EXPERT OPINION:

CSPs must learn to balance CEM and profitability

Communication Service Providers focus too much on their own financial performance but customers don't care about that. Instead, they should balance their need for profitability with ensuring their customers' have good experiences, writes Anandan Jayaraman.

The axiom "Companies are from Venus and customers are from Mars" could find no better fit than in the telecoms industry. Carriers are so obsessed with their own short-term financial metrics – EBITDA, revenue and subscriber growth for the current quarter – that they often lose sight of the big picture and the need to create a consistently superior experience relative to customer expectations of their brand.

Customers do not care about the provider's top-line or EBITDA. They expect a high quality network, service and billing integrity, effective multi-channel customer service, availability of new devices, attractive and simple tariffs and their provider to be easy to do business with. The relative priority of these may vary by market but catering to these expectations in aggregate is critical to delivering a compelling customer experience.

Customer experience is like Karma – you reap what you sow. Unhappy customers are known to be ten times more vocal about their negative experiences and have a disproportionate impact on churn and acquisition; happy customers are stickier, spend more and proven to have a tangible impact on creating shareholder value. So, how does one balance this universal truth with carriers' poor track record? Is excessive focus on customer experience really orthogonal to the broader goal on delivering on financial objectives? What are the trade-offs and where is the convergence?

Let us focus on four sample dimensions of the customer experience conundrum to illuminate some key issues at stake.

1. **AHT vs. Quality of Relationship:** Reducing average call handling time (AHT) can be seen as increasing productivity but it is also time lost in connecting with the customer, building relationships and offering new products and services. In today's environment where contact centers are morphing into revenue and profit centers, agents need to be measured on call satisfaction based on real time customer feedback. While lower call handling times can reduce costs, higher quality of interactions leads to lower churn, increased up-sell and cross-sell and long-term value creation.

2. **Differentiated Experience vs. Treating All Customers the Same:** Not all subscribers are the same and resource allocation needs to be prioritised based on treating your best customers right. Aspects of the customer experience, such as call wait time, personalised service and special kiosks, may need to vary significantly based on customer segment and context. Delighting all customers is an idealistic but not a pragmatic goal.

3. **Know your Brand Promise vs. Mimicking Competition:** Is your differentiation based on price, customer intimacy or innovation? What mix of attributes define your brand? Your investments need to be targeted towards those parameters that define and deliver your brand promise. For example, Zappos, the successful online shoe store, has no limits on call times and some sessions resemble protracted talk therapy. However, it is money well spent in line with the core Zappos promise of "We are a service company that happens to sell".

4. **Social Media vs. Traditional Outreach:** Increasingly, customer attention and time is being spent on social media like Facebook, twitter, YouTube and LinkedIn and their world revolves around their social networks. Gen Y and Z professionals expect their vendors to be like them, on social media, actively listening to conversations and being responsive in real time. Serving these customers effectively and meeting the next generation expectations of customer experience needs a different mindset and approach. Do you have what it takes to capture the hearts and minds of this young generation?

As the examples illustrate, balancing Customer Experience Management (CEM) with profitability requires out-of-the box thinking, clarity of thought on the USP and brand promise, knowing which of your customers make you the most money and finally being in tune with changing expectations of CEM. This is the zone where strategy, marketing, finance and operations intersect and providers need to learn to perform this high wire balancing act every day with purpose. $

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