



B2B
Telecommunications

THE UNCLAIMED TREASURE

How Trust Leads to Greater Share of Wallet in **B2B Telecommunications**

Insights from the 2013 MECx Study by

PeopleMetrics[®]

CONTENTS

Executive Summary	1
Introduction	2
The State of Affairs in B2B Telecommunications	3
What is an Engaging Experience for the B2B Telco Client?	5
The Value of an Engaged Customer	8
Where to Focus Next	9
Recommendations	10
About the Study	11
Further Information	12

EXECUTIVE SUMMARY

The 2013 Most Engaging Customer Experiences (MECx) study was designed to uncover the negative and positive emotional tags associated with selected business-to-business (B2B) industries, including: telecommunications, accounting & tax, and business & office supply. The ultimate goal was to help companies determine where they should focus their customer experience improvement efforts to create a stronger emotional tie with their customers.

KEY TAKEAWAYS



Over half of all B2B telecommunications customers are reporting an improvement in the customer experience.

While Engagement has dropped marginally in the past three years (two points), more than half of customers say they have seen an **improvement** in the last year in the quality of the experience delivered by their business's telecommunications provider.



Trust is a key element of the B2B telco experience.

While enjoyment and meeting needs are important aspects in the B2B telco customer's experience, just as they are in consumer interactions, **being able to trust** the provider to make decisions that are in the business's best interests is a third, unique element that matters to Engagement and continued loyalty in this business context.

- 1** **Enjoyment** is about personal relationships and the quality of service interactions
- 2** **Meeting Needs** is about resolving problems and delivering leading edge technology
- 3** **Trust** speaks to professionalism, integrity, open and honest communications



Engagement is clearly linked to larger share of wallet.

Fully Engaged telecommunications customers **spend 50% more** of their business's budget with their preferred provider compared to those who are On-the-Fence or Actively Disengaged. Even the simply Engaged **spend 38% more** than their On-the-Fence or Actively Disengaged counterparts.

INTRODUCTION

Customer experience innovation and change is growing at an exponential rate for companies providing consumer goods and services. Across the board hotels, banks, health insurers, retailers, product manufacturers and others are relying on customer understanding to design experiences that engage the consumer and, in turn, create higher levels of loyalty and advocacy.

The business-to-business (B2B) sector has traditionally been seen in a separate light – it has long been assumed that these relationships are different, with distinct client motivations and expectations. That what we need from a professional connection is different from what we need or want from experiences in our personal lives.

The hypothesis is that the memory and knowledge of these [consumer] encounters enters our business lives as well.

However, some might say that the lines between the two are blurring. Clients bring their consumer experiences to bear in their interactions with their B2B providers. Their lives are made easier and more enjoyable when they research, purchase, use, and seek support from a variety of consumer brands. The hypothesis then is that the memory and

knowledge of these encounters enters our business lives as well.

In the 2013 Most Engaging Customer Experiences (MECx) study, we sought to answer the following questions about the client experience offered by telecommunications firms:

1. *Is customer experience growing in importance for this sector?*
2. *How does it compare to the experience delivered in consumer or other B2B settings?*
3. *Do clients need and expect the same things from their relationship with their telecommunications provider as they do from their consumer interactions? What makes a great experience in this sector?*
4. *Should B2B telecommunications providers continue to invest in improving the client experience?*

THE STATE OF AFFAIRS IN B2B TELECOMMUNICATIONS

Engagement has declined marginally since 2010 (see **Figure 1: Engagement Has Declined Marginally**). Fewer than half of clients of all B2B telco providers are considered Engaged (43%) with 8% being Actively Disengaged. This is on par with consumer brands such as T-Mobile (42%) and Humana Healthcare (43%).

When compared to other companies providing business services...B2B telco providers deliver significantly fewer positive memories and associations.

Fewer than two-thirds of B2B telco companies are creating experiences that leave lasting, positive memories– the hallmark of a great customer experience. Just 62% of clients say that their overarching memory of their B2B telco firm is positive, with 30% saying it is neutral and 8% negative (see **Figure 2: The Emotional Memory**). When compared to other companies providing business services, such as accounting and tax firms, and office supply companies, B2B telco providers deliver significantly fewer positive memories and associations.

FIGURE 1

Engagement Has Declined Marginally

Customer Engagement has slightly declined since 2010.

