

Challenger operators receive high customer satisfaction ratings in Sub-Saharan Africa

March 2017

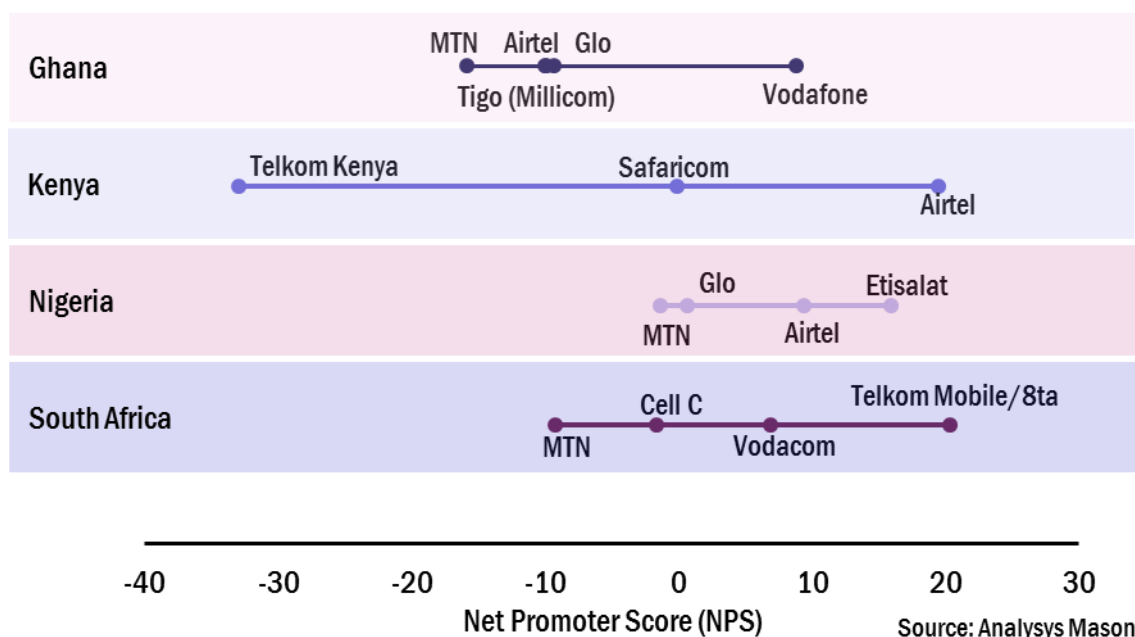
Stephen Sale

Mobile operators scored relatively highly on customer satisfaction metrics in our latest *Connected Consumer Survey* in Sub-Saharan Africa. Most of the major operators in Sub-Saharan Africa received Net Promoter Scores (NPS)¹ between –20 and +20, which compares favourably with other regions. For example, scores below –20 are common for major operators in the Middle East and North Africa. Smaller operators also generally performed well in the region. The highest scoring operators in Ghana, Kenya, Nigeria and South Africa were Vodafone, Airtel, Etisalat and Telkom, respectively. This comment explores some of the reasons behind these results.

Market share dominance does not correlate with high NPSs in much of Sub-Saharan Africa

Market leaders performed poorly in terms of customer satisfaction in most of the African countries that we surveyed. MTN and Safaricom generally trailed behind their main rivals, with smaller, more-nimble players achieving higher NPSs. For example, NPSs in Nigeria were in reverse order of market share: MTN had the lowest score and Etisalat the highest, as shown in Figure 1. A potential explanation for this trend could be that the smaller players have smaller and better-defined customer bases, the requirements of which they can clearly understand and address. This can be contrasted with the stereotype of an incumbent that is expected to meet the needs of a diverse range of customer segments while handicapped by its legacy business and systems. However, Vodacom in South Africa received an NPS of 7, which is higher than those of the second and third players in its market (MTN and Cell C).

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.

Figure 1: Net Promoter Scores for major mobile operators in selected countries, Sub-Saharan Africa

It is difficult to generalise about operator performance, particularly given the diversity of operators present in Sub-Saharan Africa. We briefly assess operators' positions in each of the surveyed countries in the following sections.

Vodafone Ghana is successfully targeting higher-end users, despite trailing behind MTN in LTE deployment

MTN is the market share leader in Ghana, but has the lowest NPS of the major operators. Its score was depressed by poor ratings among rural respondents (an average of -22 among the rural cohort). Rural customers comprised a higher proportion of MTN customers in the survey than its main rivals, with 43% compared to around 30% for both Airtel and Vodafone. Vodafone, which is pursuing a premium pricing strategy, scored particularly well with urban customers. Vodafone fared less well in the capital Accra, which may be because Vodafone does not yet offer 4G services, whereas MTN does.

Airtel Kenya has cultivated a loyal urban customer base

Safaricom is the dominant player in Kenya with an enviable subscriber market share of 77% at 2Q 2016. Airtel is the second player in the market in terms of subscribers and is pursuing a low-price strategy. It has succeeded in earning strong NPSs, particularly among urban users – it received an average NPS of 40 among this cohort. Airtel has a relatively high market share in the Nairobi and Coast districts, both of which include major urban centres and where the relatively poor national network coverage has less impact. Airtel has a relatively low potential churn rate among respondents, but network coverage is a major issue among its few potential churners (cited by 40%).

Etisalat's focused investment has resulted in good NPSs from urban users in Nigeria

Etisalat is the smallest of the major operators in Nigeria and is mostly popular in urban areas – it scored particularly highly in Lagos and the South West. The operator received an average NPS of 20 among its urban cohort, which is significantly higher than other operators in the country. Customers have little choice of network operator in some rural areas of Nigeria, which resulted in low NPSs, but also low churn, for incumbent MTN. Glo is the second player in terms of market share and scores well in the South East and South areas. However, it faces substantial network problems in other regions, with high churn rates and 76% of potential churners citing network issues (poor coverage or poor speeds) as their principal reason for leaving.

Cell C's performance continues to be limited by its network, but it is improving its NPS

Regional disparities are less pronounced within South Africa, suggesting that levels of infrastructure development are more even across the country. Vodacom enjoys the highest satisfaction scores among the major operators, and is especially popular in the Western Cape and Gauteng. A combination of relatively good network performance and reasonable prices appear to resonate with clients, particularly higher-end subscribers. Cell C received strong satisfaction scores among young and urban users: more than half its customers in the sample are 18–24 years old, while 71% of its customers live in cities. Cell C improved its overall score on the previous year, but the performance of its network continues to drive churn – 66% of its potential churners cited coverage or data speeds as their main reason for leaving.

Telkom is the challenger in the market and customers appear to be responding to its value proposition: it had the highest overall NPS of 20, although this was derived from a small sample. One area where Telkom has differentiated itself is its approach to overage for postpaid customers. The standard approach in South Africa is to automatically roll clients onto a standard (high) rate, causing unexpected charges. In contrast, Telkom communicates data usage well and offers relatively good value to its customers.

Further analysis of these and related issues can be found in our [Connected Consumer Survey 2016: mobile churn and customer satisfaction in Sub-Saharan Africa](#). We will also discuss highlights from the survey data in our upcoming webinar on the [Connected Consumer Survey for Sub-Saharan Africa](#).