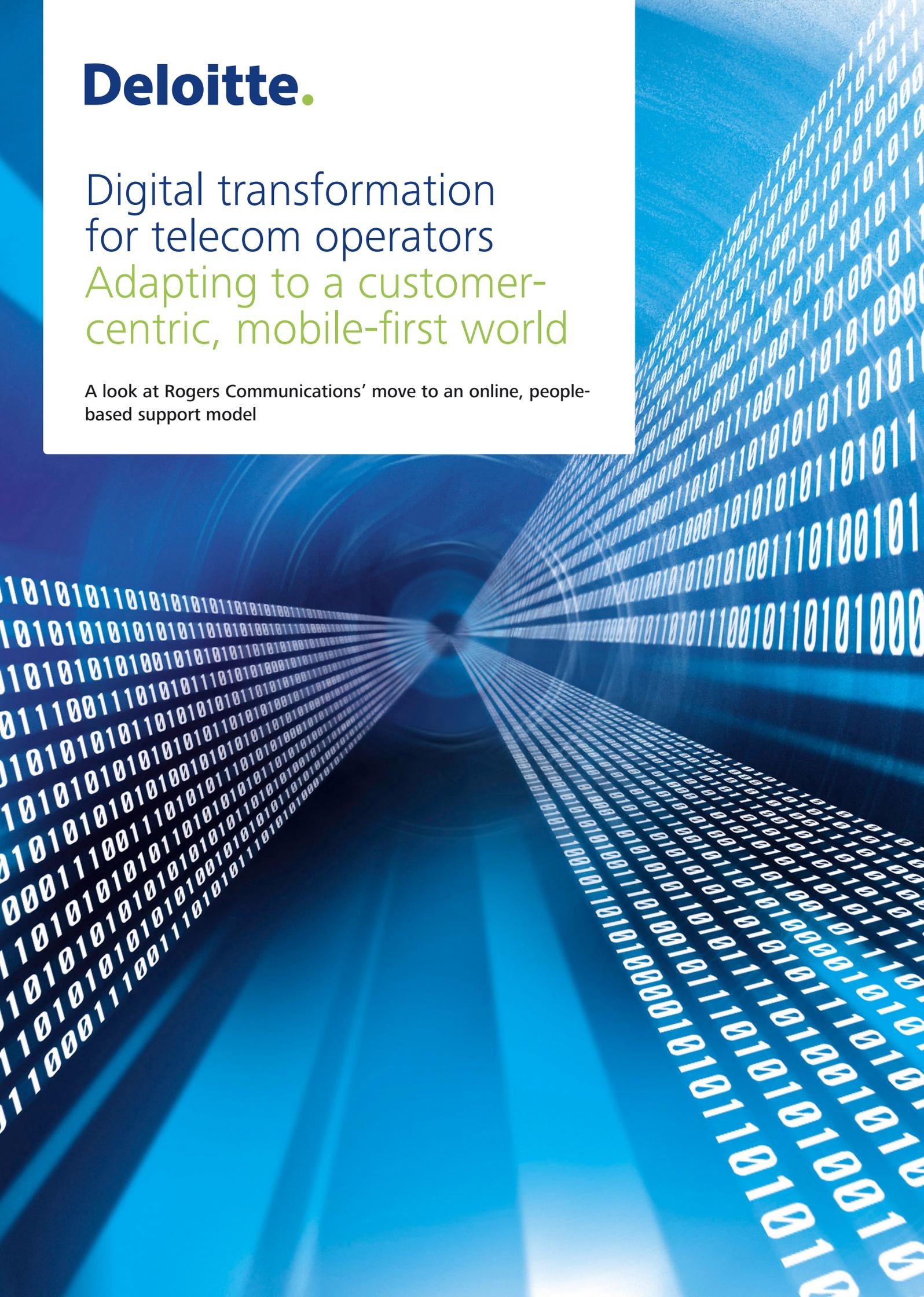


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Digital transformation for telecom operators

Adapting to a customer- centric, mobile-first world

A look at Rogers Communications' move to an online, people-based support model



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This report is written by Deloitte MCS Limited ('Deloitte') in collaboration with Facebook Inc. and Rogers Communications Inc. It utilizes Deloitte survey data and anonymized Facebook users' and Rogers' customer data. The content of this report is not intended to be relied upon and should not be interpreted as specific advice.

Abstract

The rapid growth and use of smartphones has changed customer behavior and their expectations interacting with different business providers. Businesses must consider adapting their organization and channels through which they engage with and support customers in order to meet their evolving needs.

