

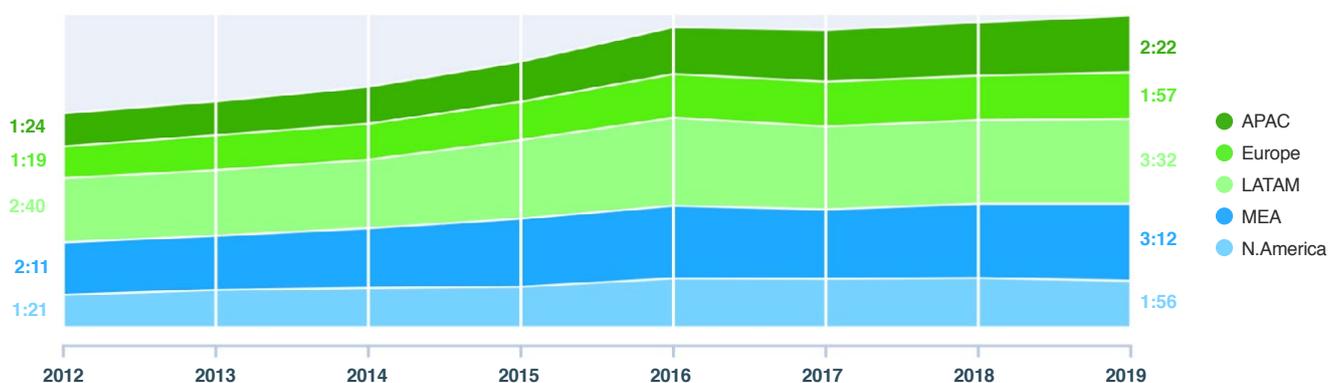
Improving the high-friction experience of telco customers

The dominance of social media has shifted away customer engagement from stand-alone apps. How can telcos utilize this medium to deliver a frictionless customer experience?

It's nearly impossible to picture the world we live in today without social and messaging apps. Social media has fundamentally changed the way we consume media, communicate with each other and spend our time. This phenomenon is so deep and wide, it transcends over ages, geography and time - completely disrupting traditional industries such as media, transportation, entertainment and travel.

A massive study by [Global Web Index](#) published in early 2019 shows just how prominent social media is in our lives: the study found that the average social media usage has reached a staggering 2 hours and 23 minutes a day. Just to clarify: these are not figures of urban millennials in developed countries - this is the overall representation of 1.8 million respondents aged 16-64 in over 40 countries. The report summed up these findings stating that "being an internet user today means being a social media user".

Time spent globally on Social Media (daily average, in hours : minutes)



Source: GlobalWebIndex [2019 Flagship Report](#), "Latest trends in Social Media"

Setting a new standard in customer expectations

Aside from totally re-engineering consumer behavior, social apps have deeply changed our expectations as customers - setting a new standard for instant gratifications. The immediacy of social media has been a key factor in its overwhelming success: the inconvenience of trying to hail a cab or going to a physical store to rent a movie has been replaced with instant on-demand service, at the tap of a finger. It's more than just saving time: it's an experience that lets customers keep their behavioral flow, without requiring them to put aside their phone for even a moment. In today's reality, anything else would be considered a nuisance.

The other impact that social media has had on all of us is that it shifted away customer engagement from stand-alone apps. In the attempt to stay relevant in the mobile era, many traditional service providers have invested in launching their own dedicated app. In fact, having an app has almost become a must for any B2C service that wants to stay competitive. The result: a long tail of millions of apps ([2.4 million](#) to be exact, just on Google Play), each of them struggling to get customer attention.

The telco customer journey: a fragmented experience

Customer engagement is deeply rooted in social media and messages apps: this is where people are spending most of their time, this is where most of their friends and colleagues are, and this is also where they can already buy many of their products and services.

How does all of this impact the telco industry? Over the past few years, mobile operators made only incremental improvements to their service channels, keeping them mostly unchanged. As a result, the customer experience has become fragmented, with different services offered at different channels: website, app, chatbot and physical stores. While most operators are offering services through a dedicated app, the experience in using these apps falls short of the experience provided on social media – as well as of customer expectations.

Let's examine three typical use cases in which operators provide service through their traditional channels:



Topping-up: The prepaid market is huge, accounting for [\\$265 billion globally](#)). In many markets, users need to top-up quite often: a study in Australia (where about a third of the population have pre-paid phones) found that 52% of them top up [at least once a month](#). Surprisingly enough, many pre-paid customers still top-up the old-fashioned way – going to a physical store to buy a scratch card. Aside from being time consuming and creating a real hassle for customers, this is also a highly inefficient distribution channel for the operators: with no contract binding them to any specific provider, customers can be easily swayed into a competing operator, offering a slightly better bundle. Even if customers decide to stick with their current provider, the operator has to pay commission to the retailer, narrowing the already slim profit margins.

Contacting customer support: Call centers are the Achilles heel of any telco: that's where the biggest potential for customer dissatisfaction and churn lays. Often times, a negative experience in contacting a call center plays a crucial role in a subscriber's decision to switch provider. Call centers are also expensive, taking a heavy toll on the OPEX of any telco. That's why one of the KPIs of any call center is Average Handling Time (AHT). Increased AHT means less calls handled at any given shift, demanding increased headcount or longer shifts – which again hammers down profits.

Getting account services & Info: some telco apps are very elaborate and slick, while others are quite rudimentary. They all share a common flaw: using the app means that users have to drop everything else they're doing on their phones. In recent years, operators invested in developing service chatbots - with high expectations to divert expensive traffic from call centers. In reality, chatbots have so far failed to deliver on these expectations. Furthermore, chatbots are typically integrated within the operator's app, and using it requires to drop everything else users are doing. This is disrupting the natural flow that they got used to in recent years - and a stark contrast to the general experience on social media.

The common theme in each of these use cases is friction. Having to go to a physical store, waiting in line to get phone support or dropping everything else users are doing just to launch the provider's app are all activities that create a high-friction experience. The result of this friction and disengagement is painfully clear: high churn, low interest in new services and higher operational costs retaining existing customers.

“The Uberziation of telcos”

How can telcos regain customer engagement? While operators have little control and flexibility on some service elements, they should seek innovative ways to drive engagement by improving the accessibility of their services.

This point was highlighted in a 2017 TechCrunch article, titled [“The Uberization of telcos”](#): “While small companies are innovating, telcos could be at the forefront of deploying those technologies across their infrastructure and of developing new and innovative offerings that disrupt their prevailing products and business models on top of those technologies”

PayKey's [Social Telco Solution](#) demonstrates such innovative technology that can help telcos deliver their services in a frictionless way: it enables users to instantly top-up, check their balance and access key account services - from ANY app, directly from their smartphone keyboard. Being able to deliver an experience that meets customer expectations can help operators differentiate their offering in a highly commoditized industry, positioning themselves as leaders in customer experience. Furthermore, keeping customers engaged will reduce the risk of churn and help promote new revenue generating services.

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