



Omnisperience Discussion Paper | Teresa Cottam, Chief Analyst

DCES – building value through effective communication & engagement

Effective communication is a huge commercial issue that impacts on digital service providers' top and bottom lines – saving them huge sums of money, accelerating time-to-revenue, and maximising sales. It also plays a vital role in building healthy, long-lasting customer relationships by reducing misunderstandings, setting expectations, and keeping digital service providers and customers aligned.

This paper explores how digital service providers can unleash their full potential by adopting a Digital Communication & Engagement Solutions (DCES) approach to increasing their communications effectiveness.



“ Anyone can innovate.
But successful innovators are also
great communicators of innovation. ”

Teresa Cottam, Chief Analyst, Omnisperience

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REFERENCES AND TERMS

REFERENCES:

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TERMS USED IN THIS REPORT:

CLV	Customer lifetime value
CSAT	Customer satisfaction score
DCES	Digital communication & engagement solutions
DSP	Digital service provider
KPI	Key performance indicator
NPS	Net promoter score
Overage charge	– an additional charge for services not included in a bundle
ROI	Return on investment
SIMO	SIM Only (price plan)

Differentiating With Experience

Rethinking, refreshing and reimagining experience

Commercial survival in the digital world requires constant innovation and reinvention. But for digital service providers (DSPs) it is even more challenging as competition intensifies and commoditisation speeds up.

Traditional methods of differentiation and competition – such as those based on pricing, products and promotions – are no longer as effective:

- ever-deeper discounting isn't sustainable and pricing strategies can easily be duplicated
- rapid technology diffusion means rivals can readily imitate product innovation, quickly commoditising any commercial advantage these might deliver
- new features and functions only provide marginal incremental benefits, diminishing their value
- digital communications and social media mean that customers are hyperaware of every new alluring offer and can transfer allegiance at the press of a button
- acquisition-focused promotions are incentivising disloyalty
- customers are moving away from long-term contracts to prepaid offers and SIM-only (SIMO) deals, requiring DSPs to work harder to retain them.

But if traditional competitive strategies don't work, what does? The answer to that is 'experience'.

We are now in what has been termed the **Experience Economy**¹. Experience-based differentiation provides a sustainable way for DSPs to compete through personalised and ultimately idiosyncratic experiences² that create lasting impressions that resonate with customers.

Successfully competing in the Experience Economy requires DSPs to innovate not just features, products and pricing but the experience they deliver. Doing this begins with understanding what experience really is, how it can be improved, and what customers value.

How is experience created?

In the DSP market, customer experience derives from four key domains, as shown in *Figure 1*. A good experience across all of these is required to build a healthy, long-lasting relationship with customers.

Figure 1 Four pillars of customer experience



DSPs have not been sitting on their hands. They've tried to improve the experience they deliver for a long time. But this has resulted in silos of good experience surrounded by uncurated, incoherent or inconsistent experiences that undermine their endeavours.

The cause is well known: departmentalisation combined with an organisational rather than customer focus that is reinforced by key performance indicators (KPIs) measuring operational (departmental) performance (such as average revenue per user, propensity to churn, average products per user and average handling times).

Attempts to measure the customer perspective, such as customer satisfaction (CSAT) and net promoter score (NPS), haven't worked very well because their scope is limited, they're not dynamic, and they don't provide the context and detail required to pinpoint *why* customers are dissatisfied, let alone *how* this can be remedied. NPS, in particular, encapsulates an organisation-centric perspective – how likely are customers to recommend me so I can make more money? – rather than being truly customer centric.

In fact, defining experience, what contributes to it, and how you measure improvement isn't easy. Often it can seem so big and monolithic that DSPs don't know where to start, let alone how to prioritise investment to gain maximum benefit. A critical area of experience that is both tangible and fixable is customer communication & engagement. But it is also something that continues to slip off the bottom of to-do lists, usually because the full impact of poor communication is rarely understood.

Effective innovation requires effective communication

DSPs cannot afford to delay investing in more effective communication any longer. At stake is billions of euros spent on network innovation. Realising the full and immediate value of this investment (ROI) requires DSPs to effectively communicate with their customers and meet their expectations of an innovative experience that matches the technical innovation DSPs are now delivering.

