From Calls to Clicks

The Evolution of Customer Service in the Telecom Industry

2012 Google/Ipsos Research

March, 2012

Google™ Ipsos OTX MediaCT

Methodology

Google commissioned research from Ipsos, an independent market research company, to 1) understand telecommunications service subscribers' awareness, use, and satisfaction with their provider's customer service offerings, with a particular focus on digital offerings, and 2) gauge current and future prioritization of digital customer service programs among advertising professionals working for a telecommunications company.

The two audiences for the research are as follows:
- Telecommunications service subscribers (n=1800)
  - Home Phone, Wireless Phone, Internet, or TV Subscriber (n=450/service)
  - Age (18-64) and gender quotas were set to be representative of service subscribers
  - Telecommunication services decision maker
  - No sensitive industry employment
  - US Residents
- Advertising professionals (n=91)
  - Age 25+
  - Work for telecommunications company
  - Work in the Advertising / Marketing / Communications department of company
  - Has at least some input in marketing / advertising decisions
  - US Residents

Interviews were conducted online from December 29th 2011 through January 18th, 2012.

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Executive Summary

CONSUMER STUDY:
WIRELESS SUBSCRIBERS

- **Customer service is universally important to wireless customers**
  - 78% consider it important or very important
  - 1 in 5 rank customer service as the #1 or #2 factor when deciding on a wireless service provider

- **Online customer service is preferred by a significant number of customers**
  - 19% prefer to contact customer service online

- **Wireless customers rely heavily on digital search when looking for answers to their customer service problems**
  - 37% use search at least once a month to help look for answers to their wireless customer service questions
  - 95% of top customer service queries on Google are for a telecom company

- **Customers frequently struggle to find online customer service solutions when using search, leading to poor user experience and high levels of frustration**
  - 56% "sometimes," "rarely," or "never" find what they're looking for through search
  - 37% are "somewhat", "very" or "extremely" frustrated by trying to find customer service help through search

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CONSUMER STUDY (CONT):
WIRELESS SUBSCRIBERS

- **Customers also struggle to find online customer service solutions on the provider website**
  - 54% "sometimes," "rarely," or "never" find what they're looking for on the provider site
  - 40% are "somewhat", "very" or "extremely" frustrated by trying to find customer service help on the provider site

- **Poor customer service has historically led customers to cancel their service**
  - 23% of customers have cancelled their service because of unsatisfactory customer service

- **Customers lack awareness for common digital service assets**
  - 39% are aware of online chat, 29% are aware of social media solutions, 24% are aware of online forums, 20% are aware of online video tutorials hosted on the provider's website

- **Customer service interactions provide opportunities for upselling**
  - 32% have purchased additional services or upgraded service after contacting customer service

- **High spending customers rely most heavily on customer service**
  - Customers with monthly bills over $80 are 35% more likely to regularly / occasionally contact customer services (vs. those with bills under $80)

Executive Summary (cont.)

ADVERTISER STUDY:

- **Telecom advertisers understand the importance of customer service**
    - 44% of telecom advertisers rank customer service as a top priority, second only to customer retention / loyalty (53%)

- **Digital is seen as a core component of customer service**
    - 89% consider digital customer service important or very important to overall customer service
    - 3 in 10 believe that digital customer service is the most important priority when it comes to overall customer service

- **Telecoms believe that good online service can directly impact cost and revenue**
    - 81% agree or strongly agree that improving online customer service would improve customer loyalty and reduce churn
    - 74% agree or strongly agree that digital customer service initiatives save money for the company by reducing strain on call centers

- **There is an opportunity to shift service online**
    - 3 in 4 customer service inquires involve "billing", "troubleshooting", or "how to"…but advertisers estimate that only 55% of their customer service inquiries are handled online

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Executive Summary (cont.)

ADVERTISER STUDY (CONT):

- **Search is recognized as an important part of online customer service…but not all advertisers are sold on search *advertising***
  - 37% believe that customers are most likely to reach their company's digital customer service offerings by using a search engine
  - 1 in 3 advertisers do not currently use search ads to support customer service

- **Advertisers expect to invest more in social, video, display, and mobile to support customer service in 2012**
  - 54% plan to increase social spend, 44% plan to increase video spend, 41% plan to increase display spend, and 35% plan to increase mobile spend

- **Customer awareness of online service content is missing**
  - 76% of advertisers wish that their customers were more aware of their online service options

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Consumer Insights: Wireless Subscribers

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Customer service is an important consideration
On par with price, only trailing coverage

