Customer Experience in the Age of Hyper-Personalisation

A communications sector point of view

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Introduction

The major challenges facing CSPs today either relate to, or can be solved by, a transformational approach to Customer Experience (CX)

Take digital disruption. CSPs have been forced to reinvent their business models to take advantage of the digital economy and replace fast-declining voice revenues. Deloitte has predicted that a quarter of smartphone users won't make a single traditional call over a mobile network by the end of 2016. Instead, consumers are flocking to 'Over the Top' (OTT) services such as Whatsapp, WeChat and Skype[1].

As CSPs address this challenge, their ability to deliver a superior customer experience will be essential to success. This experience needs to be delivered across a range of products including voice, internet, TV and mobile, to provide customers with as much choice as possible.

Carriers across Europe and the US are therefore embarking on acquisitions to build a complete portfolio of joined-up customer services. In 2015 alone there were some 269 telecoms mergers[2]. Other CSPs are choosing to partner with OTT providers to deliver propositions based around the customer experience.

In the digital age, consumers demand more than ever. We want to have things our way, all the time – and that includes the services we receive from CSPs.

If CSPs are to deliver competitive customer experiences, they must be ready and able to pivot constantly to deliver content, experiences, services, and technology to individuals however and wherever they desire.

Welcome to the age of hyper-personalisation

In this paper, we look at what hyper-personalisation means for the communications industry, and what steps CSPs can take to transform their CX capabilities to be fit for purpose. The time for half-measures has past. So immediate and serious are the new competitive threats facing CSPs, they must now rethink every aspect of their organisation – from product and service, through sales and marketing to CRM pricing and billing – and centre them squarely on the needs of individual customers. Handled correctly, CX can lock-in customers and secure repeat custom.

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1   TechWeek Europe, Quarter Of Smartphone Users To Abandon Calls In 2016 As VR Becomes $1bn Market, January 2013
2   Telecom Europe, What's Driving the Telecom Industry's Urge to Merge?, March 2016

Hyper-personalisation: challenges and opportunities

In a recent Oracle research[3] study of North American executives, 100 percent of respondents from the communications industry stated their organisation has experienced a trend toward customers wanting a more individualised experience in terms of products, services, content, and how they are purchased/obtained, delivered, or consumed. Seventy percent of respondents said the shift represents a growing challenge in their ability to compete effectively.

63% Improve the cross-channel customer experience

43% Enable real-time personalised offers and services

40% Monetise new opportunities such as the Internet of Things

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Companies that are ahead of the curve in individualisation increased their revenues by 10 percent last year
"

Our research revealed that 93 percent of communications industry executives surveyed believe they are leaving money on the table by not successfully offering customers a highly personalised experience.

Respondents estimated that if their organisation could successfully offer such experiences they would earn an additional 31 percent in additional revenue . In fact, across all sectors, we found that companies that are ahead of the curve in individualisation increased their revenues by 10 percent last year[4].

Communications sector respondents identified the following as the greatest opportunities for them around personalised services and content:

The opportunity personalised services represent for the communications sector are therefore significant. Research by Teradata and Celebrus Research highlighted that 63 percent of consumers across every age group like to receive personalised offers[5]. Significantly, Deloitte has found that across industries, one in five consumers who expressed an interest in personalised services are willing to pay a premium for them[6].

With the economic potential of individualisation so clear, there's an opportunity for CSPs to push ahead with hyper-personalised services to enable rapid growth. Crucially, this involves not only gathering insights on customer preferences, but also feeding insights from existing services into the design process for the next generation of services. This enhances the service quality and encourages loyalty. In a world where brand loyalty has never been harder to achieve, perfecting product and service is now an essential part of driving repeat custom.

3   Oracle, The Era I Enterprise: "Ready for Anything", April 2016
4   Ibid
5   Vanilla Plus, Customer experience needs to move up a gear, smarter customer engagement is essential, September 2015
6   Deloitte, the Deloitte Consumer Review, 2015

The state of play

How well prepared are businesses to meet the hyper-personalisation agenda?