Effective Communication In The Experience Economy

Effective communication forms the core of a great customer experience strategy. And although most DSPs are currently not great communicators, there is a silver lining here: becoming a more effective communicator has the potential to deliver significant commercial benefits.

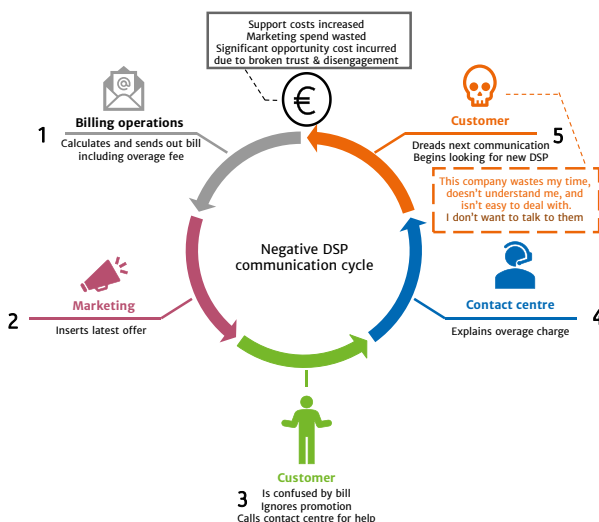
To become more effective communicators, DSPs must first understand their communication strategy weaknesses and why these are occurring.

What poor communication looks like

The causes of ineffective communication lie in the history of the DSP market. DSPs are organised into a series of disconnected or, at best, loosely connected departmental silos. Each of which has its own communications and interactions with the customer. And each of which inevitably focuses on its own objectives, systems, messages and KPIs. There is usually no cross-organisational view of all communications and engagements, and no-one responsible for curating customer communications as a whole.

This situation has limited DSPs' ability to innovate communications and engagements, and has stood in the way of cross-organisational collaboration aimed at aligning communication with overall business objectives. Often DSPs do not fully appreciate the cumulative effect a sub-optimal approach to communications has on both their customers and their own organisation. A simple example of one such negative communication cycle, and the poor outcomes it delivers, is shown in Figure 2.

Figure 2 Example of a negative DSP communication cycle



In this example a confusing bill containing an overage charge is issued by the IT department and combined with a generic offer from a new marketing campaign. The customer is confused and rings the contact centre for explanation. Doing so requires effort. The customer has to navigate the IVR system, wait on hold and explain who they are and what their problem is. This increases customer frustration as well as the DSP's operational costs. The contact centre resolves the issue promptly by explaining the charge, but there is a long-lasting impact on the DSP-customer relationship. The customer:

- ignores the offer, reducing the ROI of the marketing campaign
- feels less confidence and trust in the DSP, reducing their propensity to buy more products and increasing their propensity to churn
- experiences 'bill dread'³, making them less likely to open future communications.

This example illustrates an event that was bad for the top line, bad for the bottom line, bad for future business and bad for experience. DSPs need to do better than this.

What effective communication looks like

The currency of the Experience Economy is time. Both customers and DSPs are motivated to optimise the way they spend their time, and for DSPs time is a proxy for both operational and opportunity cost (see Figure 3). It acts as a proxy for increased **operational costs** both directly (eg increased Average Handling Time) or indirectly (eg reduced Call Centre Deflection Rates), and as a proxy for increased **opportunity cost** by decreasing the time available to positively interact with customers, lengthening sales cycles and decreasing customer lifecycles. From the DSP's perspective, effective communications free up time from reacting to crises so they can spend it on proactive, value-building activities.

Customers perceive companies that waste their precious time negatively, and companies that save them time more positively. From a customer's perspective, effective communications save them time by being relevant, easy to understand and easy to act upon.

