Telecommunications Industry eBook
Three Pillars of Churn Reduction
At its core, customer churn simply means losing customers to competitors. This occurs throughout the customer lifecycle but particularly at key moments such as end of contract, within the first 90 days of service and when there is a major issue, such as a repair. Customers generally leave a service provider for multiple reasons, including: Price, Network issues and Customer service.

Operations and offers are similar across providers, and yet average churn globally remains close to 40%. So if everyone gets this – why are service providers not able to create much impact on churn?

**Real-Time Insight**

To know why customers are defecting, you need to collect their feedback. Here’s where you start.

**Technology Checklist**

Advanced technology is required to collect, monitor and properly distribute feedback. To ensure the feedback is operational, here are key capabilities your selected software should have:

- Automatic distribution of post-interaction surveys to customers based on pre-defined rules
- Analysis of completed surveys to identify keywords, sentiment and create advanced reports
- Hierarchy management to share feedback relevant to employees based on their role
- Provide in-depth reporting for executives
- Role based dashboards for different various job functions
- Be fully operational in multiple languages
- Integrated workflow to improve efficiencies and keep employees accountable
- Alerts sent to team leads or managers when negative feedback is received
- Reminders sent to employees when follow up actions are overdue

**Changing Insights**

Insights can vary by region and churn is affected by local conditions. Centralised benchmarking allows service providers operating across multiple countries to recognise regional differences and determine if there are cultural factors affecting churn rates. This same feedback used for centralised benchmarking can also be used by individual brands to improve issues specific to them.

**Use Case**

One major telecom provider operates multiple brands in multiple countries across Europe. Their customer experience program is controlled centrally and, to track overall performance, benchmarking questions are asked across all brands and countries.

To account for localisation and create a sense of ownership over the program, every brand is able to add additional questions for metrics they would like to measure.

This has resulted in a high level of commitment to the program from everyone in the organisation. In turn, this has brought insights relevant to each brand and country that has allowed them to improve their customers’ experience.
Frontline Transformation

Now that you’re collecting customer feedback, accurate performance measurement initiatives can transform how the frontline operates. Changes to individual agent performance, enabled by modifying corporate processes, have a massive impact on a customer’s decision to stay loyal or leave a service provider.

Top Reasons for Customer Dissatisfaction

Collecting customer feedback includes asking customers why they are satisfied or dissatisfied with their service provider. Based on ResponseTek research of telecom customer comments, the main reasons for customer dissatisfaction are due to everyday interactions going wrong as well as inconsistent service.

The top 5 reasons for customer dissatisfaction are:

- **Network coverage**
- **Product issues**
- **Billing**
- **Wait times**
- **Pricing**

Top Reasons for Customer Satisfaction

Customer feedback also enables companies to find the sources of customer satisfaction. ResponseTek research has found the number one driver of customer satisfaction is customer service. Employees are between 7-10 times more likely to be mentioned by satisfied customers than any other topic. The below diagram shows the deviation from the average experience score for selected topics. Network is the largest source of dissatisfaction while customer service is the greatest source of satisfaction. Since customer service drives satisfaction, improving this will reduce churn. Customers want to be served by knowledgeable, friendly and helpful staff. To ensure customers are getting this type of service in every interaction, employee performance needs to be measured.

Targeted Training

When employee performance is not meeting expectations, targeted training can fix knowledge gaps. This trains employees specifically on what they don’t know, resulting in reduced costs and less general training time. In one case, it saved 5.1 hours per employee per month! Improved employee knowledge and performance translates into better customer service.
When employees are able to better help customers, customers are happier and churn is reduced.

**Use Case**

One company began measuring their performance and was able to identify the lowest performing 20% of agents. Using a targeting training program, they helped agents improve on all levels, leading to an increase in agent knowledge by 5%, agent friendliness by 10%, and an increase overall CSAT by 5%. They also saw revenue rise by 3M€ in 12 months!

**Service Recovery Program**

When an interaction goes poorly and a customer is identified as unhappy and at risk of leaving, there is an opportunity to fix this. By performing the service recovery action of calling them back to resolve their issue, their business and loyalty can be won back.

