet and increasingly the mobile internet, plays a huge role in commercial transactions. However, it is not about ‘clicks’ replacing ‘bricks’, but online complementing and extending physical presence – the convergence of online and offline channels to differentiate a telco’s brand.

**Social networks now play a critical role**

Layers of communities of interest extend not only around personal friends and followers, but also among those who share common interests in a particular brand, celebrity, event or theme. This ‘social web’ of interaction leads to rapid exchanges and comparisons of news, views, purchases, favorite and negative experiences. While organizations cannot own these conversations, they must become aware of them, learn from them, provide service when issues appear and feed them with useful comment and content.

**Consistency is fundamental in a multi-channel world**

Customers have many different ways of reaching an organization, but they expect the same results no matter which mode they use, even if they have to switch modes in mid-transaction. No one likes to not be recognized when they switch from online to a store or call center, or need to repeatedly key in their personal details every time they communicate with an operator, nor do they expect to have to relay details from one department to another. Telcos need to hold common and consistent information about their customers and use it intelligently.

**Personalization is key to success**

Telcos have an advantage over many other organizations in that they know much more about their customers - not only personal customer details and demographics, but also behaviors, and current mobile context such as location, proximity or mode of access. This, combined with their experience of social interaction can be exploited not only to improve direct telco business, but also provide commercial value-add for a partner ecosystem while improving the overall customer experience and loyalty.

**Conclusions**

Telcos enjoy a unique relationship with their subscriber customers as the center of personal and business communication, which they can take advantage of to better serve their customers. This is a more strategic and relationship based opportunity and not simply a matter of marketing at their subscribers or overloading their mobile devices with junk marketing. Historically the relationship with customers has relied too much simply on the technical connection and services over a network, and not the commercial connection and values that might bring. Telcos need to overcome their internal silos to take a more common and consistent view of their customer in order to improve the total customer experience, which will in turn improve their own fortunes.
The industry challenge

Connectivity itself has become a commodity, so telecommunications companies (telcos) are looking to new customer relationship models and sources of revenue. They still own a critical billing relationship with their customers, but need to become more innovative in providing new services while dealing with more complex support challenges and potentially escalating costs.

However, businesses and consumers are under financial pressure, and the telecommunications industry needs to invest in network infrastructure, technologies and capacity to meet ever-increasing customer demands while still delivering on shareholder expectations. Telcos face a number of complex dilemmas, including:

- **Traditional or new services**: Revenues from voice are falling, and data is typically offered in all-you-can-eat tariffs. Operators must develop broader catalogues and be full service providers.

- **New entrants or new partners**: IT players such as Apple and Google are shifting the revenue share balance of power. Operators need to be flexible, innovative and less internally focused.

- **Confusion or range**: Large catalogues of products or service offerings help maximize revenues and can be beneficial with consumer loyalty, but create sales complexity. It is increasingly important for offers to be further targeted and personalized.

- **Product push or consumer pull**: Changes to buyer behavior means that customers no longer silently switch or make buying decisions in isolation. Operators need to understand and participate in the social network revolution.

- **Consistency or channel variety**: There are multiple forms of customer connection—in-store, online, by phone, on handset—but the commercial experience transcends them all. Operators need to make the process holistic and integrated.

- **Satisfaction or support**: Keeping customers satisfied is increasingly expensive as devices like smartphones and networks become more sophisticated. Operators need to keep costs down, but maintain service satisfaction levels.

- **Local or global**: Operators must tailor to local needs, but avoid the considerable expense of completely different systems in each locale. Consumers looking for worldwide support from telco infrastructure and access to product categories.

The first paper in this series, “Telecommunications companies re-invention—from voice to e-service provision”\(^1\), identified underlying trends driving the need for telecommunications evolution. This second paper explores aspects that operators can address using a more integrated approach to e-commerce.
Evolution of commerce

Commerce may have started as a simple transaction—offering goods, agreeing on a price and then exchanging money for the goods—but there have long been other elements at play. As any given market matures, the importance of these other factors rise.

The vendor has to attract interest from prospects and existing customers through marketing and creating awareness. As the purchaser weighs options and comes to a decision there are many factors that will influence that process.

After the sale, there will be a longer-term relationship, supporting the purchaser through the use of the goods and services purchased, and the potential of further sales, continuing the customer lifecycle.

This cycle is well established, but technology advances provide more consumer choice, allowing aspects to be conducted in any channel and involve more or different participants. New media offers new marketing opportunities and the street presence has been joined by the internet presence. The channels may have evolved, but the goal remains the same—a successful sale and a satisfied customer.

Bricks to clicks

Physical presence or store locations were traditionally the place where transactions occurred and goods supplied. The tremendous growth of the internet as a medium for sales led some to believe that online (‘clicks’) is replacing physical presence (‘bricks’), with transactions occurring online—‘e-commerce’. For some sectors this has worked incredibly well, with notable large successes such as Amazon (initially a book seller, but now selling many other things), and a number of smaller companies that have now been able to extend their reach online and, in some cases, greatly reduce the cost of retail space.

