

Enterprise telecoms survey: operators must do more to overcome customer dissatisfaction

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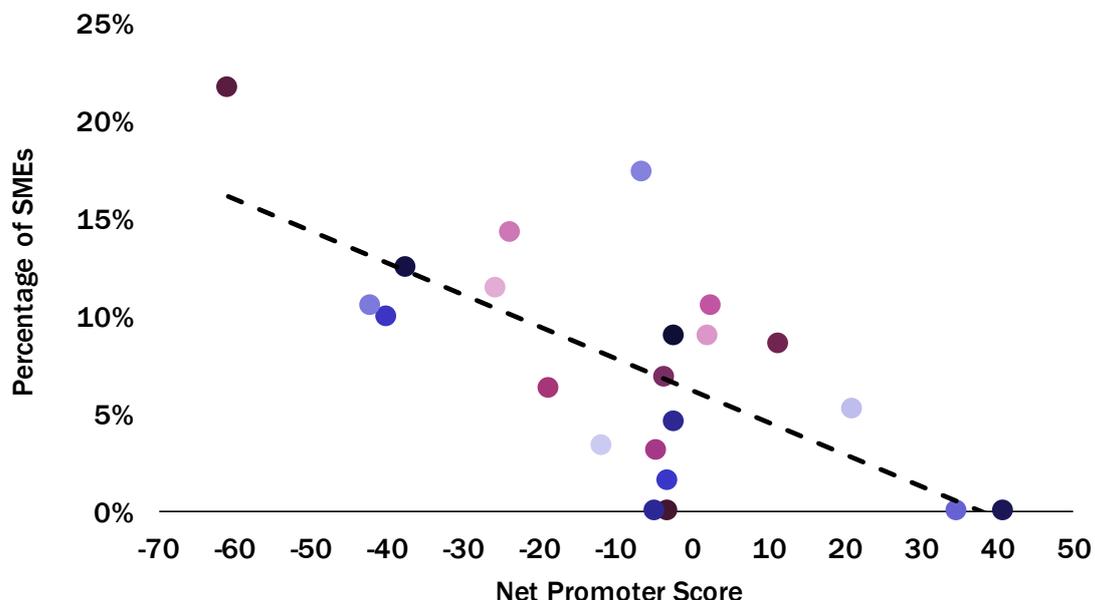
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Enterprise revenue is declining for many telecoms operators in high-income countries.¹ It is essential for operators to keep customers satisfied in order to help defend revenue. However, our survey of 1600 enterprises, reveals that enterprise customers are often dissatisfied with the service they receive and this is leading to churn. This article explores the importance of enterprise satisfaction levels in relation to maintaining revenue from existing services and gaining revenue from new services.

Operators can reduce intended churn by 1.6 percentage points for every 10-point increase in their Net Promoter Scores

Our survey showed a clear relationship between levels of satisfaction and whether an enterprise intends to leave their telecoms service provider. Enterprises that were unlikely to recommend their telecoms provider², were around three times more likely to be planning to switch to a new provider in the next 6 months. Operators that can improve satisfaction should see a clear reduction in churn (see Figure 1). Regression analysis of 22 operators' intended churn rates and corresponding Net Promoter Scores (NPSs) revealed that operators can reduce intended churn by 1.6 percentage points for every 10-point increase in its NPS.

Figure 1: Percentage of SMEs that intend to change mobile service provider within 6 months and corresponding Net Promoter Score by operator



Source: Analysys Mason

¹ For more information, see Analysys Mason's [Singtel outperforms a declining telecoms enterprise market](#).

² That is, enterprise customers that rated their provider 6 or less out of 10 when asked how likely they are to recommend their service provider.

Price is not the only factor driving churn

As part of the survey, we asked enterprises that said they were intending to change provider, what was driving this intention to churn (see Figure 2). Price was the main concern for SMEs buying mobile services; for all other products and segments, factors other than price were rated as more important. This suggests that operators have scope to differentiate their services from those of competitors in aspects of quality rather than just on price.

Figure 2: Top three reasons for churn by enterprise size and service type [Source: Analysys Mason, 2017]

Service type	SMEs	Large enterprises
Mobile	<ol style="list-style-type: none"> 1. Price (62%) 2. Customer service (36%) 3. Network coverage (36%) 	<ol style="list-style-type: none"> 1. Customer service (45%) 2. Price (45%) 3. Network quality and data speeds (39%)
Fixed	<ol style="list-style-type: none"> 1. Data rates or bandwidth (51%) 2. Price (40%) 3. Customer service (28%) 	<ol style="list-style-type: none"> 1. Customer service (41%) 2. Price (41%) 3. Network coverage (23%)

Incumbent operators with high shares of subscribers are especially vulnerable to churn

Our survey found that the highest rates of intended churn were in countries where incumbents have a particularly high share of subscribers – Australia, Malaysia and UAE. This suggests that competitors are starting to gain ground. The exception to this observation is in France where Orange has a high market share but its enterprise customers have a low rate of intended churn. In our survey, Orange had the highest margin in NPS between an operator and its closest competitor, making Orange the top performing operator relative to its competitors, and is a good example of how an incumbent is retaining its market share with a high quality of service. Incumbents in all countries tend to have a higher market share in enterprise than they do in consumer services. If incumbents are to maintain this high share, they need to improve customer satisfaction.

SMEs are less satisfied with their telecoms services than large enterprises are

Satisfaction with fixed and mobile services generally increases with enterprise size, indicating that operators do a poor job of servicing the lower end of the market. Poor customer service and low speeds are the main reasons for this and will drive a lot of the activity described in Figure 1. SMEs awarded a positive NPSs to only 4 operators out of 21 for mobile service provision. Furthermore, SMEs gave their mobile service providers an overall NPS of –5, indicating a general level of dissatisfaction.

NPSs vary widely between countries and operators – market-leading operators should capitalise on this

AT&T, Optus, (relative to competitors) Orange and Verizon were the highest-scoring operators in our survey based on NPS. Operators that perform well in customer satisfaction surveys should use this in their marketing. These marketing messages would have the benefit of enabling operators to attract enterprises that are seeking better services, and would let current customers know that they are subscribing to market-leading providers, which would mitigate churn.

Operators need to improve the quality of their traditional connectivity services if they are to compete in the ICT market

Increasing customer satisfaction will help operators to defend revenue and improve their chances in new product categories. According to our survey, SMEs that are satisfied with their traditional services (when asked how likely they are to recommend their provider) are twice as likely to purchase additional services, like security, from their telecoms operator than those SMEs that are dissatisfied. Operators need to ensure that the basics, such as customer service and network quality, are of a high standard in order to effectively compete in the broader ICT market.