TRANSFORMING THE BRAND THROUGH IMPROVED CUSTOMER EXPERIENCE: SERVICE PROVIDER STRATEGIES

HIGHLIGHTS FROM A HEAVY READING STUDY FOR ALCATEL-LUCENT

Alcatel-Lucent and *Heavy Reading* conducted a research project aimed at gaining a better understanding of how communications service providers (CSPs) approach customer experience management (CEM). This project was conducted in collaboration with Alcatel-Lucent's Market and Consumer Insight (MCI). The methodology included an online survey with service providers and a series of in-depth interviews that added context and provided deeper insights into findings.

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This document provides a summary of the results of the online survey, which examined:

- What it takes to deliver a differentiated customer experience
- Factors that influence investments in CEM
- Current CEM budgets and future budget plans
- Perceptions about what drives a superior customer experience
- The importance and measurement of CEM-related metrics
- Barriers to CEM implementation
- How CSPs assess and select CEM solution providers

For additional details on the research study, please contact the Alcatel-Lucent Market and Consumer Insight (MCI) team at: **mcinsight@alcatel-lucent.com**.

Follow us on Twitter (**http://twitter.com/MOTIVE_ALU; @MOTIVE_ALU**) to receive additional research highlights.

METHODOLOGY

Researchers e-mailed invitations to contacts in the Heavy Reading and Pyramid Research databases. They screened respondents to ensure that the survey would be completed only by people who played an influential role in the acquisition of CEM-related solutions.
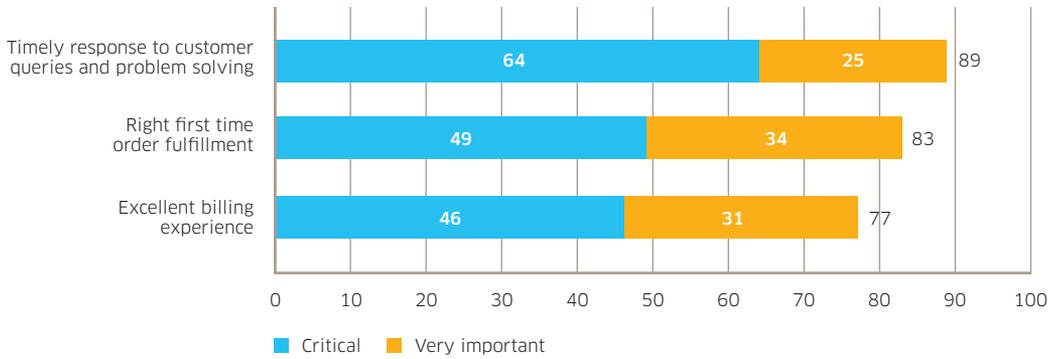
KEY FINDINGS

- CSPs see CEM as a vital tool that can help them inspire customer loyalty, stand out from the competition and spur bottom-line growth.
- A driving force behind increased CEM investment is the belief that it will lead to higher subscription rates, increased profitability, and improved brand value.
- CSPs are prioritizing the "standard" elements of service delivery, such as answering customer queries and resolving problems in a timely fashion, fulfilling customer orders correctly the first time and providing an excellent billing experience.
- Customer satisfaction is considered to be the most important CEM metric — and the area where increased measurement could have the most positive impact.

Fundamental elements are perceived as key to delivering a superior customer experience

Respondents indicated that they see a superior customer experience as a means to attract consumers and win their loyalty.

The survey addressed customer experience improvement by examining eight key CEM activities. As shown in Figure 1, "bread and butter" activities topped the list. For example, nearly nine in ten said that answering customer queries and resolving problems in a timely fashion was important. More than six in ten saw these activities as critical for delivering a superior customer experience.

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Figure 1. Importance of Organizational Activities to Delivering Superior Customer Experience
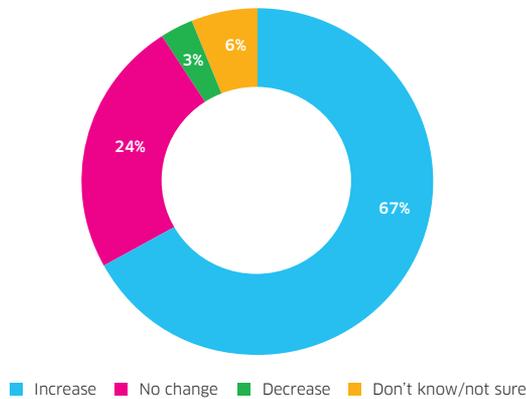
Approximately eight in ten said that it was important to fulfill customer orders correctly the first time and provide an excellent billing experience.

CEM spending by service providers will increase in 2013

Respondents made it clear that CEM budgets are likely to rise. Two-thirds of respondents expected their organization's CEM budget to increase in 2013. A quarter of these respondents expected a significant increase in this budget in the coming year.

Figure 2. Expected change to company's customer experience management budget 2012/2013
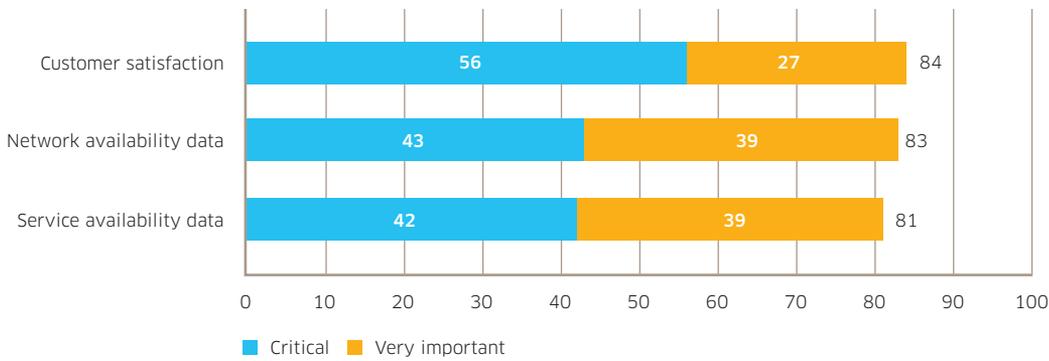

Nearly one-quarter of respondents felt that no change in their CEM budget was likely, while a mere 3% saw a slight/significant decrease.