<table>
<thead>
<tr>
<th>CUSTOMER FACING</th>
<th>BUSINESS FACING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Interaction</strong></td>
<td><strong>2 Dissatisfied</strong></td>
</tr>
<tr>
<td>Sarah goes to a store to upgrade her mobile phone as it’s no longer meeting her needs. Laura is the sales representative that helps Sarah with her questions.</td>
<td>Sarah upgrades her phone, but leaves the store confused by Lauren’s answers.</td>
</tr>
<tr>
<td><strong>4 Negative Feedback</strong></td>
<td><strong>5 Alert Received</strong></td>
</tr>
<tr>
<td>Sarah provides negative feedback and leaves comment expressing her dissatisfaction, indicating she will tell her friends not to buy phones from that store.</td>
<td>Lauren’s manager receives an alert immediately after Sarah’s feedback is submitted. An action is assigned from him to review her survey response and follow up.</td>
</tr>
<tr>
<td><strong>7 Customer Satisfied</strong></td>
<td><strong>8 Positive Feedback</strong></td>
</tr>
<tr>
<td>Sarah really appreciates the call back and is left feeling good about the company and her experience.</td>
<td>Her satisfaction score improves on he triggered follow up survey.</td>
</tr>
<tr>
<td><strong>3 Receives Survey</strong></td>
<td><strong>6 Contacts Customer</strong></td>
</tr>
<tr>
<td>Immediately after leaving the store, Sarah receives personalised SMS survey asking about her handset purchase and the service that Lauren provided</td>
<td>The manager calls Lauren and apologizes for her poor experience and responds to her unanswered questions.</td>
</tr>
<tr>
<td><strong>5 Alert</strong></td>
<td><strong>9 Recommends</strong></td>
</tr>
<tr>
<td>Based on her positive experience, Sarah recommends the company to her family and friends.</td>
<td></td>
</tr>
</tbody>
</table>

**Call Centre Performance Management**

**Use Case**

The call center is a different environment to retail stores; therefore, the approach to improving employee performance needs to be different. To engage employees in delivering outstanding service, they need to be recognised and rewarded accordingly. One way to do this is a monthly competition for top agent position by survey results and customer comments. This can be displayed on a ‘Wall of Fame’, like Vodafone Ireland, or a ‘Walk of Fame’, where top employee names are placed in stars or special tiles on the floor for all to see.

**Closed Loop Feedback**

Collecting feedback and monitoring employee performance are the first steps to improving customer satisfaction and reducing churn. Companies can make an even larger impact through implementing a closed loop feedback element to their customer experience program. This identifies customers at risk of leaving and takes action to remedy the situation and reduce churn.
Which Customers Should Be Contacted?

Not all outstanding customer problems can be resolved with a call back. In some cases, a service agent is unable to fix issues, like a faulty handset or network problems. To determine what circumstances a customer should be called back under, here are some steps:

1. Analyse a large sample of customer comments.
2. Determine which keywords or themes are associated with negative comments.
3. Filter keywords or themes based on which are resolvable with a call back (i.e. agent knowledge issue resolution) and which are not (i.e. network related issues, wait times).
4. Create alerting triggers based on resolvable keywords or themes.

Use Case

One service provider who has seen the benefits of calling back unhappy customers is T-Mobile Austria. Their call centre agents initiated a call-back program to follow up with dissatisfied customers. The call-back happens when an unhappy customer, who has completed a post-interaction survey, is phoned by a senior agent in the call centre to resolve their problem and improve satisfaction.

After, they are sent a second survey to see if their issue was resolved and measure if their satisfaction has changed. This resulted in 89% of customers reporting a positive change in their satisfaction and a 3% reduction in churn.

This 3% reduction in churn translates into massive savings. With an average revenue per user (ARPU) of €23, saving 3% of every 1 million subscribers within 90 days of contract expiry means saving €2,070,000 per million subscribers that would be lost to competitors. Assuming a cost of €1.5 per call-back, quarterly net profits are €2,025,000.

89% positive change in overall satisfaction 69% average increase in satisfaction 20% more likely to extend contract

Conclusion

Customer churn will always exist, but there are ways to significantly reduce it. By using three pillars from customer experience management, telecom service providers are able to make a quick and meaningful impact on their churn rate by improving customer service. The three pillars that enable companies to do this are:

Real-Time Insight
Collecting customer feedback after service interactions allows providers to better understand what customers are experiencing and learn how they can improve.

Frontline Transformation
Customer satisfaction is strongly correlated to employee performance. By tracking improvements to service quality and consistency and taking actions to improve these, customer satisfaction is increased and churn is decreased.

Closed Loop Feedback
This service recovery action works to save customers at risk of leaving and resolve customer issues. This small gesture has a large impact on reducing churn, in turn retaining millions in revenue annually.

When service providers take these pillars of customer experience and put them to work, they quickly see dramatic results.