



# Are We Ready for the Telco Customer of 2022?

Alongside advances in technology and services, the digital era is changing customer behavior and expectations at a rate which shows no sign of slowing. Current trends in digital commerce suggest that if today's Telco is going to be relevant to tomorrow's customer, there's work to be done.

Over recent years we've grown accustomed to talking about a generational split in the telecoms market between what we'd broadly describe as 'digital natives' — millennials and Gen Zs that have grown up in the digital era — and older folks who supposedly still struggle with computers and email.

It was always a crude distinction, and in three years it will be close to meaningless. Certainly, to Telco's customers in their teens and twenties, digital technology is simply part of the fabric of life; however, by 2022, this won't only be true of the rising generation. The working and personal lifestyles of the majority of customers will be substantially digital by then, and most of the rest of the market will struggle to remember a time when communications were largely hardwired, when obtaining service required a visit to the store, and when paying a bill meant a check and a walk to the post box.

It seems safe to say that by 2022, consumers will be fully digitally evolved. That being so, how should Telcos respond?

## Don't Just Put Offline Processes Online and Expect Customers to Be Happy

The demands of social media, content and entertainment platforms, not to mention 'always-on' working, mean that tomorrow's consumers will be less keen than ever to devote precious online time to laborious commercial transactions.

More than ever, the provision and management of products and services will need to be quick, intuitive, and to require the minimum number of physical or vocal exchanges (particularly on mobile handsets which are likely by 2022 to be even more dominant personal devices). Initiatives such as Amazon's 1-Click purchasing process have shown us how vital this is. Not only did 1-Click massively drive up sales, but customers liked its convenience and the rapid fulfillment that lay behind the 1-Click promise (next day or even same-day for almost everything) even as it was persuading them to spend more.

Significantly, Amazon didn't succeed by just putting a bookshop online, then expanding its footprint to become an 'everything store.' It succeeded by pioneering slick, close-to-effortless digital commerce, and in so doing, greatly elevated customer expectations of what is possible — and raised the bar for its competitors.

## Make It 'Digital-First'

These principles apply equally to the Telco business model. Not only will tomorrow's customers be resistant to the idea of traveling to retail outlets (even assuming that more than a handful of flagship phone stores will by then exist), they won't be interested in sales journeys at all. They're much more likely to respond to very clear offers that they can accept or reject almost as fast as they can swipe left or right. So propositions will need to be simple or familiar, or both, requiring minimal time-consuming clarification and explanation. Pricing will also need to be absolutely transparent, benefits explicit, and any post-sale onboarding will have to be fast, slick and largely invisible to the customer.

When it comes to payment, very few people have ever received or expected a hardcopy invoice or an itemized bill from eBay or Uber, and customers in the 2020s will not likely welcome one from the Telco. In digital commerce, the proposition is straightforward, the transaction is end-to-end digital, and the assumption is that if you're tech-savvy enough to be using the service or buying the product, you're unlikely to be wanting to file paper bills. As Telco services get ever-simpler, why should this be different for Telco customers? Increasingly, consumers expect to complete a simple transaction, see their online account debited in real-time and move on with their lives — not to be left with a paper trail.

Which isn't to say that some very smart stuff isn't needed behind the scenes to enable that simplicity. The offer should reflect whatever information the business can gather and process about the customer's history, context and preferences. The smart Telco of 2022 will certainly have invested in powerful analytics to drive the real-time closely-targeted selling that customers respond to, and will use it to enable a virtuous cycle of personalization, sale, customer engagement, data harvesting and so on.

## Be More Than a Telco

People may be spending increasing amounts of time online, but they're typically spending it on a small number of sites that fulfill more and more requirements. Amazon is a hub for a vast range of retail goods, entertainment, and web services like Echo and enterprise storage. Google is a lot more than search, covering everything from shopping to storage to route-finding. Apple is devices, music and video. Such sites exert a gravitational pull on customers just through the size of their offering.

Many Telcos are recognizing this, and responding with increased amounts of conveniently-packaged content, and it feels like the right direction of travel. Customers that sign up with a number of progressive mobile operators can already choose packages that are inclusive of, for example, Spotify, Amazon Prime, Sky Sports, Apple Music and other content, costing a little more, but saving the impatient customer precious time and effort.

We're seeing an escalating land-grab for the customer's attention as well as the consumer wallet, where convenience as much as content is the bait. This will prove invaluable if the operator is to maintain revenue and avoid price wars and a race to the bottom. The principle isn't new — these are what we once called 'sticky services,' requiring users that switch from their Telco to lose or reset the music plan or the TV service that came with their subscriptions. In these time-constrained days, it's another good reason to stay.

Over the next three years, we're likely to see further digital re-invention in the leading Telcos. As they set themselves up as broader value hubs, they will compete not only in the communications market but in adjacent areas of the digital market-space, such as content, gaming and new enterprise applications. Those that think 'digital-first' will exploit their natural capability to support devices that can be portable, linked to cellular as well as Wi-Fi and broadband. As voice-activated IoT devices proliferate, it's likely that we'll see Telcos make more of the voice-activated device that's in everyone's pocket.

## Reclaim the Customer

Great internet brands create communities, whether they're selling content, online news or electronic devices. For many, building a tribal mentality is as important a function as marketing in terms of attracting new customers, or retaining existing customers, who may well adhere to the community ethos and values — and by extension, to the brand — more than they do to relatively undifferentiated content or services.

Notwithstanding the efficiency to which digital commerce aspires, sentiment is still an important factor for many customers, as Apple demonstrates daily and as many retail, air travel and automotive businesses have always known. As a number of forward-thinking Telcos worldwide are already finding (particularly those attuned to the rising generation of customers) community ethos can have real economic value. Customers can support one another with advice and expertise, saving cost, and the Telco can take an active role in that community, adding deep knowledge and gaining invaluable intelligence about their customers and behavior. It may be easier to push up NPS and other key customer experience metrics through a strong community than through innovative (but easily copied) products and services, or through conventional business processes.

Very likely it's too late for Telcos to draw their more established customers into communal activity but that's not so for tomorrow's generation, whether through better marketing of the main brand or through the creation of sub-brands that foster a sought-after tribal ethos and could help to reposition the business. Really, it's all about a more enlightened kind of customer awareness — as Generation Z hits their teens, the focus should perhaps be less on making them 'Z-Mobile customers,' and more on transforming them into 'Z-Mobile people.'

## Final Thoughts

As waves of digital transformation sweep over our business and working lives, it's important that Telcos aren't left on the beach. That means anticipating customer needs at least three years ahead and putting plans in place now to respond to those expectations. There's a lot to be taken from the way that customers are already behaving in digital markets and we believe there are some fundamental lessons to be learned about what will make for a successful, customer-oriented business in 2022:

- Make it digital-first and make it easy. Align with the mindset of the bulk of the customer base.
- Be more than a Telco. Be a digital destination for more than communications services.
- Harness the power of the community to build tribal loyalty and reinforce the brand values that will attract tomorrow's customer.