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RESEARCH SURVEY REPORT

CONNECTED CONSUMER 2017: MOBILE CUSTOMER SATISFACTION AND CHURN IN SUB-SARAHARAN AFRICA

KARIM YAICI and STEPHEN SALE

About this report

This report focuses on aspects of Analysys Mason's *Connected Consumer* Survey that relate to the behaviour, preferences and plans of mobile users in the Sub-Saharan Africa (SSA) region. In particular, it focuses on customer satisfaction, churn and retention-related aspects of mobile services. The survey was conducted in association with On Device Research.

The research was conducted between August and October 2017. 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 3000 respondents in the region.

GEOGRAPHICAL COVERAGE

KEY QUESTIONS ANSWERED IN THIS REPORT

- What are the drivers of mobile customer experience? How do they vary by country and by operator?
- What key factors influence consumers' intention to churn? How have consumers' priorities been evolving?
- What are the Net Promoter Scores (NPSs) of operators in SSA? Who leads and why?
- What is the role of bundling additional services on customer retention? How do new service-based pricing models affect KPIs?
- What is the relationship between network performance and customer satisfaction, especially in terms of speed and coverage?

WHO SHOULD READ THIS REPORT

- Operator-based strategy executives and marketing managers who are interested in understanding consumer market trends, the role of operators as content distribution channels, and the impact of differing approaches to pricing in the market.
- 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.
- Product managers and service performance managers who wish to understand how particular service design aspects and network performance influence customer satisfaction and what the key drivers are for improving retention.

Respondents reported the lowest levels of satisfaction for price and data allowances

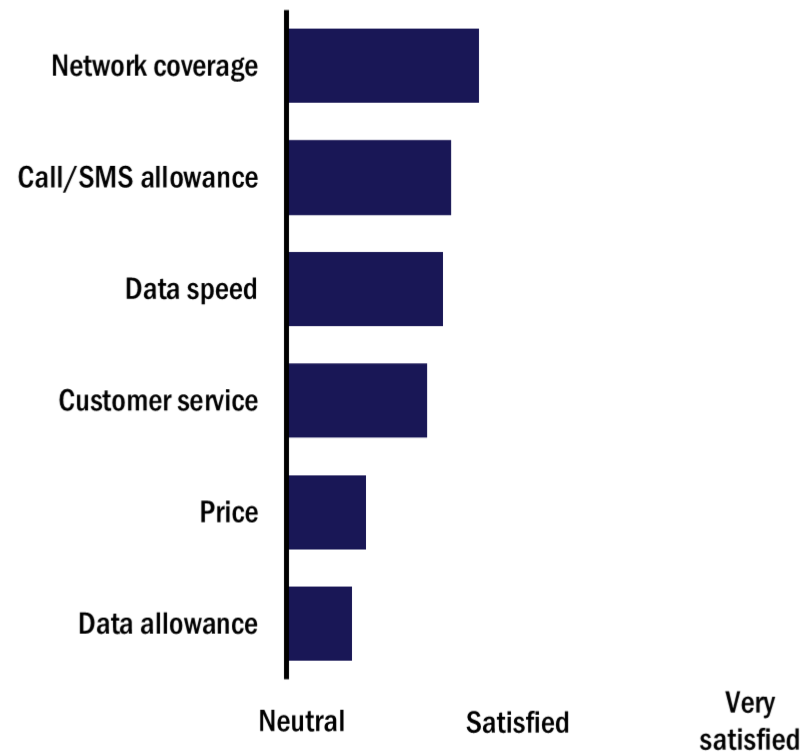
We asked respondents how satisfied they were with specific elements of their mobile services. The highest levels of satisfaction were with network coverage and call/SMS allowances. Respondents from incumbents Safaricom, MTN and Vodacom were most satisfied with coverage in Kenya, Nigeria and South Africa, respectively, which confirms their network advantage. However, these operators fared the worst in terms of satisfaction with voice, SMS and data allowances.

Customers were reasonably satisfied, on average, with their data speeds, though some operators had particularly low results. For example, Airtel, which is the only operator without 4G in Kenya, had the lowest customer satisfaction score for this feature. Glo in Nigeria also scored poorly in terms of data speed, potentially due to the recurrent service disruptions experienced during mid-2017.

