



Keep it Simple: Retaining Customers & Driving Growth

Rising competition and increasing customer churn make it difficult for communications services providers to maintain and improve quality standards and ensure customer satisfaction. As our fourth annual study confirms, the simplest way is the best way moving forward.

Executive Summary

Communications service providers (CSPs) face higher churn rates and customer satisfaction remains flat. At the same time, rising competition from over-the-top (OTT) video delivered over the Internet is making an already challenging playing field even tougher. Although customer contact rates continue to rise, many CSPs still rely on high-cost support personnel rather than digital service channels – driving up costs and compromising customer experiences. In evaluating CSP services, customers tell us that quality is key. They want their communications service providers to know who they are and anticipate their needs.

These are the overriding themes from our fourth annual survey of nearly 2,000 CSP customers in the U.S. We asked them about trends in customer satisfaction, options for support channels, and their interest in newer services such as connected home. From online ordering to mobile web apps, respondents told us they want simpler ways to choose, buy, pay for, and get help with services such as high-speed Internet, pay TV, and phone.

The mandate from the survey is clear: Winning the hearts and minds (and wallets) of consumers comes down to three things: Simplify, simplify, simplify.

More specifically, we found that:

- **The use of low-cost self-service digital channels, such as the web and mobile apps, is shrinking, not growing.** As shown in Figure 1, web use declined by 15%; mobile apps have remained flat since 2015.
- **A rising number of customers are placing orders at physical stores** (arguably the most expensive option); even tech-savvy millennials find digital self-service difficult.

- **While quality and price are still important, technology, personalized care, and usability** (simplicity) rose sharply as key factors in customer satisfaction and thus retention. (See Figure 2, next page).

- **Simplicity also applies to offerings such as connected services, which can drive future revenue for CSPs.** While more than half of the core 18-to 49-year-old customer demographic found these services very desirable, they made it clear that (along with reliability and data privacy) ease of use contributes most to their satisfaction with CSPs.