Online sales continue to grow year-on-year for a huge range of goods and services. However, competition is fierce and, despite improving internet search engines and a myriad of price comparison websites, making connections to customers is increasingly difficult for many suppliers. A high street presence still generates awareness and provides an accessible route for pre-sales advice and sales. Despite the growth of their online and call center operations, mobile phone operators still rely on retail stores and channel partners in many cities and towns.

Stores can complement other channels more closely than some operators imagine. Some may be franchised operations, and others may lack staff with precise expert knowledge for what is increasingly a complex purchase. However, if the online systems are closely synchronized to the retail operations they can be used in-store either by suitably trained staff or directly by customers as self-service kiosks.

In addition to awareness and pre-sales influence, customers can visit stores for product pickup or support services that have been reserved online. The growing number of successful Apple stores, which look more like technology playgrounds and lecture halls than shops, indicate a shift in the value of the retail location, providing that it complements, rather than competes with, online operations.
Social networking
Another element, classically exploited by Apple, with its long established and dedicated following, is people. Not just enthusiastic staff, but also exploiting the much larger numbers of diehard fans and opinion formers everywhere.

The internet provides a medium to bring together all sorts of individuals with a common interest. The rapid growth of online social interaction from the once highly techie newsgroups and bulletin boards into chat rooms, forums, messaging, life streaming and social networks has become a powerful influence on all aspects of commerce:

- Awareness through viral communication. Social network updates, comments, emails, text messages, all propagate rapidly through an entire network. Viral campaigns may be less predictable than traditional marketing, and difficult to measure, but can deliver an outstanding positive contribution if appropriately targeted and couched—or a negative one if poorly thought out or implemented.

- Peer influence, which will range from positive comments via Facebook updates, recommendation engines and reviews, through to negative ones from unconstrained blogs, feedback and unfettered tweeting on Twitter. Whether positive or negative, all comments are valuable and provide interesting insight and intelligence.

- Social selling, trading and swapping through online marketplaces such as eBay has turned these social channels into mainstream outlets.

- User generated support networks and forums deliver support messages in a way that empathizes with the needs of others—suppliers only need to participate with occasional expert comment and moderation rather than dominate.

Just as other groups of influencers and business partners, such as resellers, are regarded as part of the sales channel, so too should social networks. This means they should be supported, encouraged and rewarded as are other channels, but also reviewed and properly measured with emerging ROI models. Social networking has different attributes, but should be recognized for the impact this highly influential informal channel has on purchasers, as it may be even more fickle and flighty than official ones, especially if ignored.
A multi-channel world

Advances in technology have broadened the options making the journey to purchase more complex, because these options are not discrete alternatives, but interrelated paths. At one time, physical retail stores and telephone mail order catalogue companies were two very different types of business, with separate processes. Hybrid approaches from companies that use both stores and call centers have demonstrated the value of this combined model. When moving to e-commerce, traditional companies initially maintained separate internet operations, often with an IT-led mentality, discrete from the main business.

This is not an effective model. Online or e-commerce is just one channel to the overall commerce process, as advances in communications technology have led to the appearance of other complementary channels.

Social networks have a much larger impact on all stages of the commercial process. In addition, mobile devices and networks have become sufficiently powerful to allow mobile interaction at any stage of the sales cycle, from simple awareness campaigns using SMS to on-device applications that support transactions or provide delivery alerts.

The primary business functions—marketing, sales, fulfillment and support—need to take advantage of the available external channels directly. Internally they need to communicate and collaborate to share data and provide a single view of the customer.

To provide the best customer experience means exploiting the best capabilities of each channel, but allowing the user to choose which is most appropriate at any given time, and to flip between them as necessary.

An advertisement may be seen on a billboard at the side of the road, discussed over a few text messages, evaluated online through recommendations and peer reviews, with goods ordered over the phone for pick up in store with a notification sent via email to advise of collection. Post-sales support may be via a web-initiated call back, via Twitter or a Facebook page or a call into an interactive voice response system.

There are many other combinations and paths. Now the path is consumer led, and many companies are adapting their approaches to meet the new model.

Personalising online experience to increase satisfaction:
Major US wireless operator, AT&T, saw an opportunity to build up its reputation based on superior customer experience. It had to increase customer engagement by offering a more personal customer experience.

This required re-engineering its e-commerce infrastructure to be more relevant to customers for its entire range of products and services. AT&T used ATG (now Oracle) to provide the platform for its B2B site to fulfill its vision of a personalized and targeted customer experience.