The lowest satisfaction ratings were for price and data allowances, both of which had an average overall score of 3.3 (on a score of 1 to 5, where 1 is ‘very dissatisfied’ and 5 is ‘very satisfied’). Price satisfaction is the lowest-rated of all aspects of mobile services in most regions. In SSA, the low levels of satisfaction for data allowance size are unsurprising given that the unit prices for telecoms services are high compared to the income levels.

A full breakdown of the scores for each mobile network operator can be found in the data annex for this report.

Figure 5: Average customer satisfaction scores for different elements of a mobile service, all countries[1]



Source: Analysys Mason

[1] Question: “Please rate your satisfaction with the following aspects of your mobile service: price, network coverage, data speed, data allowance, call/SMS allowance, customer services.”; *n* = 3000.

Potential churn levels are in line with those elsewhere; most incumbents fared better than smaller players thanks to superior networks

In our survey, intention to churn ranged from 9% to 16% across all operators surveyed. This is broadly in line with churn in other regions, but is lower than in the neighbouring MENA region, where the intention to churn within 6 months was 22% on average.[1]

Respondents' stated intention to churn is not the same as actual churn. Reported churn levels are typically lower. For example, Airtel and MTN consistently report churn rates below 7% for their prepaid bases across Africa. Many customers will remain with their provider despite being dissatisfied.

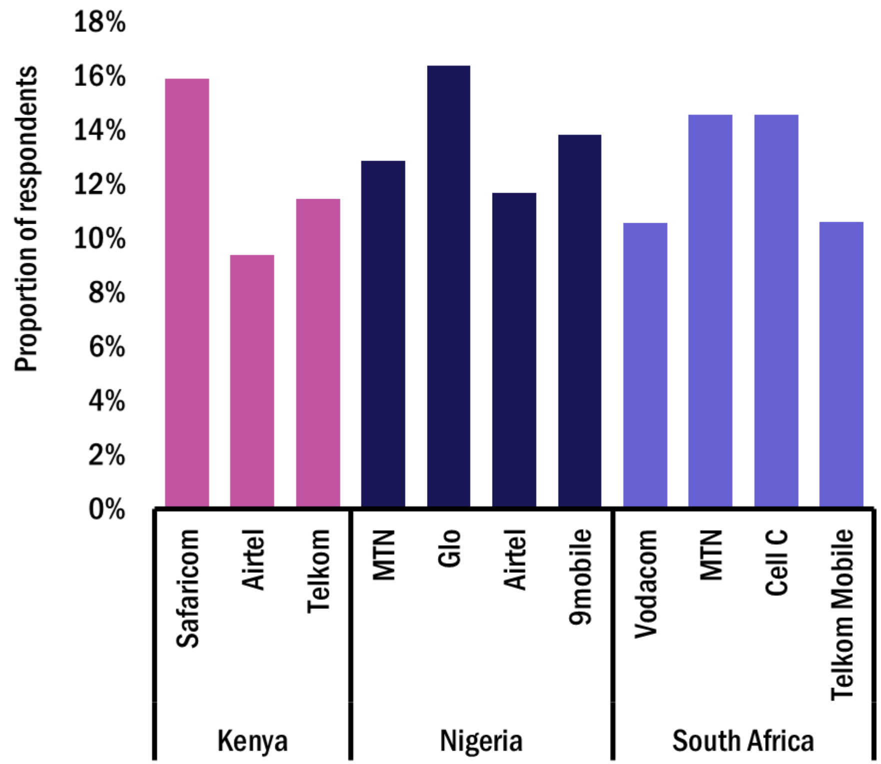
Scale is often rewarded in the region when it comes to churn. The larger players generally have the most extensive networks and capacity. Market leaders MTN in Nigeria and Vodacom in South Africa both had a lower proportion of potential churners in our survey than their competitors. Smaller providers' customers were more likely to identify network issues as major churn drivers.

Safaricom had a higher churn rate than Airtel and Telkom in Kenya. The two main drivers of churn for Safaricom were price (55% of potential churners cited price as a motivation for churn) and data allowance (47%).