Digital Plateaus

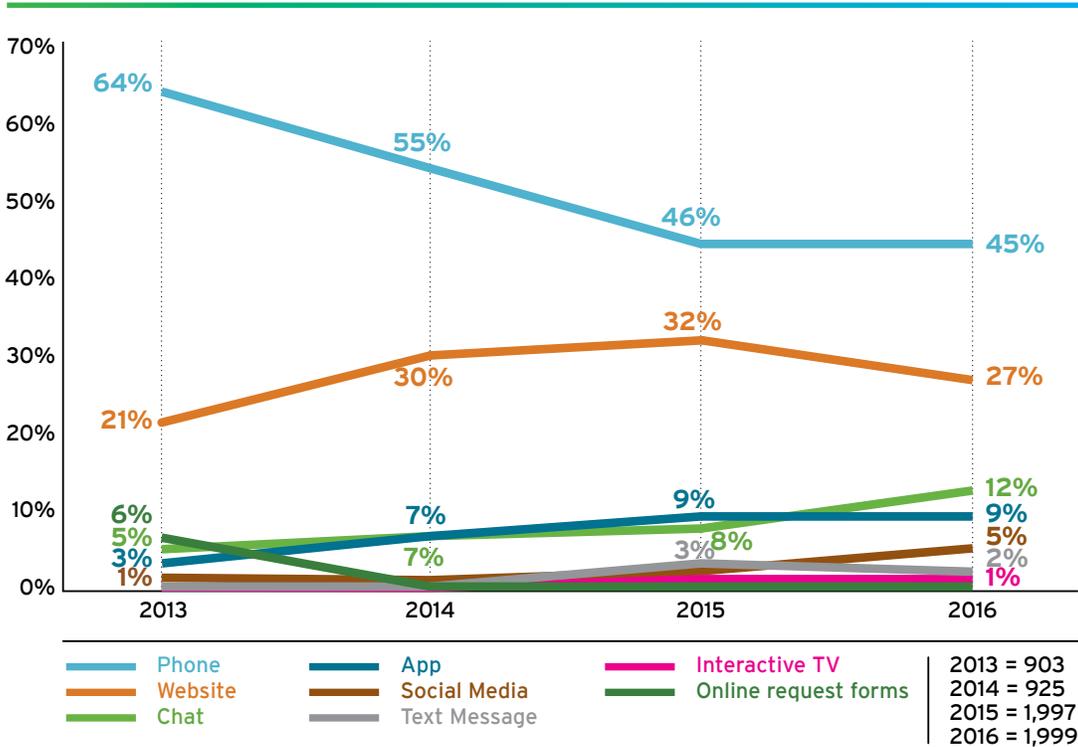


Figure 1
Source: Cognizant 2017 CSP Study

Technology, Care & Usability Drive Customer Satisfaction

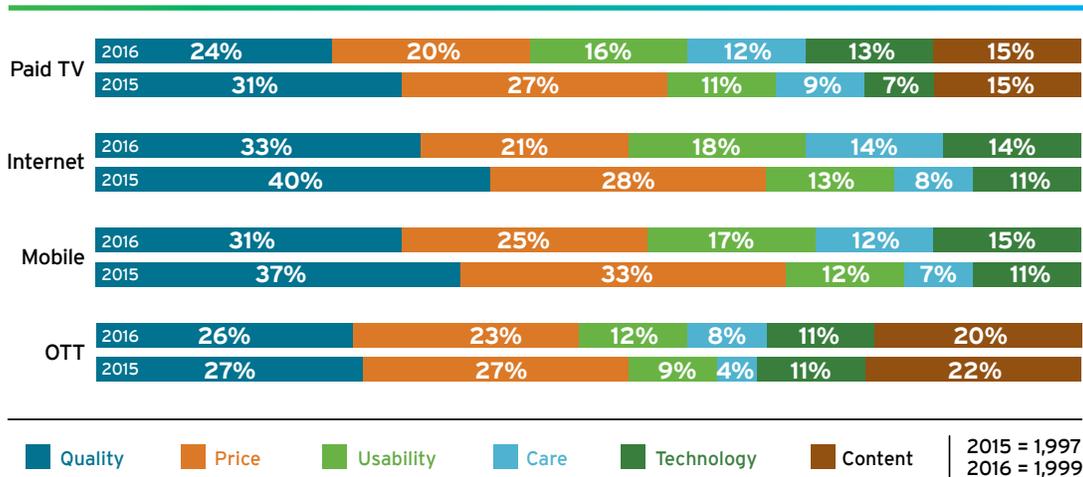


Figure 2
Source: Cognizant 2017 CSP Study

WHAT SIMPLER OFFERINGS LOOK LIKE

- Web pages display only those services (Internet speeds or pay TV bundles) that are available in a customer's area** – avoiding the need to call a service representative when a page doesn't allow the customer to buy the service.
- AI-powered voice-response systems available on Amazon Echo or Google Home troubleshoot a customer's slow Web connection and fix it** – without forcing the customer to endure a series of voice prompts.
- Websites and mobile apps are so easy to use a customer rarely has to contact their provider.** The CSP's interfaces make it simple to find buttons, prompts, and screens, even on a mobile device.
- Pricing information is clear.** This means doing away with cryptic acronyms to describe fees and unexpected charges. Offers and service bundles are customized and priced based on a customer's purchase and usage history (the shows they watch, how much data they use).
- Proactive notifications of outages and slowdowns** avoid having customers wait on hold to report a problem. Text messages alert and update them. They will be automatically credited for a service outage or defective product.
- Clear, consistent information crosses all sales and support channels.** This can be accomplished in part by using analytics to track customer interactions and complaints concerning customer support representatives – something seven out of ten customers surveyed would like their communications providers to do. If the website indicates that a customer's triple play installation is scheduled for Wednesday, the customer care support agents should know.

Go beyond traditional focus groups and market research by making a cultural shift that puts the customer perspective at the heart of every product, service, interaction, and communication.

- **Consolidated internal systems provide a single, consistent view of the customer** across all sales and support channels. Customers shouldn't have to repeat their questions or concerns.
- **Real-time analytics and consolidated data from multiple channels** afford actionable insights and a better customer experience.
- **Leverage voice/natural language as an easy-to-use interface for transactions such as authentication, ordering, and support.** If customers can ask their Amazon Echo to order more laundry detergent, why can't they ask their phone to upgrade a service?
- **Reengineer processes that require too many people and systems to complete even routine tasks.** Take a step back and ask if there is a better, simpler way to solve a problem or achieve the same objective. Do we need three employees to perform this task when one will do? This approach may require a new mindset, and maybe painful rework, but it can increase first-time resolution of customer issues, refuel customer loyalty, and grow sales.

