

Telecoms reinvention—optimising the online customer experience

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As networks, devices and media converge, telecoms companies have increasingly complex catalogues of products and services on offer to customers who are, in turn, becoming more aware that they can easily switch to other providers. However, the sales process is complicated by a plethora of options, influences from new media, Web 2.0 and social networking, as well as completely different methods of communication and transacting. Telecoms companies need to find ways to efficiently, effectively and consistently engage with customers to optimise their whole experience and capitalise on these other influences rather than lose out to them.

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1. The industry challenge

Connectivity itself has become a commodity, so telecoms companies (telcos) can no longer rely on traditional business models, channels or services as sources of revenue. They still own a critical billing relationship with their customers, but need to be flexible and innovative while dealing with more complex support challenges and potentially escalating costs.

However, businesses and consumers are under financial pressure, and the telecoms industry needs to invest in network infrastructure, technologies and capacity to meet ever-increasing customer demands whilst 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 focussed.
- **Confusion or range:** Large catalogues of products or service offerings help maximise revenues and can be beneficial, but create sales complexity. It is increasingly important for offers to be targeted and personalised.
- **Product or consumer led:** changes to the buyers' behaviour 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 this consistent.
- **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:** markets differ—high growth in emerging, low growth in established—operators must tailor to local needs, but avoid the considerable expense of completely different systems in each locale.

The first paper in this series, “Telecoms companies reinvention—from voice to e-service provision”¹, identified underlying trends driving the need for telecoms evolution. This paper explores aspects that operators can address using a more integrated approach to e-commerce.

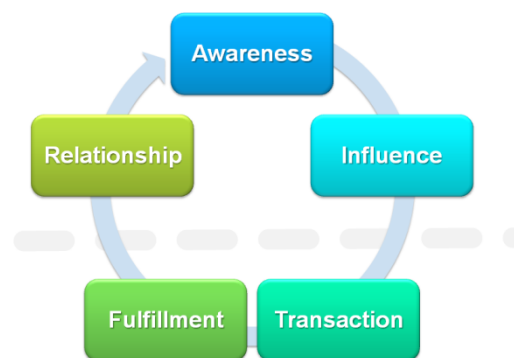
2. Evolution of commerce

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

Figure 1

The sales cycle



This cycle is well established, but technology has changed the rules, allowing any aspect of it to be conducted remotely, 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 emergence of the internet as a medium for sales led some to believe that online ('clicks') would replace 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 many 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 wide range of goods including clothes and food as well as

the early successes of books, CDs and consumer electronics. 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 small 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 telesales operations, mobile phone operators still have 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 synchronised 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, there is also the possibility for customers to visit stores for product pickup or support services that have been pre-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 it complements, rather than competes with, online operations.

Social networking

Another element 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 and social networks has become a powerful influence on all aspects of commerce:

- Awareness through viral communication. An email, a text message, a link are so easily sent and replicated through an entire network. It 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 via recommendation engines and reviews, through to negative ones from unconstrained blog

comments, feedback and unfettered tweeting on Twitter.

- Social selling, trading and swapping through online marketplaces such as eBay has turned them into mainstream outlets.
- User generated support networks and forums deliver support messages in a way that empathises 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. Social networking has different attributes, but should be recognised 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.

3. 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 such as Argos in the UK 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 no longer an effective model, as not only should e-commerce be regarded as just another channel to the overall commerce process, but advances in communications technology have led to the appearance of other complementary channels.

Figure 2

Multi-channel commerce



Social networks, as mentioned earlier, now 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.

Leaving any of these channels under the direction or control of technical operations will mean that much of their value is lost. The primary business functions—marketing, sales, fulfillment and support—need to take advantage of the available channels directly.

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.

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 eliminating home grown legacy systems and re-engineering its entire e-commerce infrastructure to be fully customer relevant for its entire range of products and services. AT&T used ATG as the platform for its B2B site to fulfil its vision of a personalised and targeted customer experience.

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

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, an online forum or a call into an interactive voice response system.

There are many other combinations and paths. In the past, the operator dictated the route; now it has to be consumer led, and the progressive companies are adapting their approaches to meet the new model.

4. Delivering consistent customer experiences

The telecoms industry, just like any other, has to take an integrated approach to commerce right through the buying cycle and must develop all channels. In many respects, more is expected of those involved in this industry, due to their understanding of network benefits, but like unshod ‘cobbler’s children’, telcos are often slower to exploit their own technologies.

Complexity and simplicity

There are many reasons why telcos should do more. 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 customer-led. This means being able to identify specific customer needs and then rapidly and flexibly package services adapted to them.

