

Middle East and North Africa operators have room to monetise 4G services and improve customer satisfaction

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4G adoption is growing in the Middle East and North Africa region and our latest *Connected Consumer Survey* results indicate that this trend is correlated with increased data usage. A higher data allowance also strongly influences customers in selecting their next mobile plans.

Our survey also revealed that level of data consumption is highly correlated with customer satisfaction. Facilitating subscribers' moves to larger data plans could therefore be key to improving operators' Net Promotion Scores (NPSs),¹ which are relatively low compared to those in other regions. This comment presents some of our survey results to demonstrate the potential benefits of encouraging users to upgrade to higher data tiers.

Data consumption significantly influences customers intending to change their mobile plans

Analysys Mason recently conducted a survey of mobile Internet users in five countries in the Middle East and North Africa: Morocco, Oman, Qatar, Saudi Arabia and the UAE. Survey respondents answered questions about their usage of mobile services and devices, their levels of satisfaction with their mobile services and their usage of over-the-top (OTT) services.

We found that the percentage of respondents that reported using 4G (as opposed to legacy 2G/3G services) has increased in most markets compared to our results from 2015. This migration to 4G was generally correlated with an increase in reported monthly data allowance for postpaid subscribers and reported monthly data usage for prepaid subscribers.

Consumers appear to move to higher data allowances when they migrate to 4G. Obtaining a higher data allowance was also the main factor influencing respondents' selection of their next mobile plan (if they intended to change their plan within the next 6 months). It was even selected ahead of other factors that have previously been cited as the most attractive features of a new plan, namely:

- improved network performance (cited frequently in Morocco, Oman and Saudi Arabia)
- lower prices (including those of international calls), although this remains very important to consumers, particularly in Oman and Qatar where tariffs are more expensive.

This result indicates that there is clear demand for more data among our respondents and that they are less concerned about network performance and pricing in comparison. Operators should therefore consider moving

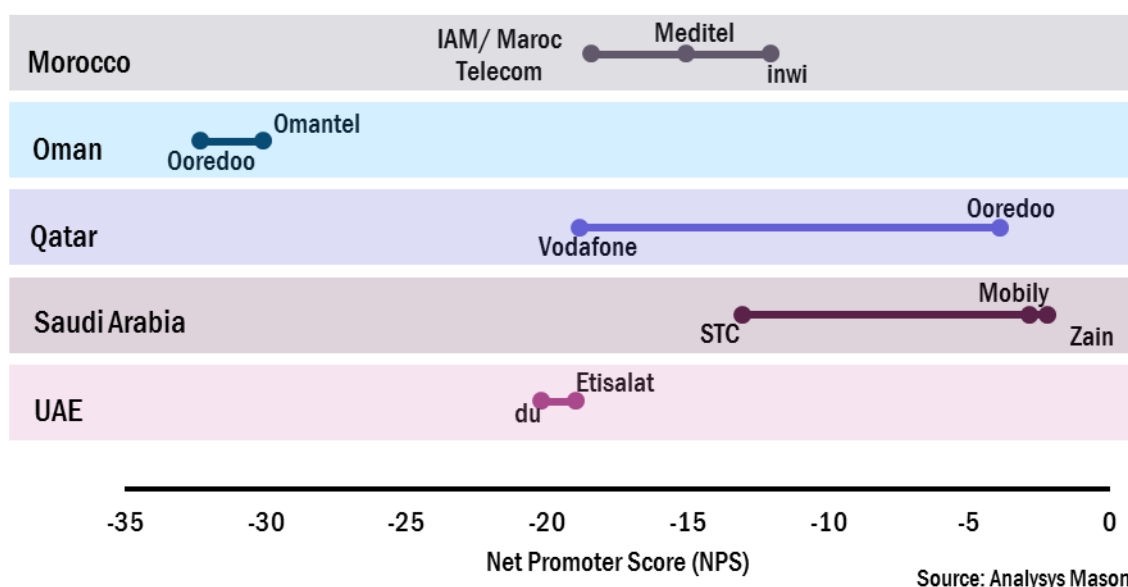
¹ NPS is a proprietary standard metric used to calculate customer loyalty and satisfaction. Respondents are asked to rate on a scale from 0–10 whether they would recommend a product, service or company to a friend. A respondent who gave a score of 0–6 is considered to be a 'detractor', 7–8 is considered to be neutral and 9–10 is considered to be a promoter. The percentage of detractors is subtracted from the percentage of promoters to give a score between +100 and –100 for each company.

customers to larger data plans at the same, or potentially higher, price points. They should offer more intermediary data tiers and the ability to purchase small data add-ons to encourage customers to migrate to higher data tiers. Operators should also make their out-of-bundle rates less punitive, so that they do not discourage light data users from exceeding their allowances.

Moving customers to higher data tiers and addressing issues with customer care could improve customer satisfaction levels

NPSs are relatively low in the Middle East and North Africa compared to other regions, such as Sub-Saharan Africa. There is also wide variation in NPSs, with Zain having the highest score and Omani operators faring worst in the region (Figure 1).

Figure 1: Net Promoter Scores for major mobile operators in selected Middle East and North Africa countries



We also found that data consumption is significantly correlated with customer satisfaction in the Middle East and North Africa, with the highest data consumers often being most likely to recommend their operators. This further confirms that higher data allowances are a significant factor in attracting customers to tariffs. Offering larger and more-flexible data allowances could therefore be used as a lever to improve customer satisfaction levels.

However, this broad regional correlation between data usage and customer satisfaction masks differences at the market and operator level. Customers on specific tariffs or data allowance tiers are not getting the value for money that they would expect, leading to mixed satisfaction patterns depending on the market and operator.

- Omantel performs better than Ooredoo in Oman for users with lower data allowances, but falls behind among users who consume more than 2GB of data per month.
- Users in Qatar largely follow the trend of higher levels of data consumption correlating with higher NPSs. However, Ooredoo received higher scores than Vodafone, except for customers with monthly data consumption between 1GB and 2GB.

- Customer satisfaction in the UAE broadly increases with data consumption, but du appears to struggle with the mid to high data consumption segment (3–5GB per month).

These anomalies suggest that operators cannot rely solely on adjustments to data allowances and prices to increase customer satisfaction. They should instead experiment with different data allowance options to identify which ones yield the most positive response, and to identify and address other areas of customer dissatisfaction.

One such area is customer service. Poor customer service remains an area of concern for users in the region, with 16% of our survey respondents citing it as a reason for their intention to churn. Two operators appear to have the most problems with customer care.

- Zain's subscribers have expressed the most concern about the quality of customer service (26% of its subscribers who responded to our survey cited it as a reason to churn). This is despite the operator running a number of initiatives to enhance customer experience across multiple points of contact.
- Etisalat, which has recognised challenges with customer care, has the second-highest percentage of survey respondents (21%) who cited this as a reason for churn.

Further analysis of these and related issues can be found in our two recently published reports: *Connected Consumer Survey 2016: mobile churn and customer satisfaction in the Middle East and North Africa*² and *Connected Consumer Survey 2016: mobile services and devices in the Middle East and North Africa*.³

² Available at <http://www.analysysmason.com/CCS-satisfaction-MENA-Feb2017>.

³ Available at <http://www.analysysmason.com/CC-mobile-services-MENA-Jan2017>.