WHAT IT TAKES

What can CSPs do to simplify and improve their customers' experiences – and the business?

- **Move beyond focus groups and conventional market research to ethnographic research** that studies customers in the real world to better identify their needs.
- **Work to simplify complex legacy systems and processes** from a "customer first" perspective.
- **Empower customer-facing employees to offer real-time refunds or credits to compensate for service outages or delayed repairs** using insights from data analytics. This approach can turn a problem into an opportunity to cross-sell or up-sell.
- **Commit to human-centered simplicity – from designing services and pricing options to the look and feel of self-service apps.** Make a cultural shift that puts the customer perspective at the heart of every product, service, interaction, and communication.
- **Don't leave your data in a data warehouse or "lake"; turn it into actionable insights for your frontline.** Make use of real-time, relevant data to offer free services when problems surface.
- **Keep driving home the basics, such as executing service calls/repairs on time, and providing proactive, accurate and timely advisories on delays or changes in arrival times.** You can't claim you're making services simple for a customer when, as one complained, "... Nine different techs, and one actually showed up in shorts, flip flops, and a tank top... (and I still experienced Internet speed issues)".

STRATEGIC IMPERATIVES

There are three key strategies that can help CSPs simplify the customer experience, maximize revenue, grow market share, and improve customer retention:

- **Employ big data/analytics:** Build the technologies and skills to develop and leverage big data platforms that can analyze today's volume, variety, and velocity of information. Move to a services-based architecture and
- **Automate:** Assess what processes can benefit from automation. Be selective, since automating inefficient, complex functions can do more harm than good. Focus on processes that provide the "big bang" benefits of a better customer experience – with less

common data platforms that make it easy to share and quickly respond to information and queries. Develop the skills to aggregate and analyze data from multiple channels in near real time.

QUICK TAKE

Simplifying Customer Service

At one service provider, we found outdated rules specifying that sales could only be handled by certain groups of service representatives. This resulted in unnecessary transfers for even the smallest service changes.

Allowing front-line representatives to manage these tasks not only improved their morale, but increased customer satisfaction. All while freeing sales staff to focus on more complex tasks. By adjusting the routing of routine service requests, sales reps regained 15% of their time to work on critical and time-sensitive customer calls – resulting in over \$2 million in operating expense savings annually. Based on our analysis, we recommended a dedicated, scalable IVR system with the capabilities to drive down call transfers.

Tap new interfaces, such as natural language, that make it easier to automate processes. Employ automated intelligence and machine learning to reduce costs and respond quickly and accurately to customer needs.

effort for them and more efficiency for your organization. Tap new interfaces, such as natural language, that make it easier to automate processes. Employ automated intelligence and machine learning to reduce costs and respond quickly and accurately to customer needs.

- **Simplify the user experience:** Begin with on-site research into how consumers use your products and services and what can be

done to simplify them. Focus on digital channels that are easier to use, reduce costs, and increase customer satisfaction. Leverage real-time analytics to assist customers while they troubleshoot service issues. Use specific customer and account history, network diagnostics, and social media to pinpoint problems, recommend a resolution, and simplify complex processes such as ordering, fallout management, and diagnostics.

QUICK TAKE

Simplifying Chat

Even a process as straightforward as chat can be simplified. We restructured chat for a leading CSP – updating customers about their place in the queue and sending them links to answers to common questions while they waited.

We also helped the CSP develop standard responses to common queries – improving the consistency of answers and speeding resolution times. As a result, the satisfaction of chat customers outpaced that of customers using the phone, and is expected to deliver \$20 million in benefits over five years.

FUTURE-PROOF YOUR BUSINESS

From connected technologies to reimagined video to in-store experiences, CSPs must future-proof their business without overwhelming customers.

Following are tips for keeping simplicity front and center:

- **Use in-depth, on-site observations to understand what customers will need from technologies.** Focus not on bells and whistles, but on whether your customers can use the service with the least possible effort. At every step in the design process, work from the perspective of the consumer, taking into account all ages and skill levels.
- **Tap the interest in pay TV with personalized services and offers.** Analyze viewers' service history to suggest new programming, especially live events. For example, customers we surveyed (ages 18-34 and 35-49) are most concerned with missing live events due to confusing or alternate equipment and services. This makes them good candidates for personalized offers for live events, and simpler explanations of the services you provide and the equipment required. Look for ways to offer instant access to your own "over the top" services across channels.
- **Drive "next-generation" customer experiences.** We know from our study that customers want personal attention and easy fixes to their problems. Look for high-return areas where a better understanding of a customer's previous purchases or interactions can help increase their satisfaction, speed their transactions, or grow sales.

