RESEARCH SURVEY REPORT

# CONNECTED CONSUMER SURVEY 2016: MOBILE CHURN AND CUSTOMER SATISFACTION IN EMERGING ASIA–PACIFIC

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# About this report

This report focuses on aspects of Analysys Mason's *Connected Consumer Survey* that relate to the behaviour, preferences and plans of smartphone users in the emerging Asia–Pacific (EMAP) region. In particular, it focuses on respondents' satisfaction with their mobile services. The survey was conducted in association with On Device Research.

The research was conducted in October and November 2016. The survey groups were chosen to be representative of the mobile-Internet-using population in the region. We set quotas on age, gender and geographical spread to that effect. There were a minimum of 1000 respondents per country, and 4000 respondents in the region.

## GEOGRAPHICAL COVERAGE


## KEY QUESTIONS ANSWERED IN THIS REPORT

- How do churn levels differ between countries and operators? Which factors seem to affect churn decisions? What are churners looking for in their next tariff?
- What is the Net Promoter Score (NPS) of different operators? What seems to affect it? How do operators perform in different parts of the country, and which demographics are they strong in?
- How does data consumption correlate with customer satisfaction? How do different data pricing strategies affect customer experience and satisfaction?

## WHO SHOULD READ THIS REPORT

- Operator-based strategy executives and marketing managers who are interested in understanding consumer market trends, the changing role of data services and the impact of differing approaches to pricing on customer satisfaction.
- Market intelligence and research executives in service providers that are responsible for understanding end-user trends and supporting business units in identifying and addressing new opportunities.
- Equipment/device manufacturers and software providers that want to identify end-user trends in service and device usage and help their operator customers to improve their ability to address market opportunities.

# The intention to churn from customers' existing mobile providers is relatively low in emerging Asia–Pacific

**On average, 51% of our respondents in EMAP wanted to stay with the same tariff plan, while only 7% of the respondents intended to change their operator within the next 6 months.**

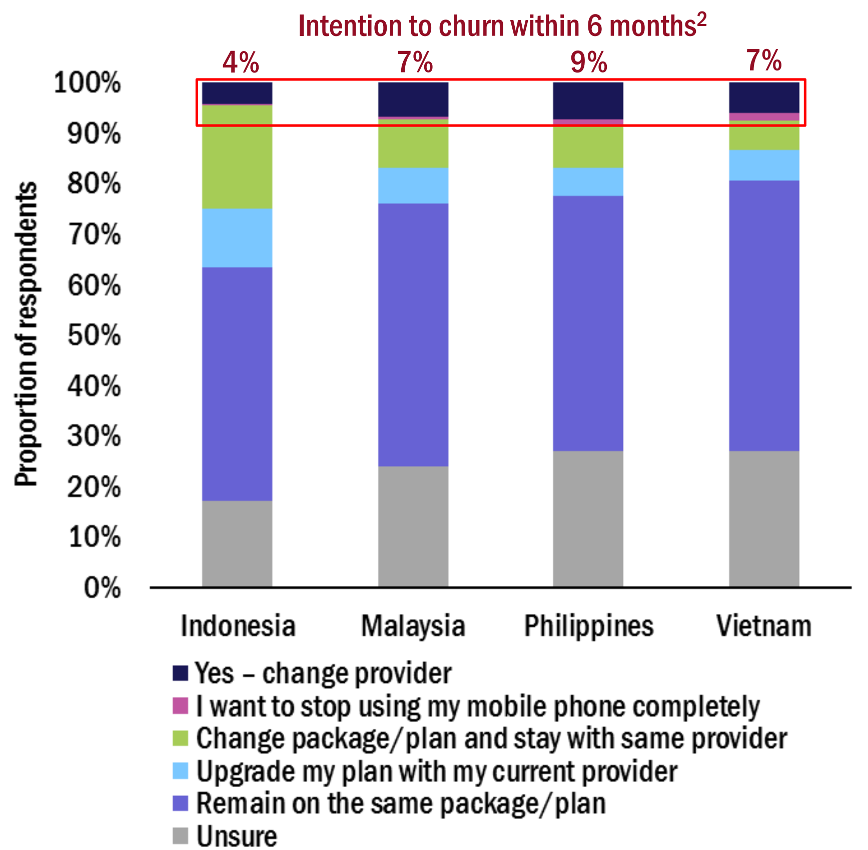
The intent to churn was generally low in the surveyed markets – at 7% overall. Inertia is a major factor in telecoms, and the EMAP region is no exception: 54% and 52% of respondents in Vietnam and Malaysia, respectively, want to stay on the same plan/package. The low churn rate could be due to the fact that:

- many subscribers in these markets already hold multiple SIM cards to leverage promotional benefits and seasonal offers
- the tariffs in these markets are already low as a result of strong competition. Tariffs tend to be similar, with minor absolute pricing differences between different operator offerings.

