Latin American Telecommunications Industry Evolving in the Digital Transformation and Customer Experience Era:

Telcos must leverage CX to create new growth opportunities in market

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INTRODUCTION

Telecommunication service providers (Telcos) face a long list of challenges in today’s world. The saturation of the main markets in which they participate has led to business stagnation both globally and in Latin America, while the digital transformation wave is constantly disrupting its established business models and ways to engage with customers.

The slowdown of the Telco’s business in Latin America is clear. According to Frost & Sullivan’s latest research, fixed telephone lines will remain relatively stable in the coming years in the major Latin American countries, exhibiting a compound annual growth rate (CAGR) ranging between 0% and 2% for the 2014-2020 period. Meanwhile broadband accesses still enjoy acceptable growth rates but are showing a clear downward trend for the coming years. In parallel, the mobile telecommunications market does not seem to be a source of growth for operators, since it will only exhibit a CAGR of 4.7% in 2015-2021. And last but not least, the average revenue per user (ARPU) of all of the above mentioned services is declining and will continue to do so. Consequently, the industry’s revenue growth and profit margins are increasingly threatened.

Figure 1: Mobile Telecom Services Market: Revenue Forecast, Latin America, 2015-2021

MARKET TRENDS DISRUPTING TELCO’S BUSINESS

Major Challenges for Telcos in Latin America

In this context, Telcos face a number of specific challenges that put at stake the sustainability of their business in the long term:

- As mentioned, telecommunications services are being commoditized as a result of the market maturity and the increased availability of offerings for voice and data. Consequently, prices for these services have declined in recent years and are expected to continue to do so.

- Over-the-top (OTT) participants are disrupting the telecommunications landscape. Despite the continued cannibalization of messaging and voice revenues, the battle for customers will intensify as the major OTT providers seek to position themselves as the primary portal through which people communicate, make payments, and use the Internet to access other services. Meanwhile, OTTs are partially responsible for the exponential growth in data traffic (data traffic will finally reach 1 zettabyte globally in 2016), while customers demand higher speeds and more bandwidth, forcing Telcos to invest in networks expansions without a clear Return on Investment (ROI).
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• The consolidation of the Mobile Virtual Network Operators (MVNO) in Latin America has resulted in increased competitive pressure in the marketplace. Customers have more choices and are more informed than ever before, thus are more demanding and aspire to better quality of services at lower price points. Moreover, MVNOs have been particularly successful in penetrating niches with specific needs, such as young people and customers of regional carriers.

• Telco’s business in Latin America is also distressed by an intense regulatory environment, especially—but not restricted to—the continuous cuts in mobile termination rates (MTR), which in this region account for close to 25% of the mobile voice revenues. At the same time, Telcos are severely controlled and demanded to comply with network coverage and service-level requirements in the biggest countries in the region, such as Brazil and Mexico.

Key Drivers for Innovation and Transformation in the Telco’s world

In this context, telecommunications are expected to be the second-most disrupted industry by the digital transformation in the next 12 months, according to the Harvard Business Review. Growing competition and commoditization are forcing Telcos to transform its value proposition while staying ahead of the curve. In other words, Telcos have the challenge and the opportunity to avoid being “dumb pipes” and bring more intelligence to their value proposition. The network infrastructure can no longer be viewed by them as a revenue generator as such, but instead as a means to generate revenue. Telcos must now sell the value of their services along with the benefits of the underlying technology.

Telcos must leverage their place at the center of the Digital Transformation. As connectivity providers, Telcos are in the position to enable virtually every company that is going through the path of digital transformation. Therefore, they have the chance to become strategic partners by not only providing technology, but walking along with them through their transformation path and helping them from an advisory role while providing value-added services. This is a growth opportunity that Telcos cannot ignore.