Figure 3 Time is the currency of the experience economy

CUSTOMERS want to	DSPS want to
<p>save time by engaging with DSPs that make their lives easier and more convenient</p> <p>spend time on activities that they enjoy, perceive as valuable and are engaging</p> <p>be seen spending time in ways that make others admire them</p>	<p>free up time from reactively managing crises to spend more on proactive, value-generating interactions with customers</p> <p>retain customers for a longer time to generate greater value</p> <p>free up agent time from clarifying information that should be provided</p>

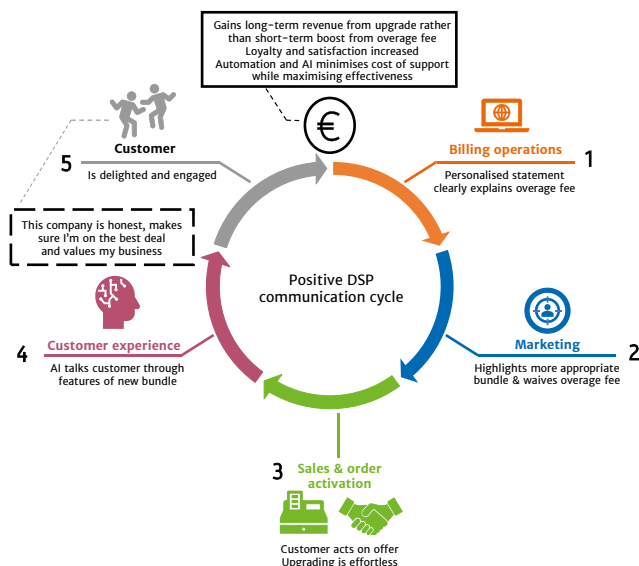
The trick to excellent communications is understanding and curating what a customer is actually experiencing. Optimising the interactions with individual teams, and measuring their success against relevant KPIs, is insufficient, because this is not how customers experience interactions.

Instead, DSPs need to understand and manage the totality of communications and engagements with their organisation – ensuring they speak with ‘one voice’ to their customer and that their communications complement rather than contradict one another, don’t overload the customer, are relevant, consistent, easy to understand and easy to act upon.

When this happens, DSPs create a virtuous circle of communications excellence (see Figure 4) whereby:

- marketing clearly explains the benefits of new products and plans, driving uptake and setting realistic expectations
- resources are readily available to help customers get the full value out of new products and services
- design is intuitive, lowering barriers to adoption
- pricing is clear, transparent, and easy to understand
- buying choices are curated and simplified
- offers are relevant and contextual
- sales processes are streamlined and frictionless
- onboarding is effortless and efficient
- bills and other commercial communications are easy to understand and highlight relevant information, providing insight into spending and proactively making suggestions about better deals available to the customer
- support is effective, omnichannel and easy to access, with minimal wait times, no requirement to switch channels, and no need to repeat information
- alerts are personalised, accurate, relevant, and actionable.

Figure 4 Example of a positive DSP communication cycle



Introducing: Digital Communication & Engagement Solutions (DCES)

DCES is a new market category that combines all the technologies DSPs utilise to communicate with their customers, delivering better customer communication and engagement by design.

DCES is divided into five centres of communication excellence. Within this category are a range of solutions that optimise communications and engagements in one or more of these centres of excellence. A DCES approach does not advocate wholesale replacement of technology (a major transformation project), but rather an incremental redesign and integration to create a more effective communications strategy. We advise DSPs to begin by assessing legacy solutions and identifying:

- what can be reused
- what needs to be replaced
- gaps where new technology needs to be added
- points of integration that will drive a more effective communications experience
- areas of risk
- what resources are needed

The assessment should start with the customers’ perspective: analysing how legacy DCES contribute to the customers’ experience, engagement & satisfaction. Next, the DSP should assess how its legacy DCES impact against its commercial goals and strategic objectives. Finally, the review should consider how cost-effective legacy DCES are and identify where savings can be made by:

- removing duplicated or costly legacy solutions
- reducing manual effort and increasing automation
- deflecting calls from the call centre
- increasing ROI from positive customer communications that deliver greater customer engagement, better commercial outcomes, and lower operational costs.

Adopting a DCES approach requires a single team to take responsibility for improving the effectiveness of customer communications and co-ordinating the DSP’s approach across departments. The leadership and responsibility for DCES naturally fits within the experience team, but the DCES team will need to combine and feature the talents and perspective of all the departments that communicate and engage with customers.

Digital Communication & Engagement Solutions

create coherent, resonant and contextual experiences that deliver increased value and loyalty at a lower operational cost

What is a DCES strategy?