Actual churn numbers are generally lower than intended churn numbers. Many customers will stay with their current provider, despite their stated intention to move.

A relatively high proportion (21%) of respondents in Indonesia stated that they plan to stay with the same provider, but make a change to their specific package. Consumers in Indonesia have grown accustomed to frequent changes to price plans (for example, more GB per month) and promotional benefits (for example, bonus 4G access).

Figure 4: Intention to change mobile service plan within 6 months, by country[1]




Source: Analysys Mason

[1] Question: "Do you intend to make a change to your mobile service within 6 months?"; $n$ = 4000..

[2] Includes respondents stating that they want to change their provider, or stop using their mobile phone completely.

# Incumbent operators often score poorly on customer satisfaction, despite their advantages in network deployment

**NPS scores were negative for all operators in all surveyed markets in EMAP; Telkomsel recorded the highest NPS score, while Maxis had the lowest.**

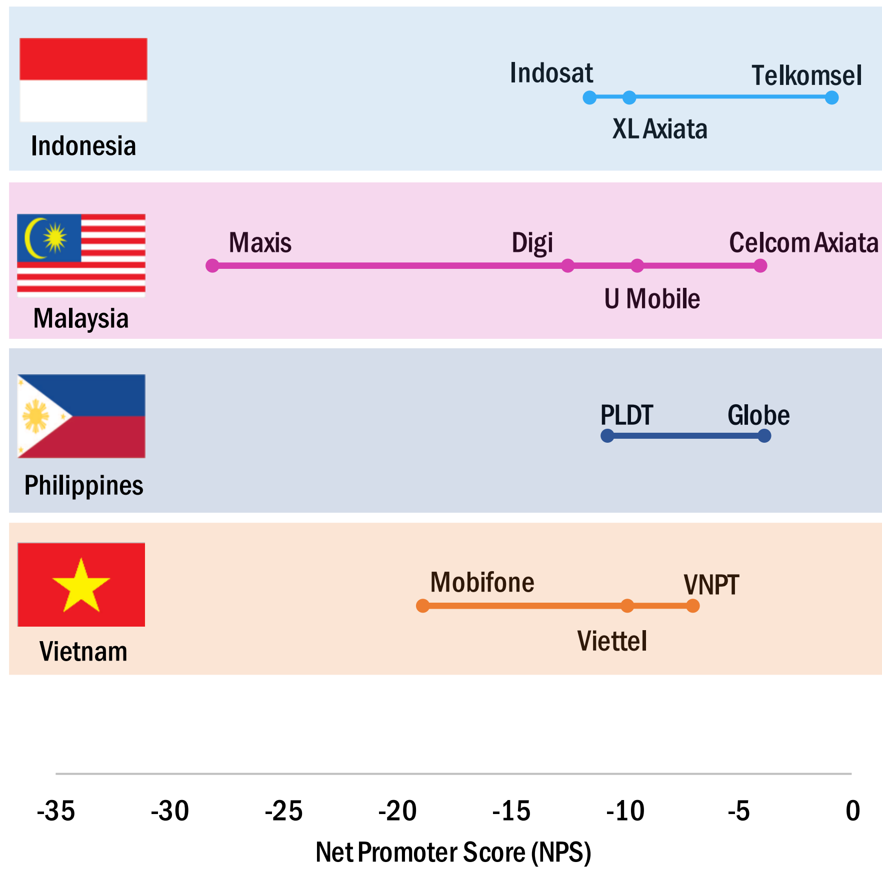
Respondents were asked to rate how likely they were to recommend their mobile operator, on a scale from 0 (not at all likely) to 10 (definitely). The Net Promoter Score is calculated by subtracting the percentage of subscribers who rated the operator 6 or below, from the percentage that rated it 9 or 10.

There is no standard NPS profile in the countries surveyed. Scores are generally low: all operators score below zero. In some countries, scale is rewarded with high NPS – this is the case in Indonesia. In other countries, smaller operators perform well. Challengers or disruptors sometimes enjoy a higher NPS than incumbents because they target and satisfy a well-defined target segment.