At the same time, the consolidation of Generation Y or Millennials (those born between 1980-1992) and the emergence of Generation Z (1993 and beyond) as consumers means that a significant portion of today’s Telcos customers are digital natives, so they are early adopters of almost any new technology or digital solution. Consequently, Telcos cannot afford to slow the pace of innovation, since losing track of its consumers could mean becoming obsolete in the marketplace.

TELCOS IN THE CX ERA

As a result of the saturation of the main segments of the telecommunications market, the rise in business volumes is increasingly related to taking customers from the competition than the result of other exploratory measures. As a matter of fact, the competitive battle has twisted to a “war by inches,” as it costs six to seven times more to attract a new customer than to retain an existing one. As a result, the customer experience (CX) has become one of the major business imperatives for Telcos.

In fact, by 2020, CX will overtake product and price as the #1 way for Telcos companies to differentiate themselves. Hence, while consumers punish poor experiences by taking their business elsewhere, they also reward companies who provide a superior CX by spending more time (and money) with them.

Moreover, with the proliferation of social media and the global extent it provides to customers’ expressions, the potential cost of a bad CX is highest than ever before. In a world of “choice” on every side, unhappy customers churn and also influence others to churn or to refuse to adopt new services. So the impacts of poor CX are far-reaching and can be company-killing.
While nowadays most organizations understand the direct correlation between CX and business performance, not all of them understand the true meaning of it. Frost & Sullivan defines the CX as the accumulation of all customer experience(s) throughout their journey with the supplier across any and all functions and/or products/services, across any and all touch points of the supplier. This means that Telcos face the threat of losing customers to the competition in every touch point that is not fully optimized.

“Customer Experience is the accumulation of the customer’s entire experience(s) throughout their journey with the supplier across any and all functions and/or products/services across any and all touch points of the supplier.”

Following this definition, Telcos need to:

- Optimize network performance and increase service quality.
- Minimize billing errors and proactively act upon them when they occur.
- Leverage every interaction with customers—face to face and remote ones—to deliver the best experience and increase customer satisfaction.

Both globally and in Latin America, the telecommunications industry lags far behind other industries in terms of CX, such as banking, travel & hospitality, healthcare and retail. In order to reverse this situation, Telcos must embrace new technologies to deliver a seamless experience among all channels of interaction, including phone calls, chat, e-mail, text messages, social media and in-store contacts, through the entire customer journey.
Omni-channel Strategies

One of the secrets for delivering a superior CX is never forcing the customer to repeat himself in subsequent conversations. This is one of the most irritating sequences that a customer goes through and can directly lead him to go to the competition. To avoid this, companies must embrace an omni-channel strategy, which not only means the integration among several channels, but that the full information and context will be available to all channels: a customer interaction should be able to commence in one channel using one device and switch channels and devices dynamically with no loss of context.

Today’s customers expect companies to provide a consistent and high-quality CX, regardless of the channel of interaction, and to know who they are if they have previously done business with the company. Omni-channel strategies that integrate web, contact center, and retail channels are becoming prominent in pursuit of a high-quality CX. These strategies often employ customer analytics and integration with customer relationship management and social media to gain additional insights on customers. The dividends are greater wallet share from enthusiastic customers who become brand advocates on social media, attracting new clientele.
Analytics

Omni-channel strategies allow companies to optimize its CX standards, bringing context in every touch point. But customers also demand a higher level of personalization, while companies aim to achieve better results out of every customer interaction. Analytics tools are positioned to be a key enabler for both, as they allow information to be obtained from every interaction to “know more about your customers than they know about themselves” in order to drive positive business outcomes.

Customer experience analytics (CEA) draws data from multiple sources, including operational, usage and revenue statistics. It synthesizes this data to develop customer profiles that an organization can use in almost any aspect of its operations, to develop better offerings, allocate resources more effectively and take many other steps to increase revenues and reduce churn.