Our research showed that the majority (66 percent) of respondents from all industries believe the ability to offer more highly individualised experiences to customers ranks as one of the top three priorities for their organisation[7].

However, only 33 percent of respondents from the communications sector give their organisation an 'A' grade in its ability to offer highly individualised customer experiences. Forty-three percent of communications sector respondents gave their businesses a 'C'. For these businesses, their greatest difficulties were:

Business agility is therefore closely linked to delivering a transformational customer experience.

Our research revealed there is a gap between where businesses understand their CX needs to be and their readiness in bringing it to that state:

59% Ability to turn on a dime

46% Ability to offer highly individualised products and services

44% Ability to respond to changing market conditions

82% Respondents believe the ability to offer more personalised experiences is critical to staying relevant

21% Respondents are well prepared to deliver personalised experiences

In the communications sector the following were given as the main obstacles to delivering personalised services:

50% Security concerns

37% Competing with innovative OTT services

37% Difficulty providing subscribers with consistent experiences across the various touch points and interaction channels they use

It therefore seems clear that as with other businesses, CSPs need to do more to progress the hyper-personalisation agenda. The risks of not doing so are clear. In our research, respondents appeared well-aware of the dangers that arise from ignoring the hyper-personalisation imperative. These include:

46% Loss of customers

45% Loss of talented employees

45% Loss of revenue

Transforming the customer experience

What can CSPs do to ensure their CX systems are fit for purpose in the age of hyper-personalisation?

It's clear that the solution needs to be technology-driven. According to our earlier research study:

97% Respondents said investing in IT solutions will improve their ability to offer the individualised customer experiences needed to compete today

Respondents cited the following as the three most important:

Importantly, 100 percent of respondents from the communications sector believe there is an important link between cloud-based IT solutions and their organisation's ability to deliver the flexibility and agility needed to deliver more individualised employee and customer experiences. Today. However, only 28 percent of mission and business-critical applications are in the cloud[9].

Oracle's view is that it's now essential that CSPs utilise digital technologies including cloud-based applications, platforms and infrastructure, mobile devices and social media to create the hyper-personalised customer experiences people demand.

49% Business intelligence tools

49% CX solutions

40% Industry-specific applications[8]

8   Ibid
9   Ibid

CSPs therefore need to ensure they invest in digital technologies that are:

Complete

Hyper-personalised CX must be delivered across marketing, e-commerce, sales, service, and social media to deliver superior customer experiences that foster advocacy and revenue growth.

Data-driven

Predictive analytics, insights drawn from customer, operational and unstructured data and real-time recommendations provide collective insights that can help CSPs lower costs, grow revenue, and sustain brand value through unparalleled knowledge of individual customers' needs.

Industry – tailored

CSPs face unique challenges. CX solutions must be tailor-made to address these directly.

Connected

All customer interactions must be connected across devices, channels and products to be truly customer-centric. The Internet of Things (IoT) should be employed to connect customers with places and objects to deliver transformational customer experiences.

Modern

CSPs must modernise their businesses with native mobile, social, and analytic technologies. Best-in-class, integrated applications are also important to create a competitive edge.

Agile

No longer do the 'big fish' of business swallow the 'little fish'. Rather, the 'fast fish' out-swim the 'slow fish'. Businesses must invest in agile cloud technology that allows them to innovate faster than the competition.

Oracle recommends communications companies focus on flexibility and agility, building a customer experience based on insights from customer, product and operational data; customer experience solutions; and industry-specific applications. To meet this need, the cloud is a must as it simplifies IT, reduces costs and drives innovation. By becoming a cloud leader, CSPs will find they have the scalability and agility needed to deliver transformational hyper-personalised customer experiences.

It is increasingly clear that to be successful, any such transformation must be complete. Customers are demanding new business models from their brands and this requires a wholesale rethinking of the customer experience. Tactical responses to competitors are no longer enough: the entire business must now be ready to reorganize around the customer and to leverage CX platforms to re-engineer their core operations and services.