A DCES strategy combines and integrates communications and engagement technologies across departmental silos to optimise communication by design and align it with overarching business objectives and brand values.

What is its aim?

To simplify the experience for customers, save them time and frustration, remove friction, and create opportunities for more proactive and positive interactions, resulting in a longer lasting and more profitable relationship.

What is its scope?

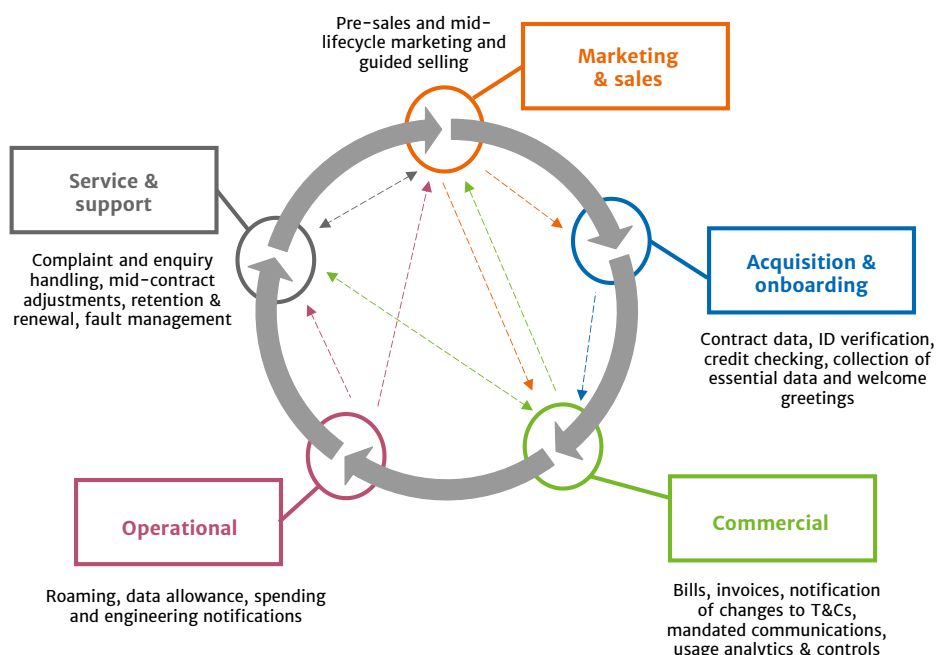
DCES encompasses a range of individual technologies across a large number of channels and several departments, including marketing, sales, IT, billing operations, network, service and support.

What channels does it cover?

DCES is a digital-first approach but it also covers legacy channels, providing choice of channel to customers. Channels include paper, email, online, SMS, IM, mobile apps, social media and video.

Who is responsible?

Responsibility and leadership for DCES usually lie with the customer experience team, but the DCES team should feature the talents, experience and skills of all the departments involved in communicating and engaging with customers.



“Customer loyalty is created when companies show that their customers matter to them by keeping their promises, being easy to deal with, and communicating effectively.”

Teresa Cottam, Chief Analyst, Omnisperience



Five Fresh Ideas You Should Now Know

1

Effective communication is a significant commercial challenge not a nice-to-have feature. Vast amounts of money are at stake

2

Huge operational savings can be made from reducing enquiries, complaints and churn, as well as streamlining the communications infrastructure

3

There's significant risk that time-to-revenue from multi-billion euro investments in 5G and FTTP will slow, widening the gap between legacy and new revenue streams. To fix this, DSPs must improve their ability to communicate the benefits of new products and services to their customers and make the buying experience significantly easier

4

Meeting customers' evolving expectations is essential if DSPs wish to retain their business. But digitalisation and customer expectations have accelerated. Rolling out a 5G network while delivering a 2G experience will seriously undermine DSPs' customer proposition

5

DCES increase communication effectiveness, support communication innovation and unleash business value by breaking down communication silos and delivering a purposefully designed communication and engagement experience

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Teresa leads our research & analysis. She is a renowned expert on customer experience, employee experience, customer communications & engagement, pricing, packaging & bundling, billing & charging.

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Omnispirence

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This paper

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