

Dial CEM: Helping Operators Address the Customer Retention Challenge

In order to keep customers hooked into a network in a viable manner, operators have to build the right value propositions needed to mitigate the practice of holding multiple SIM cards



The rapid growth in the global telecommunications space definitely looks good on paper. As per data released by GSMA Intelligence for the first quarter of 2016, the total number of mobile connections (including machine-to-machine) worldwide stood at 7,747,629,404 and the number of unique mobile subscribers stood at 3,819,504,999. Meanwhile, revenue per year (for the financial year 2014) stood at a staggering \$1.06 tn, a 1.99% YOY growth.

However, if we examine some of the parameters closely, we will find some alarming trends rearing their heads

quite recently. For example, the number of SIM cards per unique subscriber, has been growing steadily every quarter. As perGSMA Intelligence, in the fourth quarter of 2014, each unique subscriber across the world had 1.80 SIM cards. This number fell to 1.79 from the first to the fourth quarter of 2015, to reach 1.80 once again in the first quarter of 2016. Going forward, the firm has predicted that this number will remain steady, at least until the second quarter of this year. Thereafter, it is expected to rise to 1.81 in the third quarter of this year, where it will remain until the fourth quarter of 2017.

Let's look at the Minutes of Use (MoU) per connection worldwide. In the fourth quarter of 2014, it stood at 287 and then marginally dropped to 286 in the first quarter of 2015 and then spiked again to 292 in the second quarter of 2015. Likewise, the average revenue per user (ARPU) per subscriber displayed similar attributes. It stood at \$20.25 in the fourth quarter of 2014 and then continued to marginally decline. In the first quarter of 2015, it fell to \$19.76, rose somewhat to \$19.95 in the second quarter of 2015 and then reached \$19.98 in the third quarter. And then came the fall to \$19.82 in the fourth quarter of 2015 which precipitated further to \$19.58 in the first quarter of 2016. And finally, perhaps the operator's biggest nightmare-churn rates. Though GSMA Intelligence remains relatively tight-lipped on the subject, they have mentioned that churn rates stood at 3.22% in the fourth quarter of 2014. After that, well, it's anybody's guess, really, but I reckon the number would be roughly in the same range, give or take.

The data provided above shows that the telecom space is in a bit of a paradox. While I have already stated that the sector is performing well on paper, and there is little doubt that operators are making money off their investments, there exists some troubling parameters like SIM usage, ARPU, MoU and churn rates that have a different (and perhaps less pleasant) story to tell.

The very existence of the multiple SIM cards, for instance, is testimony to this. If we examine the trend at the grass-root level, it boils down to this—the customer, industry experts believe, use multiple SIM cards is to take advantage of inherent price differentials across competing operators in domestic cellular and roaming scenarios. This is more prevalent in emerging markets, where customers, typically, are more price sensitive. So, obviously, the most lucrative opportunities for price arbitrage are because of on-net and off-net pricing.

The biggest challenge for operators is that the customer registered on the network may not be using its services at all. In other words, you may have the numbers to boast, but the fact is that a part of your revenue is being 'leaked' onto your rival's network, by virtue of the customer using multiple SIM cards.

What can operators do in this situation? One way is to maximize the share of spend across a single individual's multiple cellular accounts. This approach will serve to plug any revenue leaks. The inherent problem with this approach, though, is that price no longer holds the pride of place with which competition can be kept at bay.

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propositions needed to mitigate the practice of holding multiple SIM cards. But how? By focusing on providing a fair mix of all the important elements of quality of experience and services, coupled with the services bouquet itself.

Easier said than done, of course. Which brings us to the crux of the problem—what role can customer experience management (CXM) play to help? Well, telecom operators must move away from offering limited products and services through limited channels. The first rule of understanding what CXM can do for your business is developing more sophisticated and personalized offerings, which can be delivered and serviced through multiple channels. This will help to assure the customer that your brand is omnipresent across channels and is willing to lend an ear to what they have to say.

If we were to dwell on the importance of a multi-channel CXM strategy, the keywords we would inevitably focus on are consistency and ease of interaction. There is (and as customers ourselves, I am sure you will agree) nothing more frustrating than having to wait for minutes (yes, really) to contact a customer care representative, or having to contact the same company for the same query over and over again. You just lost a valuable customer, dear operator! Not all is lost, though; just ensure you're listening to your customer very carefully. Once you (operator) understand customer needs you will be able to help them by anticipating their demands the next time around. Now that is CXM at its best!

Of course, it doesn't end here. Besides the assurance that your brand is 'always-on', the availability of real-time services is a brand's trump card. Today's customer expects a brand to deliver convenient and immediate services. And, naturally, this brings us to the importance of self-service. Simply put, just by enabling your customers to carry out transactions like purchase additional data, pay bills, update contact details, or their plans or handsets—immediately of course you can enjoy the benefits of having implemented a win-win proposition, leading to customer stickiness, reduced cost and churn, increased sales and reduced burden on call centres.

To sum up, this is, by no means an exhaustive list of leveraging customer experience management. Indeed, it isn't even the tip of the iceberg. Though, while we're on this note, may I please add that by all means, go ahead and leverage customer experience management the way best suited to your business requirements.

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