One of the challenges in CEA is that it delivers a wide range of metrics that companies are hard pressed to correlate into meaningful information. Each functional team needs to understand the customer metrics that affect its operations and work to improve them, while those individual metrics are then correlated at a higher level to get a view of the customer. Thus, part of CEA’s benefits is to bring together data from the front office and present it to different levels of the organization to drive customer and revenue growth and retention.

CEA is also about finding and fixing negative customer experience trends that, if left unchecked, can generate churn and shoot down up-sell efforts. Overall, CEA can empower companies to disclose the secrets of the customer behaviors and proactively deliver the best level of CX, at all touch points.

HOW ATENTO HELPS TELCOS THRIVE IN THE DIGITAL ERA

For Atento, the value of digital lies in the opportunity to fulfill customer expectations while driving customer operations at digital speed. To unlock this value, Atento is evolving its solutions portfolio in order to provide an end-to-end digital services platform that meets the Telco’s customer values. This platform includes personal assistance powered by strong underlying processes and enabling technologies, through which end consumers connect.

Atento’s digital solutions are composed of vital capabilities to grow business in the digital era:

- Atento’s Multichannel Platform enables the best personalized customer experience (independent of channel and device) through a clear understanding of the customer journey (customer emotional lifecycle).
- Extensive use of analytics, big data and cognitive computing allow robust insights and continuous learnings about customers’ needs.
• Highly specialized consulting teams with industry and process-differentiated knowledge focus on understanding client issues and delivering business outcomes, as opposed to just outputs.

• Streamlined approach to solutions based on ideation, innovation and running short-term prototypes, powered by UX and analytics, refine business requirements and support a business case.

The company operates with the scale of a global player in Latin America, able to deliver a consistent and superior customer experience across multiple geographies. Atento, from its leadership position as number one provider of customer experience solutions for the Telco industry in Latin America, offers an integrated approach based on clients’ objectives and measures the consumer through a complete set of digital tools and processes, enhanced by relevant interactions to provide a smooth customer experience. The company is focused on unlocking the potential of a customer journey where the assistance is on demand, but also becomes proactive through analytics and always present through all of the desired channels, yet never invasive. Therein lies the true value of the digital experience.

CONCLUSION

The business world has become radically dynamic during the past 10 years due to the never-ending disruption generated by digital transformation. New competitors emerge periodically and put in check the established business models. As all businesses, Telcos cannot escape this, but also need to deal with saturated markets, high churn rates, low growth and less predictable ROIs.

Nevertheless, Telcos have a tremendous opportunity to leverage their privileged position at the center of the digital transformation, not only as enablers or connectivity providers, but as value-added service providers. Moreover, Telcos hold an even more powerful key: the relationship with over 500 million customers in Latin America, which is an open door to increase their share of wallet of each of these customers, whether consumers or businesses.

In this context, the customer experience (CX) takes center stage as one of the most powerful competitive weapons that Telcos can leverage to increase revenues. Omni-channel solutions paired with analytics allow them to properly map and comprehend their customer journeys, and therefore be in a better position to upgrade their average customer lifetime value. Hence, providing a superior CX has increasingly become a major differentiation between a thriving business and a diminishing one.

ABOUT ATENTO

Atento is the largest provider of customer relationship management and business process outsourcing (CRM BPO) services in Latin America, and among the top three providers globally, based on revenues. Atento is also a leading provider of nearshoring CRM/BPO services to companies that carry out their activities in the United States. Since 1999, the company has developed its business model in 14 countries where it employs more than 160,000 people. Atento has over 400 clients to whom it offers a wide range of CRM/BPO services through multiple channels. Atento’s clients are mostly leading multinational corporations in sectors such as telecommunications, banking and financial services, health, retail and public administrations, among others. Atento’s shares trade under the symbol ATTO on the New York Stock Exchange (NYSE). In 2015, Atento was named one of the World’s 25 Best Multinational Workplaces by Great Place to Work® for a third consecutive year. For more information, visit www.atento.com

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ENDNOTES

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