For example, if customers repeatedly ask about the highest Internet speed available in

QUICK TAKE

Simplifying Ordering

We worked with one tier-one CSP client to create a simple platform for ordering Internet and pay TV services with content specific to a customer's location and their stage in the ordering process. This approach resulted in a 7% increase in customers successfully adding items to their cart, as well as a 5% increase in moving from the cart to an actual sale. We also helped the client reduce the effort required in the ordering process by eliminating the need for customers to re-enter information. As a result, the client saw an increase of nine points in their Net Promoter Score.

If a customer has reported multiple service issues over the past few months but no problems were found on the network, offer them new equipment, or send a tech to resolve the issue.

their area or when your organization will support the latest Wi-Fi protocol, alert them when you boost your network speed or new equipment is available. Your organization could even offer them an appointment for a tutorial at a local store – opening the opportunity to

upsell or suggest a new product or service. If a customer has reported multiple service issues over the past few months but no problems were found on the network, offer them new equipment, or send a tech to resolve the issue.

QUICK TAKE

Simplifying Support

For an Internet and pay TV provider, we helped identify and analyze data from the company's CRM and transaction systems, customer satisfaction scores, and speech analytics to determine which customers were most likely to move to another provider. This helped the client deliver proactive support and services that help make customers' lives easier while reducing the likelihood that they will leave. In a period of two months, approximately 150,000 customers were identified as most likely to churn. Of the 75,000 contacted by the provider, half were retained.

We also laid the foundation for a "virtual adviser" that collects data from a customer's voice to understand their needs, as well as from AI systems to derive meaning from speech and provide proactive, data-enabled support. Again, this simplifies the customer's experience by providing the support they need without them having to describe their issue in detail. The result? Higher customer satisfaction, less churn, and lower support costs.

QUICK TAKE

Simplifying the Connected Home

For one leading Internet and pay TV provider, we conducted ethnographic research to validate and refine its roadmap for connected home technologies, and identified concepts for high-value emerging products and services. We helped match customers' needs with the provider's technology pipeline to prioritize investments in disruptive products and services that support long-term growth. We developed three prototypes to enable high-value products and services to go to market quickly, then converted the prototypes into scalable, market-ready products and services.

We are working with a client to increase sales and customer satisfaction in its retail stores. After careful observation and quantitative analysis, we discovered that customers did not feel welcome in the store and were waiting outside until they could speak with a service representative. This resulted in low conversion rates and customers leaving before their turn. We also found that many customers did not attempt to use the available self-service support.

For this client, we are piloting a "store of the future" that uses technology to streamline and automate transactional and repetitive tasks (such as taking customer information and creating a queue) – freeing store personnel to welcome and interact with customers. They can help customers use self-service, and create new options for understanding their needs.

GETTING THERE FROM HERE

From talking on landline phones to watching videos on mobile devices, the social and technology landscape has experienced a profound

shift. As non-traditional players encroach on traditional markets with everything from over the top video streaming to high speed Internet, CSPs need to develop new products and services, as well as new business models, or risk being left behind.

Our fourth annual customer experience survey revealed many familiar challenges, including rising customer churn and disappointing use of lower-cost digital support channels. Nonetheless, even "traditional" services, such as pay TV, remain popular in homes and businesses.

From our study and our work with clients, we are more convinced than ever that simplicity – in everything from pricing to service delivery, to supporting the in-store experience – is an essential competitive differentiator in a complex, fast-changing industry.

For additional study insights, see our [infographic](#); to learn more about our communications services, visit our [website](#).

METHODOLOGY

This report includes results of an online quantitative survey of 1,995 CSP customers fielded in November and December 2016. To qualify, respondents had to be at least 18 years old and be a current subscriber of a paid television/ video service, high speed Internet and/or mobile service.