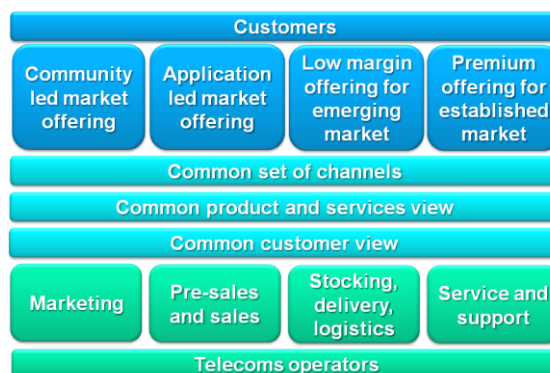
To do this, operators need to be able to look across their entire product and service offering and create flexible bundles that are not limited by internal divisions or product lines, but on a wider proposition. They then need to be able to alter pricing and billing models in a flexible way to adapt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

Integration and differentiation

The first steps involve dismantling the siloed mentality that exists in many organizations. One department alone does not ‘own’ the customer; all have a part to play in the customer relationship.

Figure 3

An integrated telecoms business



Creating a common view of the customer across the organisation 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 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.

Personalisation 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
- Behaviour 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 as possible.

Complex and broad quantities of information have to be streamlined, condensed and presented in an acceptable way, personalised to the individual. Unnecessary or irrelevant options should be filtered for clarity. Advice and past decisions should be noted to prioritise 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 personalisation 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.

5. Conclusion

Telecoms 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, Skype and Apple.

But beyond their network inventories, they have perhaps a far more valuable asset; a billing relationship with customers. 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, re-organise their internal divisions to take a customer, not technology 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 telecoms re-invention.

References:

- 1 – Quocirca *"Telecoms companies re-invention—from voice to e-service provision" report, October 2009*

Recommendations for optimising the customer commerce experience

Obtain executive sponsorship. 2010 is no time to repeat the mistakes of the early internet boom, where many companies tacked a web presence onto the side of the organisation where there was an enthusiast who acted as the internal champion. Not only does this make it difficult to get the right level of resources, it also makes it almost impossible to get sufficient senior buy-in in other departments where the approach may upset some internal politics or someone else's hidden agenda. Get senior sponsorship, ideally at board level, and it becomes a strategic imperative with deliverable goals, rather than a 'science project' with vague aims.

Synchronise marketing, sales and support. Each provide and use information about customers, and yet this is often held in separate systems, with many companies still managing multiple customer databases. Establishing a common customer view will make it easier to correctly target marketing initiatives, enable personalised cross-selling or up-selling, and encourage pro-active support initiatives.

Business led, not IT led. Too often technology oriented companies with complex, technical products and services assume too much specialised knowledge in their own staff, channels and customers. Products are developed and designed by technical experts with a multiplicity of features included, which are often presented as benefits. Most will have merit, and will generally be assessed by the in-house technology team, but this is not the best way to design great systems. Business needs should be identified first and used to set the design criteria.

End the 'build versus buy' argument. The capabilities required for enterprise-ready, multi-channel commerce products that span differing departmental functions, from marketing through sales and support, are well beyond the resources of even the most effective IT departments. This has become a vital foundation of the business and so requires a professional, well-engineered approach to deliver the required solution. Developing this internally in an ad hoc manner is no longer a suitable approach.

Select suppliers for strength in depth. There is plenty of innovation in this technology area, and new entrant start-ups. Some will thrive and survive, but many will wither in spite of good technology. So any investment to support common commerce processes will need long term commitments and therefore suppliers with solid financial durability who are capable of significant R&D investment to keep up with new technologies.

Adopt an 'agile' approach. Make the assumption that things will change more often than you expect. Even when the project appears huge, it can be split into manageable, achievable units that can be honed. Better to take an approach when small successes can be linked together, and failures discarded, rather than an all-or-nothing, all encompassing solution. This means getting the initial technical and business architecture right, and using that as the underpinning for incremental and agile development on top.

Use open integration. Despite taking a strategic and business-led approach, it is unlikely that the decision making will be perfect. Select technologies that support open standards and allow for integration to ensure that best-of-breed enhancements can be made to the initial foundation.

Look at the entire customer engagement scenario. The customer's commercial experience is not simply about the sales transaction and fulfilment. Indeed, with channels that allow all aspects of the cycle to be distributed and a growing network of other influences, arguably the actual point of sale is becoming less relevant than the orchestration of the processes around it. It is in these areas where business is lost—through bad support experiences, lack of adequate information for decision making, or over-complex shopping cart and delivery logistics nightmares. With a complex array of channels, potential customer experiences should be mapped out, tested and streamlined to ensure they work.

About ATG

A trusted, global specialist in e-commerce, ATG (Art Technology Group, Inc., NASDAQ: ARTG) has spent the last decade focused on helping the world's premier brands maximize the success of their online businesses. ATG Commerce is the commerce platform and business user application solution top-rated by industry analysts for powering highly personalized, efficient and effective e-commerce sites. ATG's platform-neutral optimization services can be easily added to any Web site to increase conversions and reduce abandonment. These services include ATG Recommendations and ATG's live help services, including ATG eStara Click to Call, and Click to Chat. The company is headquartered in Cambridge, Massachusetts, with additional locations throughout North America and Europe. For more information, please visit <http://www.atg.com>.

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