

# A digital customer experience can help operators to improve loyalty, reduce costs and increase revenue

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Digitising the customer experience is a strategic priority for most telecoms operators, driven mainly by the goals of cutting costs and improving customer satisfaction. However, only a few operators consistently report on their progress with their digital transformation plans and outline the benefits of having a more-digital user experience.

In this article, we present some of the initiatives undertaken by leading telecoms operators to digitise their customer touchpoints. We also discuss these operators' objectives and provide recommendations on how they can improve their reporting. This article is based on Analysys Mason's [Digitising customer experience: telecoms case studies](#), in which we analysed the strategies of Axiata, Orange, Singtel, Telefónica and Vodafone.

## Operators have similar reasons for implementing digital experience transformation programmes

Digitising the customer experience is arguably the most important digital transformation project for telecoms operators. Indeed, they typically have multiple initiatives to achieve this aim. There are three main, common goals among operators for such digital experience transformation programmes, and these vary in importance depending on each operator's strategy (for example, whether they are driven by growth or cost savings), their progress so far and their capabilities.

- **Improve customer loyalty.** All operators aim to enhance customers' interactions in order to increase engagement, and most of them also emphasise customer experience leadership. For example, Axiata's priorities are to maintain the highest Net Promoter Scores (NPSs) in the markets in which it operates and to "delight customers at every touchpoint." Telefónica aims to radically change how it interacts with its customers by promoting omni-channel experiences and personalised engagements.
- **Reduce costs.** Many telecoms operators are working to migrate customer interactions from expensive traditional channels (such as call centres) to more efficient digital channels so as to realise opex savings. For example, Orange set a target to reduce the number of calls to call centres in Europe from 90 million in 2019 to 40 million by 2023 (a 55% reduction). Vodafone aims to reduce customer care costs in Europe by 50% between FY2018 and FY2023; it also aims to achieve a net opex reduction of 20% during the same time period. Both operating groups have already reported significant reductions in call centre costs thanks to the use of digital support channels and automated support processes.
- **Increase revenue.** Digitising sales channels helps to reduce friction points and creates opportunities for upselling and cross-selling. Only a few operators explicitly mention revenue growth as one of their core objectives for digitising the customer experience. This is because it is difficult to directly attribute revenue growth to digital transformation and to gauge whether the use of digital channels adds revenue or simply replaces that from traditional ones.

## Digitising the customer experience involves various activities that affect different aspects of operators’ businesses

Customer experience digitisation is a common starting point for many operators undergoing digital transformation because:

- operators must adapt to changing customer behaviours and preferences to respond to the influence of digital-native companies
- digitising customer touchpoints is a relatively low-cost strategy with potential short-term gains
- customer behaviours and preferences can be better tracked and analysed if interactions are via digital channels instead of traditional channels (such as visits to the physical stores), and better tracking enables operators to pre-empt issues and optimise the customer experience
- technologies, tools and practices to develop digital touchpoints and measure their effectiveness are widely accessible.

Our analysis of Axiata, Orange, Singtel, Telefónica and Vodafone revealed that ‘upgrading’ the customer experience entails various activities that affect different aspects of operations (Figure 1).

**Figure 1: Examples of initiatives used by telecoms operators to digitise the customer experience**

Initiative	Operator example(s)
Reduce physical store footprint and associated operating costs	<ul style="list-style-type: none"> <li>• Vodafone reduced the number of standard retail stores from 7700 in FY2018 to 4000 in FY2021.</li> </ul>
Improve the physical retail experience and increase self-service options	<ul style="list-style-type: none"> <li>• Orange plans to transform its entire retail footprint to ‘Smart Stores’ (smaller, interactive points of sale) by 2025. It had already transformed half of its retail stores by the end of 2020.</li> <li>• Singtel has been experimenting with new retail concepts that combine physical and digital touchpoints. It has launched an unmanned pop-up store, ‘UNBOXED’, and has deployed AI-driven virtual avatars and robots to provide in-store support.</li> </ul>
Actively promote self-care apps to help them to become the main interaction channel	<ul style="list-style-type: none"> <li>• Vodafone completed the deployment of the ‘MyVodafone’ self-care app in all its 16 markets by March 2021. It reached a penetration of 15% of its active mobile subscriber base worldwide by the end of 2020. The app is powered by an internal software platform that provides a unified experience across different channels.</li> </ul>
Integrate AI chatbots into customer interactions to increase the number of automated issue resolutions	<ul style="list-style-type: none"> <li>• Telefónica has put AURA (its “cognitive intelligence” function) at the centre of its digital sales and support channels.</li> <li>• Vodafone has incorporated its TOBi chatbot into different product lines and geographies to provide automated support.</li> </ul>
Use analytics to optimise customer targeting	<ul style="list-style-type: none"> <li>• Axiata has used AI, ML and analytics to drive online acquisition and to improve the efficiency of its marketing campaigns.</li> </ul>

Source: Analysys Mason, 2022

## There is no standardised approach to measuring customer experience, but some signs of best practice are emerging

The telecoms industry has not adopted a standardised means of measuring and tracking progress with customer experience digitisation. Certain metrics (such as the proportion of digital sales) can be reported inconsistently from year to year or from market to market, thereby making it difficult to assess progress.

The five operators featured in our report provide some best practices to enable a more objective and detailed assessment of performance. For example, having a dedicated section in the annual report or investor relations website provides an overview of customer-related KPIs in an easy-to-read format. It is also useful to report performance trends over time rather than absolute performance data points to illustrate implementation success. Finally, KPIs should be presented in the context of the company's strategic objectives and priorities to help to rationalise the choice of indicators and understand how they contribute to overall success.

Operators will also find data from Analysys Mason's [consumer survey](#) useful because we correlate customer satisfaction metrics with customers' use of different digital channels for sales and support. This data set offers a standardised way to compare the performance of different operators and can help to highlight best practice implementations.