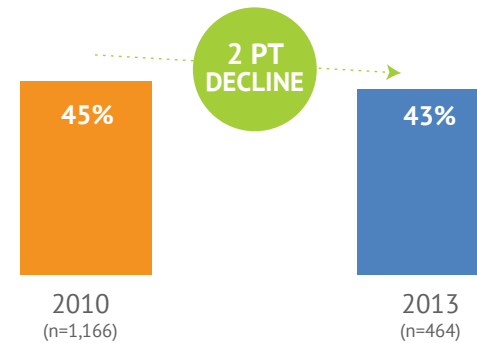
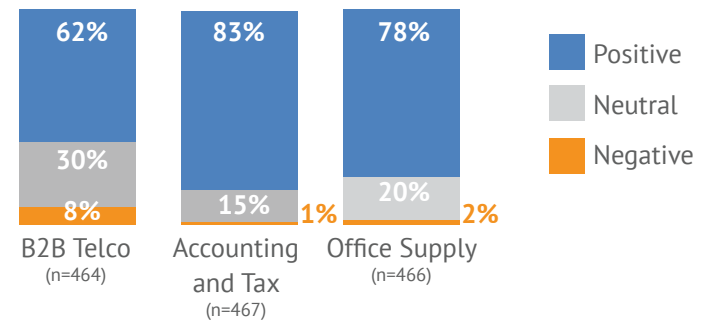


FIGURE 2

The Emotional Memory

Comparisons of positive, neutral, and negative emotions by industry.



*Numbers may not add up to 100% due to rounding

WHAT IS CUSTOMER ENGAGEMENT?

Throughout this paper we use the term Customer Engagement. Engagement refers to the emotional attachment that a customer or client has to a company. Engagement is assessed using a validated, comprehensive measure that links to financial performance. The calculation is based upon individual customer responses to four statements:

Retention: “Given the choice I would do business with [Company] again.”

Effort: “I would go out of my way to do business with [Company] in the future.”

Advocacy: “I would recommend [Company] to a colleague.”

Passion: “I love doing business with [Company].”

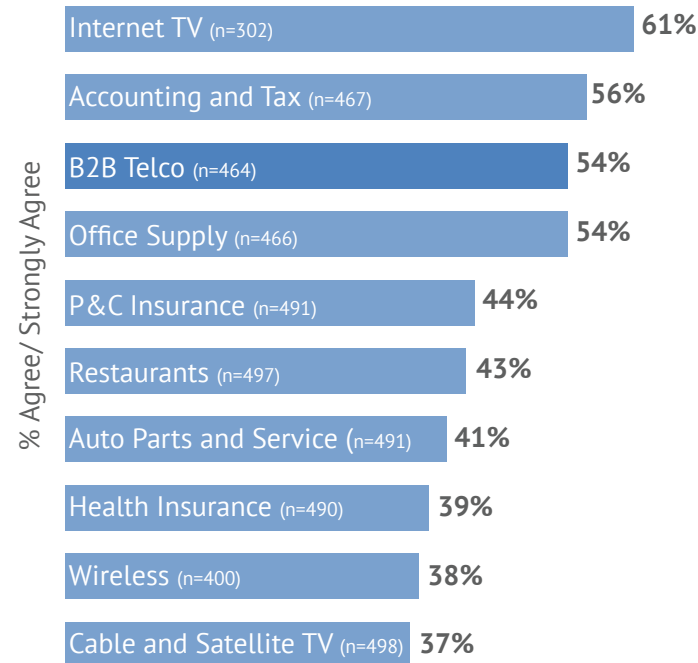
Evidence That the Tide Is Turning

In spite of the slight dip in Customer Engagement, 54% of all B2B telco customers responding agreed that their experience has improved in the past 12 months

FIGURE 3

Customer Experience Improvements

Customers are reporting that the experience has improved over the past year.



(see **Figure 3: Customer Experience Improvements**).

This is 12 points higher than the proportion of all B2C customers saying the same for their consumer experiences.

In fact, there are only two industries that have seen higher levels of improvement in their customers’ eyes and those are Internet & streaming television, and accounting & tax firms. This indicates that a growing awareness and commitment to improving the client experience exists within the B2B telecommunications sector.

WHAT IS AN ENGAGING EXPERIENCE FOR THE B2B TELCO CLIENT?

According to *Forrester's Customer Experience Pyramid*, a great customer experience delivers three things: it meets customers' needs, requires little effort, and is enjoyable. While this model is strong and applicable across many consumer sectors - hospitality, retail banking, and restaurants to name a few - there is a need to test its relevance in a B2B context.

FIGURE 4

The Importance of Trust

Trust is an important element of an engaging B2B telco experience.



**Forrester's Customer Experience Index*

The 2013 MECx has shown that for B2B relationships, an additional element is essential to creating high levels of engagement - trust (see *Figure 4: The Importance of Trust*). Specifically, clients who make or influence the decision to work with a given provider, or who interact with them daily, need to trust their provider. Trust is defined as knowing that their partner is making decisions with their best interests in mind.

This is no less true for B2B telco customers as it is for clients of accounting and tax firms, or indeed, office supply companies.