The results for Malaysia reveal a very mixed picture. The two largest players, Celcom and Maxis (both of which have lost market share in recent years) have very different NPS results. Maxis had the lowest score of any of the major operators in our survey.

It is important to note that operators' performance on churn metrics does not map directly on to NPS: NPS is a multi-dimensional metric. When filtered according to specific dimensions, NPS can be very revealing. The next sections of this report examine two of the main dimensions: network coverage and performance, and pricing and value for money (especially mobile data).

Figure 8: Net Promoter Score for mobile operators, by country[1]




Source: Analysys Mason

[1] Question: "On a scale from 0–10 (where 0 = not at all likely, and 10 = definitely), how likely are you to recommend your mobile service provider to friends or family members?"; *n* = 4000.

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# About the authors

**Stephen Sale** (Research Director) oversees Analysys Mason's consumer research and is also the lead analyst for the *Future Comms and Media* research programme. His primary areas of specialisation include next-generation communication services, OTT player strategies and mobile pricing. He also has extensive experience in analysing operator strategies and forecasting fixed and mobile service markets. Before joining Analysys Mason in 2004, Stephen worked in the industry on areas that include VoIP, next-generation service architecture and broadband access. He has a degree in economics and an interdisciplinary MRes from the University of London.

**Aris Xylouris** (Analyst) is a key contributor to Analysys Mason's primary research for the *Consumer Services* research practice, and manages our *Connected Consumer Survey* and *Consumer smartphone usage* series of research. His work involves in-depth coverage of issues such as consumer behaviour, convergence and bundling, TV and media, and mobile and fixed service pricing. He also specialises in statistics and primary research analysis.

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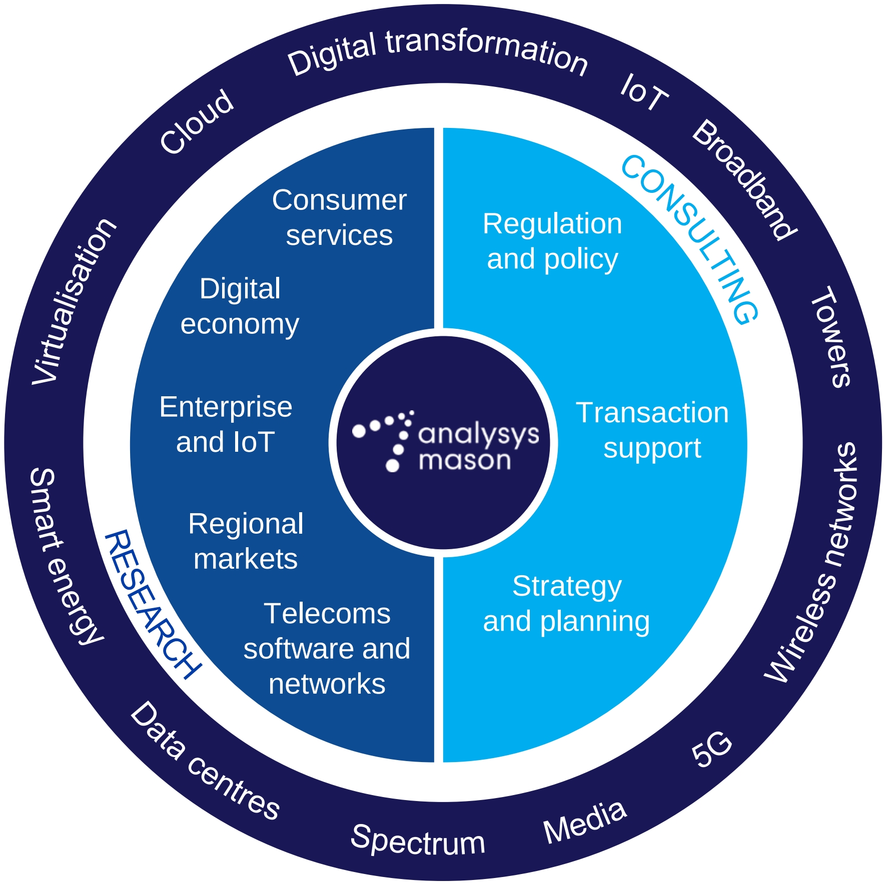


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PUBLISHED BY **ANALYSYS MASON LIMITED** IN **APRIL 2017**

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