AT&T rolled out over 50,000 unique sites to its customers – all managed centrally from the ATG Web Commerce platform. New customer additions increased by nearly 100% year-over-year and it has achieved a significantly reduced customer churn rate.
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Delivering consistent customer experiences

The telecommunications industry, just like any other, has to take an integrated approach to commerce right through the buying cycle and must develop all channels to service market demand today. In many respects, more is expected of those involved in this industry, due to their expected understanding of benefits of networks.

**Complexity and simplicity**

There are many reasons why telcos need to innovate to compete in this new world. In particular, they have to present what is often a large, unwieldy and complex set of products in a way that customers can understand. So first they have to move from a technology- or product-led sales process to one that is more customer-led. This means being able to identify specific customer needs and then rapidly and flexibly package services adapted to them.

To do this, operators need to be able to look across their entire product and service offering and create flexible bundles that are not limited by internal divisions or product lines, but on a wider proposition. They then need to be able to alter pricing and billing models in a flexible way to adapt to particular market conditions, the aspirations of different demographic groups, and even individual customer requirements.

**Integration and differentiation**

The first steps involve dismantling silos that may exist. One department alone does not ‘own’ the customer; all have a part to play in the customer relationship.

Creating a common view of the customer across the organization brings benefits to all; customer service issues can be brought to the surface earlier as some will arise during marketing and sales, unmet needs unearthed during support activities can be brought to the attention of marketing.

Building on the common customer view with a common set of products and services, offered consistently across all possible modes of commercial channels, creates a number of opportunities. If this common business architecture can then be adapted to meet specific market needs, that presents significant benefits:

- **Thinking global, acting local**: products and services can be extended and tailored to appeal to new regions or markets, but without the cost of creating a new infrastructure each time. Consistency not only keeps costs down, but also allows a more rapid approach to gain first mover advantage.

- **Trend surfing**: the rapid success of Apple’s App Store surprised many in the industry, and there has been a rush to follow. Having the flexibility to be able to create or exploit new commercial models during times of rapid expansion (or adjust others down in a recession), is valuable commercial agility.

- **Flexible line extension**: new products and services can be introduced and withdrawn more rapidly to meet transient market needs or one-off events, e.g. major sporting events such as the Olympics, movie releases or celebrity fads.

- **Flexible brand extension**: new lines of business can be created within a region, to appeal to new audiences, without undermining existing brands or incurring the costs of setting up a new business. An interesting example of this is the social network oriented SIM-only mobile network, ‘giffgaff’, launched by O2.
Personalization and smarter presentation

Going hand in hand with the need for a common and consistent flexible underpinning is the requirement for information, product and service adaptation. This tailoring is necessary at all stages in the sales cycle and should take a number of aspects into account:

- Limitations and capabilities of the mode of access—device and network
- Current context of the individual—location, access mechanism, time
- Demographic information defining the individual
- Behavior and history of recent known actions
- Social context, group memberships and social network interactions

This is not simply about trying to cross-sell or make simple recommendations in the manner of early e-commerce systems, but about making the entire cycle of interaction as efficient and intelligent as possible.

Complex and broad quantities of information have to be streamlined, condensed and presented in an acceptable way, personalized to the individual. Unnecessary or irrelevant options should be filtered for clarity. Advice and past decisions should be noted to prioritize future communication and sales choices. Intelligent routing should be applied to guide support services.

With a common base for managing the information, processes and roles, supporting a consistent business framework, these types of personalization features can be applied irrespective of the channel or the stage in the sales process. Making things straightforward, efficient and pleasant for the user will increase the likelihood of a successful conclusion—a satisfied customer.

Conclusions

Telecommunications companies face many challenges as their traditional business is under threat from falling margins, the high cost of new investments and new competitors—IT and internet companies like Google and Apple.

But beyond their network inventories, they have perhaps a far more valuable asset; they have enjoyed what is too often regarded as a simple billing relationship with customers, but this could far more valuable. As connectivity becomes increasingly a commodity, operators have an opportunity to nurture and extend the relationship with their customers. However, they have to rapidly take smarter and more incisive steps, to take a more customer led approach.

This re-orientation around the customer, as well as the impact with other third party relationships will form the main focus of the next paper in this series on telecommunications re-invention.

References:

1 – Quocirca “Telecommunications companies re-invention—from voice to e-service provision” report, October 2009
Oracle's ATG Commerce Applications

Oracle's ATG Commerce Suite is the industry's top-ranked cross-channel commerce solution. It consists of ATG Commerce, the leading cross-channel commerce platform and software applications, and an integrated set of on-demand commerce solutions. By tapping into this advanced functionality, companies of all sizes can create a reliable and scalable, yet highly agile, commerce foundation; deliver an engaging, personal experience across all channels; and reap the results that drive continued business growth.

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organizations. Its analyst team is made up of real-world practitioners with firsthand experience of ITC delivery who continuously research and track the industry and its real usage in the market.