For B2B telco customers the most important aspect is making the experience enjoyable, where the provider and its people make the experience

personal and customized, followed by meeting needs through resolving problems and offering great technology, products and solutions.

For B2B telco customers the most important aspect is making the experience enjoyable.

And finally, customers want to trust their provider. This is built through honest and open interactions, being ethical, doing what is right, and even going above and beyond for customers to prove the relationship is valued.

The table below further defines these elements in the words of comments that clients made when discussing their experiences:

KEY ELEMENT: ENJOYABLE

DEFINITION:

- Positive interactions
- Personal relationships

IN THE CLIENT'S WORDS:

- + *We enjoy working with each other and it is mutually beneficial.*
- + *I love interacting with them and enjoyed most of my time working with them.*
- + *I love the company, the customer service and the deals.*
- *They are such a large conglomerate that it's hard to get totally personal, customized service. That's the downside with going with such a telecommunications juggernaut. Though we get a better price, the service is spotty at best.*
- *I like the people that they send, but it's always someone different. There's no time to build a personal relationship with someone, and I feel that every time someone new comes we have to tell our story all over again.*
- *Just an overall bland experience. Not personal, not caring too much. Have been very ineffective for us. Like pulling teeth once original sell was made.*

KEY ELEMENT: MEETS NEEDS

DEFINITION:

- Good customer service
- Resolve problems
- Leading-edge technology
- Products/solutions that work for the business

IN THE CLIENT'S WORDS:

- + *[Company] has always provided me with exceptional customer service. Any time a problem arises, all I have to do is call and I immediately get answers to questions and solutions to my problems.*
- + *They are THE best at keeping our technology needs up to date.*
- + *They offer products that suit our needs.*
- + *This company uses the best technology to make our work very convenient and easy.*
- + *Always up with new technology and able to help when power or servers are down.*
- + *They have the products we want and help us implement the kinds of solutions we want.*

KEY ELEMENT: TRUST

DEFINITION:

- Professional
- Above and beyond
- Reliable
- Honest
- Ethical
- Transparent communications
- Do what is right

IN THE CLIENT'S WORDS:

- + *Good and trustworthy company and easy to do business with....very professional and reliable company.*
- + *This company meets/exceeds our needs and we can trust them.*
- + *They are highly ethical and professional.*
- + *They always do what is right for me and my people.*
- + *Have a personal relationship with the technicians and they go above and beyond to meet our needs and give excellent service.*
- + *Great working relationship with [Company] for many years. Honest and open communication.*
- + *They are always willing to go above and beyond in what they do to make sure that I get the best service possible. They have quality people working for them who take the time to understand what my needs are and figure out exactly how to meet them with the lowest cost possible.*

Looking at ratings of the three drivers we find that B2B telco providers are failing to deliver on these three important elements, with scores ranging from 7 to 10 points below other B2B sectors (see **Figure 5: B2B Telco Rankings on Key Elements**).

FIGURE 5

B2B Telco Rankings on Key Elements

Telco providers underperform compared to the B2B sector average.



*Forrester's Customer Experience Pyramid

THE VALUE OF AN ENGAGED CUSTOMER

It's not uncommon for companies to struggle with proving the ROI of customer experience improvement efforts. And while we can't prove the ROI of company-specific initiatives, our research clearly points to the value in improving the customer experience. We found a strong, positive correlation between levels of Engagement and share of wallet.

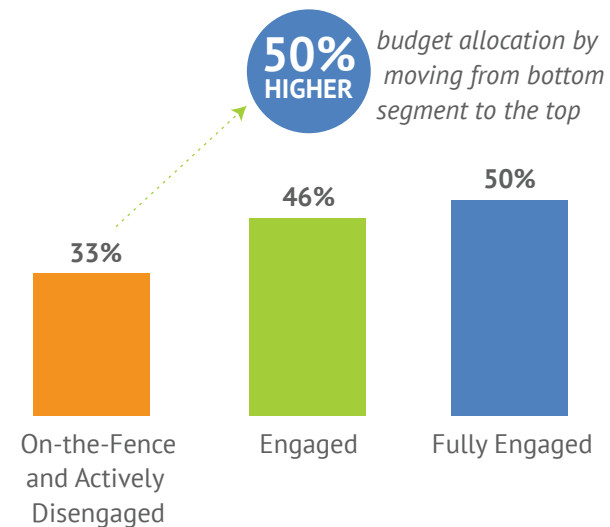
Fully Engaged telecommunications customers spend 50% more of their business's budget with their preferred provider compared to those who are On-the-Fence or Actively Disengaged.

We asked all participants to indicate the proportion of their total budget they allocate to a given provider and then crossed that with their engagement level. Fully Engaged telecommunications customers spend 50% more of their business's budget with their preferred provider compared to those who are On-the-Fence or Actively Disengaged (see **Figure 6: The Impact of Engagement On % of Budget Spent**). And those who are merely Engaged spend 38% more than their On-the-Fence or Actively Disengaged counterparts.