Embracing 'over the top' (OTT) services such as instant messaging platforms offers one such mechanism to engage with customers. Such platforms can meet individual, people-based needs and provide both parties with a fast and convenient channel through which they can interact with one another.

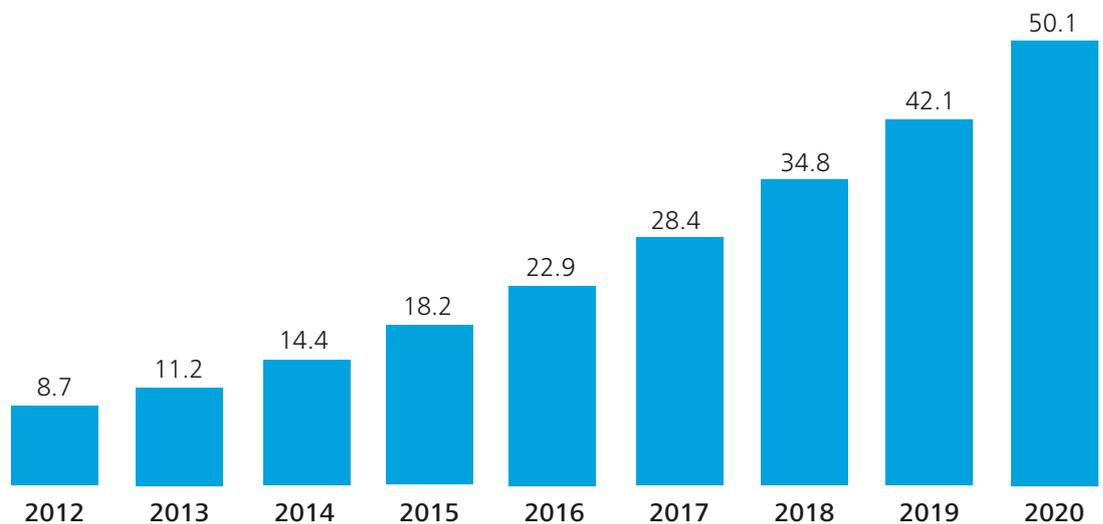
In light of these trends, this paper discusses how Rogers Communications has adopted an array of online tools, apps and people-based platforms, such as Facebook Messenger service, to meet rising customer expectations and transform into a more customer-centric organization.

People's use of mobile continues to expand and evolve

Each year the mobile phone becomes more ubiquitous and pervasive. In many countries it is not just the typical communications mode, it is also people's only personal computing device – their only means of connecting with the rest of the world. A wide range of organizations have enabled the shift to mobile, but the most critical has been the network operator. From their initial investments in cellular radio in the 1980s and 1990s through to the roll out of third and fourth generation mobile broadband and the deployment of Wi-Fi in homes and hotspots, network operators are, and remain, a crucial player in the connected economy.

The role of mobile technology in people's lives is becoming even more significant as we transition into a Digital Economy. For example, in 2015 Canadian users spent over two hours a day using non-voice features of their phones, more than double the same statistic in 2012.¹ Additionally, forecasters anticipate that tens of billions more devices will come online and become connected by 2020.^{2,3,4} This near-future universal connectivity is likely to give people on-demand access to and control over entertainment and shopping like never before. As a frame of reference, the top apps people currently download come from entertainment, communication and retail.

Figure 1. Forecast growth of connected objects, billions



Source: Connection Counters: The Internet of Everything in Motion, Cisco

The role of mobile technology in people's lives is becoming even more significant as we transition into a Digital Economy.

Collectively, these mega trends of universal connectivity and increased control over commerce and services have fundamentally changed customer needs and behaviors. Mobile customers now desire (and prefer) immediacy, interacting with products and services wherever they are and whenever they want.

The increased availability and immediacy of information enabled by digital and mobile technology means people expect greater personalization and agility from businesses, and because personalization breeds trust, this becomes an increasingly critical factor in people's decision making. Today's consumers want all of the information – the good, bad and ugly – so they can decide for themselves.⁵

A Deloitte survey on personalization suggests that younger consumers are more comfortable sharing personal information with businesses compared to the general population. 20 per cent of consumers are happy for businesses to use their personal information to offer them personalized products and services. This figure increases to over 25 per cent amongst 16 – 24 year olds.⁶

Given the close correlation between trust, loyalty and advocacy, businesses need to demonstrate to consumers the benefits of sharing their personal data by offering them more personalized products and services. In tandem, they must also continue to reassure consumers that appropriate governance is in place to protect their personal data.