Extremely / Very Important Features

Feature	Percentage
Dependable coverage	91%
Price of monthly data plan	80%
Customer service	78%
Price of monthly voice	78%
Network speed (4G)	50%
Free phone offers	50%
Availability of no contract / prepaid plans	43%
Latest phones and devices	42%
Same network as friends / family	38%
Exclusive availability of handsets / devices	25%

1 in 5
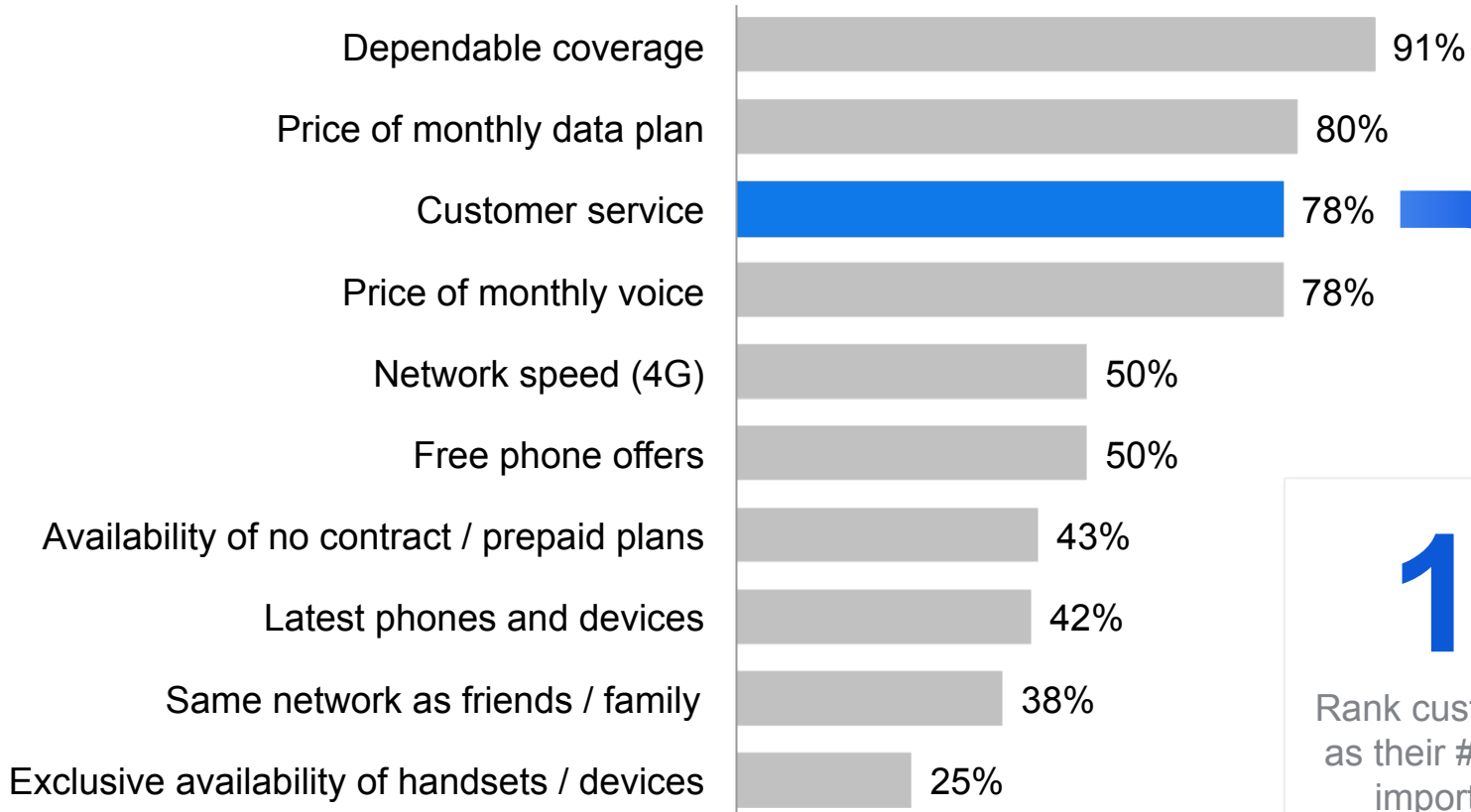
Rank customer service as their #1 or #2 most important factor

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Digital has become a significant contributor
Many consumers prefer to handle their problems online