FIGURE 6

The Impact of Engagement On % of Budget Spent

Fully Engaged clients allocate more of their budget to their preferred provider



WHERE TO FOCUS NEXT

Across B2B sectors included in the 2013 MECx, B2B telecommunications is the sector that struggles the most with creating lasting, positive memories for its customers. Positive experiences create engaged customers who allocate at least one-third, if not more, of their budget to a given provider. There is tangible business value to adopting a customer engagement strategy.

To fully engage more customers, providers need to make the experience enjoyable, with a focus on meeting customer needs and building trust.

To fully engage more customers, providers need to make the experience enjoyable, with a focus on meeting customer needs and building trust. In order to do so, companies in this sector should consider a number of different strategies.

RECOMMENDATIONS

Hire, Train and Reward Relationship Builders

Enjoyable experiences for customers in this sector are all about the relationship the customer has with individuals at the company. Ensuring fit between customer-facing employees and these expectations will be necessary to guarantee this sort of experience. A common mistake in this sector is to give technically or operationally competent individuals responsibility for building and maintaining customer relationships while not also considering the customer intimacy skill set. Options to consider include: developing a scorecard for customer-facing roles that includes softer skills, building a training curriculum for those who are already in these roles, and aligning your rewards structure around customer relationship metrics and outcomes.

Technological Innovation and Unique Solution Set

When it comes to meeting customer needs, many speak about technological innovation and the ability for the provider's solutions to meet the business's particular needs. Meeting needs isn't just about the technology, however, it is also about making sure that staff are equipped to advise clients on the solution that will best meet their needs.

Emphasizing Transparency, Honesty and Exceptional Communications

The final element in delivering an exceptional customer experience

in this space is trust. Perhaps most important in building trust is demonstrating the company, and its representatives, are willing to go above and beyond for the client's success. One way to ensure this is happening is to measure it through client feedback. Provide customers with an opportunity to identify an employee who went above and beyond for them. Over time customer kudos can be used to identify and reward employees who are your "brand ambassadors" and their behaviors that help to build customer trust.

ABOUT THE AUTHOR

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Kate Feather leads the customer experience transformation group at PeopleMetrics. In this role she acts as strategic consultant on many key accounts, is responsible for the firm's Research & Development projects and is a frequent speaker and contributor to publications on topics related to customer experience.

ABOUT THE STUDY

About the 2013 MECx

From 2008 to 2010 PeopleMetrics conducted the Most Engaged Customers (MEC) study. This was a project that examined the unique drivers of Customer Engagement in multiple industries. In 2013, we brought the project back under the new name of Most Engaging Customer Experiences (MECx) and with a greater emphasis on the emotional components of an engaging customer experience.

Industries Included In the Study

Business-to-Consumer

- Auto Parts and Service (Retail)
- Cable and Satellite TV
- Insurance (Auto & Home and Health Insurance)
- Internet TV
- Restaurants
- Retail Banking
- Wireless

Business-to-Business

- Accounting and Tax
- Telecommunications
- Office and Business Supply Services

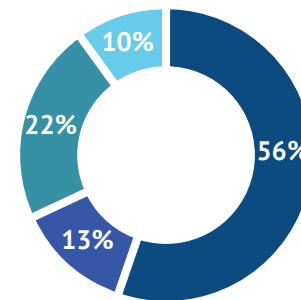
MECx: B2B Telecommunications

The B2B telecommunications portion of the study was fielded in Q2 of 2013. It included feedback from 464 B2B telecommunications clients.

FIGURE 7

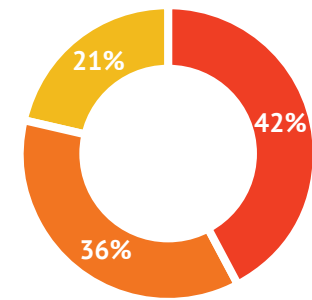
About Our Research

Breakdown of study participants by company size and decision-making role.



Company Size

- <500
- 500-999
- 1k-9,999
- >10k



Decision-Making Role

- Makes the Decision
- Influences the Decision
- Interacts with the Provider

*Numbers may not add up to 100% due to rounding

FURTHER INFORMATION

If you are interested in MECx research from other industries in this study, please email us at info@peoplemetrics.com



About PeopleMetrics

PeopleMetrics works with companies who believe that people are the heart of their business. Our Voice of the Customer (VoC) and Voice of the Employee (VoE) solutions help companies emotionally connect with their customers and employees. Our approach combines strategic consulting, intuitive software, and insights that help companies deliver consistently great experiences.

Are you ready to transform your customer experience?
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