Our research shows that only **20 per cent of consumers** are happy for businesses to use their personal information to offer them more personalized products or services.



Among 16 to 24 year olds this goes up to **more than 25 per cent**

The digital challenge for telecom operators

The technological capabilities operators have enabled, along with the evolution of people's preferences, have raised expectations across two key areas:

- Commerce – 60 per cent of omni-channel shoppers are increasing the volume of purchases made on their smartphone.⁷
- Account management and support – people prefer reaching brands online vs. the phone.⁸

The task of providing the desired level of immediacy and agility in commerce and service is made more challenging for telecom companies by the increasing breadth and complexity of their business. Consolidation in many markets between organizations that have traditionally occupied separate market verticals, such as fixed line, broadband, broadcasting and content has increased the variety of customer archetypes in the base. This will only get more complex as new types of connected devices such as cars and connected homes enter the mass market.

Responding to the twin challenge of evolving customer expectations and rapidly changing mobile technology requires telecom companies to embrace some key cultural and strategic characteristics of Digital Economy businesses in order to better reflect their market.

Consumers now (sometimes unknowingly) expect more personalization in their lifecycle with businesses. Mobile operators therefore need to **adapt to people's behavior on mobile**, across their customers' lifecycle with them, rather than forcing their customers to correspond to their traditional portfolio of services and channels (e.g. through calls or in-store visits).

Increasing personalization may entail decoupling those people and technologies that touch the customer from the back-office and network technology. This alone represents a transformational challenge.

The other challenge is how to **create an environment to innovate and fail faster** in order to change their business models and how consumers view them. An industry example of this is AT&T's Emerging Devices Organization (EDO). Characterized as a 'start up within the larger organization', the EDO was formed to quickly identify and create new business models within the broader mobile ecosystem.⁹ By enabling this kind of culture of innovation, operators will be able to more effectively launch and assess new ventures as well as humanize their brand, which bodes well in this era of personalization.

Importantly, operators must embrace something they know to be true already: they must **recognize and optimize their participation in the digital ecosystem**. This means understanding that people are increasingly in control of their experiences on mobile and are making choices from an array of providers. Some will want simplicity; others will want to optimize for their particular preferences. To that end, it would be overly simplistic for operators to regard the emergence of OTT services as just a threat. People clearly enjoy using these services and have begun to gradually evolve their behaviors to emphasize their use. Leading operators have already taken steps to benefit from the role of OTTs by using the engaging channels they offer to deepen their relationship with consumers in all parts of the sales and service cycle.

In the following section we describe how Rogers Communications of Canada used an array of online tools including apps and large, people-based platforms such as Facebook Messenger (which, as of January 2016, 800 million people globally use each month¹⁰) to measurably enhance customer satisfaction.

Importantly, operators must embrace something they know to be true already: they must recognize and optimize their participation in the digital ecosystem.

The role of digital in customer-led transformation

Canada is a highly mobile-connected market. 70 per cent of people have access to at least one smartphone and more than half of these devices were purchased within the last 18 months.¹¹ In 2015, Canada recorded the fastest average 4G connection speed across the G7 economies.¹²

Access to cutting-edge devices operating on high speed networks enables sophisticated consumption behaviors. Onethird (36 per cent) of Canadians use instant messaging apps at least once a week, with women far more likely (45 per cent) than men (26 per cent) to do so. 17 per cent of people indicated they used instant messaging more frequently in 2015 than in 2014, in addition to traditional SMS messages. The majority (55 per cent) of people said they sent about the same number of SMS messages as they did the previous year and only six per cent said they had sent fewer.

Rogers 3.0

Rogers Communications is a diversified Canadian communications and media company. They are Canada's largest provider of wireless communications services (with 9.8 million customers¹³) and one of Canada's leading providers of cable television, high speed internet and telephony services.

In 2014, Guy Laurence, President and Chief Executive Officer of Rogers Communications, launched Rogers 3.0, a multi-year plan to revitalize the company's legacy of innovation and growth. The plan is centered around delivering an enhanced experience for their customers and re-establishing growth by better leveraging its assets and consistently executing as 'One Rogers'.¹⁴

Overhauling the customer experience is a key priority behind Rogers 3.0, led by Deepak Khandelwal, Chief Customer Officer; a unique position within the Canadian telecom market focused on all customer experience functions including service strategy, customer call centers, field operations, go-to-market and online customer channels. In addition, the company made a \$100 million commitment in 2015 and another \$100 million in 2016 to customer experience improvements overall.¹⁵

Rogers adapted its support models to customers' mobile and digital habits so they get service on the channels where they already spend their time.