ABOUT THE AUTHORS

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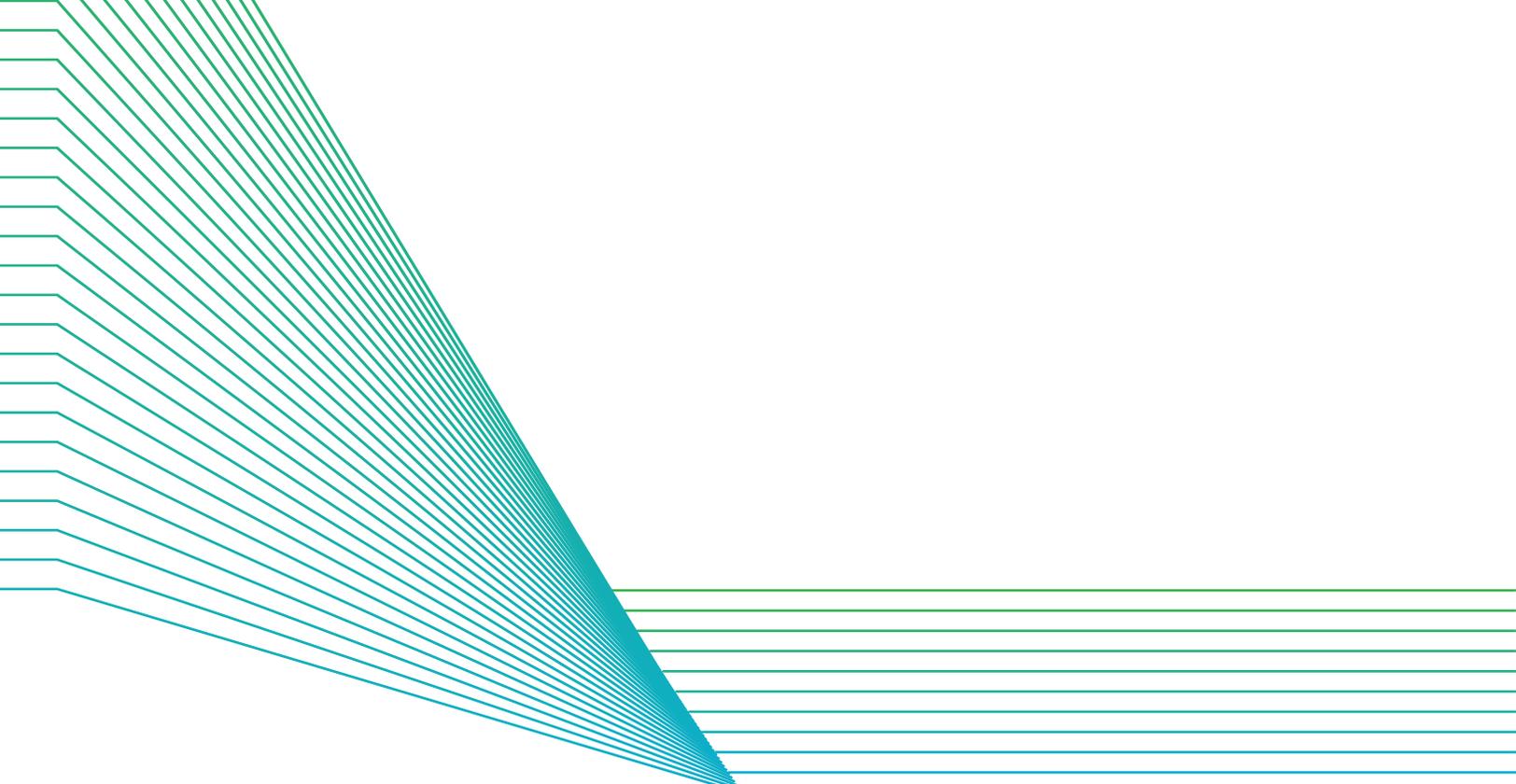
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ABOUT MEDIA & ENTERTAINMENT

Cognizant's Media and Entertainment practice provides information technology, consulting, and business process outsourcing services for: broadcasting, entertainment (film, music and gaming), advertising and marketing and printing and publishing firms. The growth of digital platforms is causing significant change to these industries and Cognizant is working with clients to help meet these challenges while helping transform their businesses to run better and run different. Leveraging its deep domain and business consulting expertise, Cognizant serves all the major entertainment studios and the top broadcasting companies worldwide. We continually invest in defining what the future of work means for our industry by developing solutions through our Digital Media Lab and working in critical areas such as the Digital Content Supply Chain and Media Asset Management. Visit us online at www.cognizant.com/information-media-entertainment.

ABOUT COGNIZANT

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