Customer service had a particularly large influence on churn for subscribers in South Africa (17% on average), and its effect was much greater than in the other countries covered, reflecting different levels of market maturity in the region.

[1] For more information, see Analysys Mason's *Connected Consumer Survey 2017: mobile customer satisfaction and churn in Middle East and North Africa*.

Figure 8: Intention to churn within the next 6 months, by operator[1]



Source: Analysys Mason

[1] Question: "Do you intend to make a change to your mobile service within 6 months?"; n = 3000.

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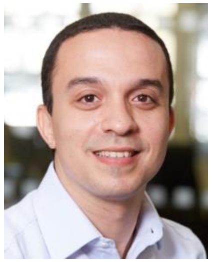

Karim Yaici (Senior Analyst) leads Analysys Mason's *The Middle East and Africa* regional research programme. His primary areas of specialisation include operators' digital strategies, new telecoms opportunities and challenges, and consumer trends in growth markets. Prior to joining Analysys Mason, Karim was an associate analyst at Ovum, where he authored reports on mobile accessories and mobile applications. Prior to that, he worked as a research engineer at the Institute for Communication Systems and Vodafone. Karim holds an MSc in Information Systems Management from the University of Southampton and a PhD in human–computer interaction from the University of Surrey.

Stephen Sale (Research Director, Consumer Services) oversees Analysys Mason's consumer research and is also the lead analyst for the *Future Comms* research programme. His primary areas of specialisation include next-generation communication services, over-the-top (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.

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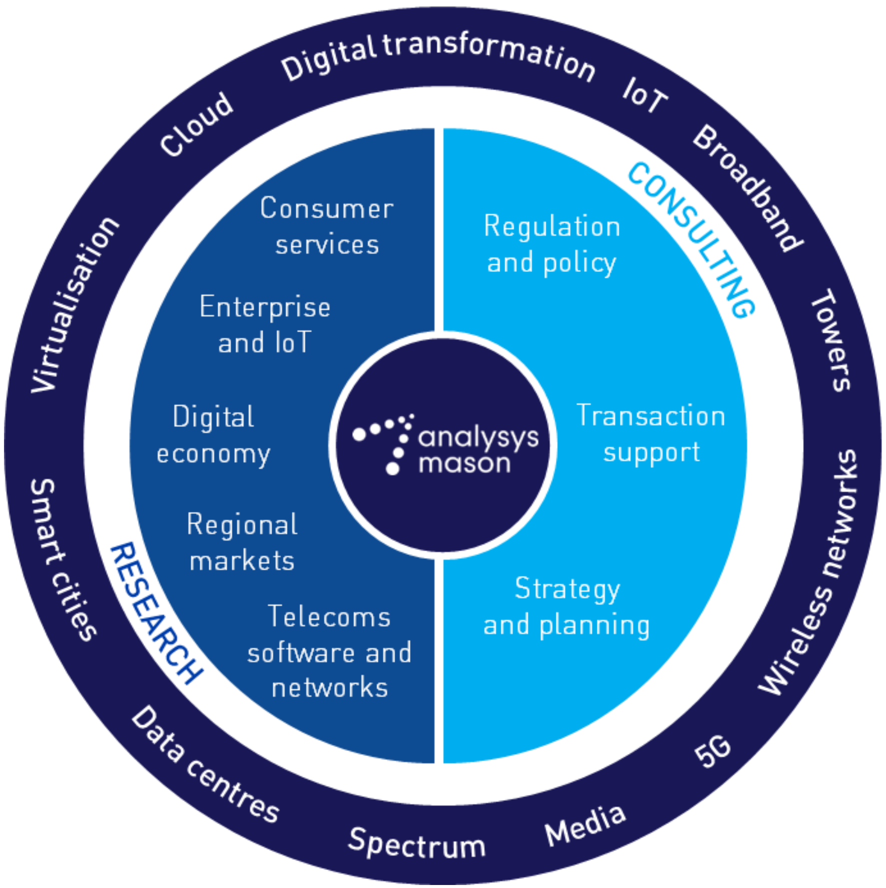

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Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK

Tel: +44 (0)20 7395 9000 • Email: research@analysysmason.com • www.analysysmason.com/research • Registered in England No. 5177472