These channels include: Community Forums, Live Chat, MyRogers app, Facebook, Messenger and Twitter. Rogers has enabled customers to reach Rogers customer care agents via Messenger through a continuous chat, so they can ask questions, make changes to a plan, update accounts, set up a new line and more. Customers have the ability to respond at their convenience and keep track of the conversation just like they would with their friends. Messenger chats are conducted on a secure server, and customer account information is provided through an authenticated form, which uses bank-level encryption. In fact, this is the same form Rogers already used for its online chat system. Rogers is the first and only Canadian telecommunications provider offering customer service via Messenger service to its customers.¹⁶

Rogers re-designed and developed its MyRogers app – that provides customers with access to billing details, device usage, and support. Available within the MyRogers app, DeviceAid is a new self-service tool that allows customers to ask support questions and quickly diagnose, analyze and resolve common issues, all without speaking with a customer care agent. If a customer wants to contact a live agent, they can start a chat seamlessly within the app.



Rogers also simplified billing and provided clearer visibility into data and account usage. This kind of personalization and simplicity helps customers and helps the frontline team to deliver a better service experience.

Additionally, Rogers upgraded their website experience so customers can execute online payments, updates to payment methods, wireless add-ons, new activations of residential and wireless services, hardware upgrades, price plan changes and more.

Results

As Rogers enters the second year of Rogers 3.0, it has succeeded in delivering results in a highly competitive market. Customer feedback about Messenger support has been very positive to date.



By December 2015, Rogers had 70,000 customer interactions on Facebook and Messenger (75 per cent of all social channel customer engagement). As the company continues to invest in personalized, online and self-service options, contact volumes have declined by almost 13 per cent in 2015.¹⁷

For context, a survey of US call center managers and directors reported the median cost of an inbound call was \$4.50 per call in 2014.¹⁸ In switching to online tools like Messenger, call center employees can handle multiple interactions at one time, thereby likely reducing call center operating costs and improving productivity.

The improvements made to customer experience have yielded positive results:

- Rogers has seen a 65 per cent significant increase in partner channel customer satisfaction metrics since the introduction of Messenger
- The Commissioner for Complaints for Telecommunications Services (CCTS) reported a 65 per cent decrease in customer complaints between August 2015 and January 2016 compared to the previous six months (and down 50 per cent over the past two and a half years). This decreased faster than all key competitors.^{19,20}

Additionally, Rogers has been committed to digital channel support since 2009, and was the first operator in Canada to launch an online discussion forum. Rogers Community Forums was awarded Lithium's 'Total Community All Star' Award in 2015; ahead of 66 other entrants from 17 countries across four continents and representing 47 brands.²¹

Rogers has seen a 65 per cent significant increase in partner channel customer satisfaction metrics since the introduction of Messenger.

Key learnings

Our insight into the evolving way people communicate with each other and brands, coupled with the evidence from the Rogers case study, suggests operators should consider rethinking how they use OTT instant messaging services in their channel mix. Consumers are becoming accustomed to an 'on-demand' service model, so operators (and companies more broadly) need to adapt to these new expectations and channel paradigms.

We believe that OTT messaging services offer businesses the ability to transform their legacy customer support systems to align with changing customer behavior. Messaging allows businesses to support, manage and react effectively to customers in a conversational, actionable way. To make use of this insight we recommend that operators first prioritize understanding customer pain points related to communications. This insight is readily available both from their own customer service channels and from third party media that operators may be participating in.

Understanding customer preferences by leveraging the very data mobile technology has presented enables operators to identify which component of their business would most benefit from direct, private and asynchronous access to consumers and to create prototype customer journeys that would deliver those benefits to consumers. The relatively low cost of these channels and the relatively high familiarity that many employees already have with them, makes running prototypes to test and refine their use comparatively simple, particularly when judged against the typically high cost of change in operator systems.

Telecom operators like Rogers are successfully adapting to changing consumer preference by using technology and messaging services to transform into more customer-centric organizations that respond to consumer needs more rapidly and effectively.

We believe that OTT messaging services offer businesses the ability to transform their legacy customer support systems to align with changing customer behavior.

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Notes

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