Service providers recognize the value of CEM metrics

Respondents indicated that CEM metrics are valuable tools for CSPs. At least two-thirds of respondents rated each of ten different metrics as important. Customer satisfaction metrics rated highest, with the majority of all respondents labeling these metrics as critical. Network and service availability data metrics were next on the list. More than eight in ten respondents rated them as important, with more than four in ten rating them as critical.

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Figure 3. Importance of the CEM-related metrics

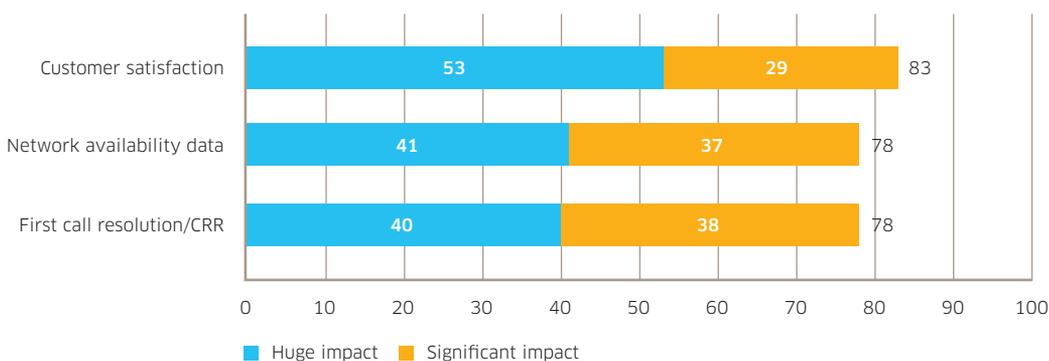|	Critical	Very important	Total
Customer satisfaction	56	27	84
Network availability data	43	39	83
Service availability data	42	39	81

■ Critical ■ Very important

The importance of CEM metrics is evident in the frequency with which CSPs measure them. Very few respondents said that they never measure the metrics explored in the survey. Many reported measuring them at least once a day or even several times a day. The most frequently measured metrics include network and service availability data and service usage data.

Figure 4. Frequency with which CEM-related metrics are measured

	Several times a day/once a day	Several times a week/once a week	Monthly	Total
Network availability data	47	25	17	89
Service availability data	41	23	22	86
Service usage data	38	28	20	85

■ Several times a day/once a day ■ Several times a week/once a week ■ Monthly

Respondents also made it clear that they want to measure CEM metrics more often. For seven of the proposed metrics, at least 70 percent of respondents said that increasing measurement frequency would have a large impact on their ability to deliver a superior customer experience. Increasing the use of customer satisfaction metrics was seen as offering the largest potential impact, followed by metrics for network availability data and first call resolution.
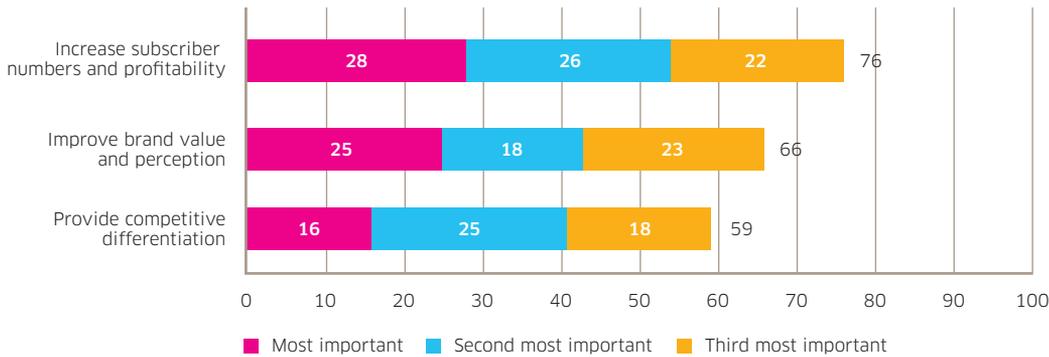
Figure 5. Relative impact of increasing measurement frequency on ability to deliver a superior customer experience

	Huge impact	Significant impact	Total
Customer satisfaction	53	29	83
Network availability data	41	37	78
First call resolution/CRR	40	38	78

■ Huge impact ■ Significant impact

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CEM improvements can attract subscribers and increase profitability

Three-quarters of respondents placed increasing subscriber numbers and profitability among the top-three factors that influence their CEM investment decisions. Another two-thirds identified improving brand value and perception as a key influencing factor, while nearly 60% cited the need to provide competitive differentiation as important.

Figure 6. Three most important factors influencing investment in customer experience management

Conclusions

CEM is clearly important to CSPs. They see it as a vital tool that can help them inspire customer loyalty, stand out from the competition and spur bottom-line growth. The importance they attach to it can be seen in their plans to increase CEM budgets. It can also be seen in the effort they already put into using CEM metrics, and in their strong desire to use metrics more often to deliver a better customer experience.

The driving force behind increased CEM investment is the belief that it will lead to higher subscription rates and profitability, and, to a lesser extent, improved brand value and perception.

When it comes to delivering a superior customer experience, CSPs are prioritizing the "standard" elements of service delivery, such as timely problem resolution, accurate order filling and a superior billing experience.

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