Preferred Method of Contacting Service Provider for Cust Service

69% Phone

19% Online

12% In-Person
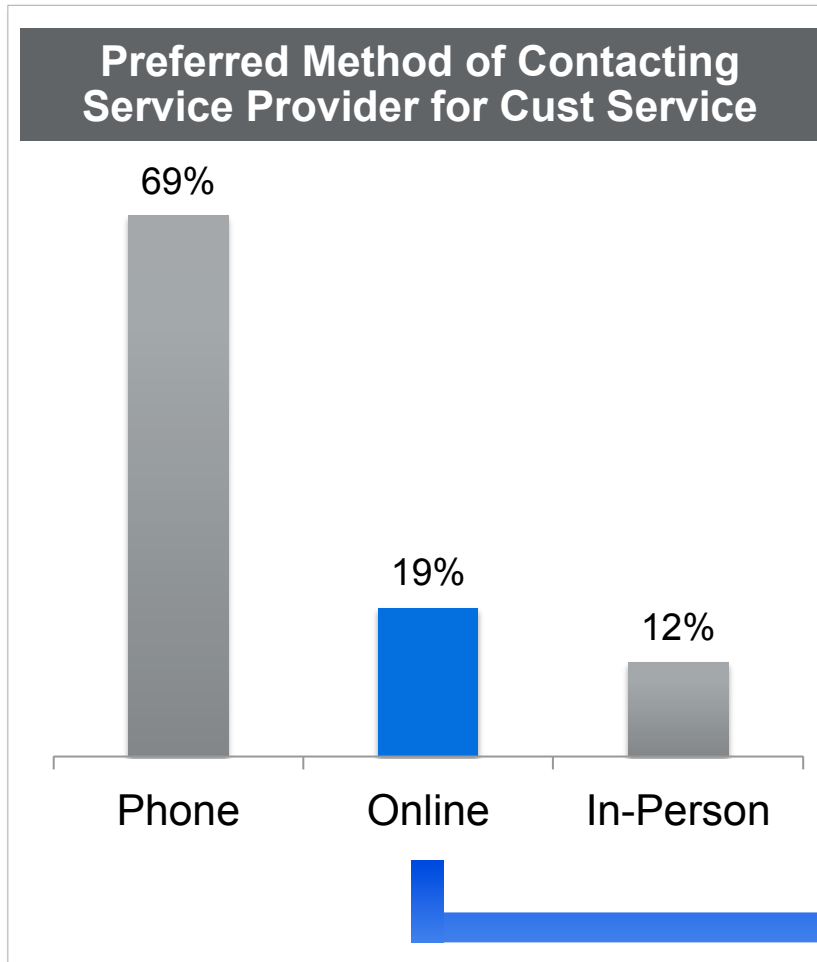
Preferred Online Method:

- 9% via email
- 6% via chat
- 4% via website content (i.e. FAQs, "how-to" videos, etc.)

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Search is core to the digital experience
## More than 1 in 3 use search monthly to help solve an issue

37%

Use search at least once a
month to help look for answers
to their wireless customer
service questions

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Majority of service searches are for telecoms
Customer service queries are on the rise

63%

y/y growth in telecom
customer service queries
on google

95%

of *all* top customer service
queries on google are for
telecom providers
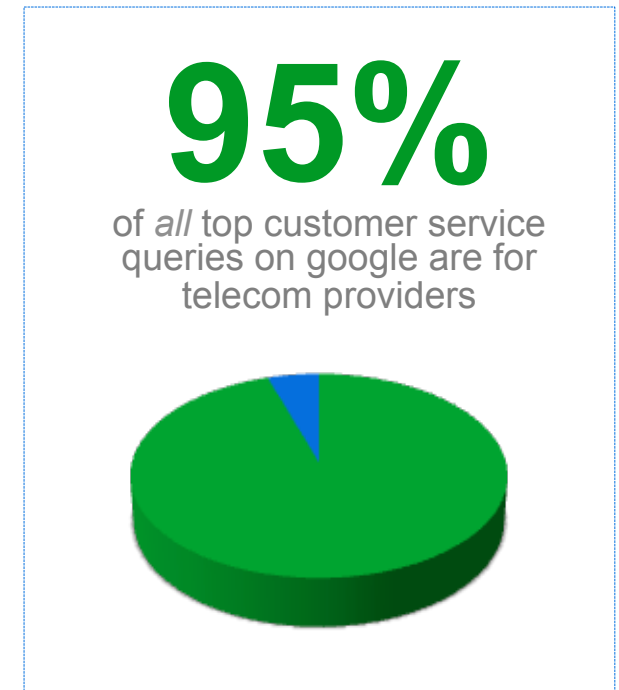
Internal Google Data, Jan 2012

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The problem: search has been hit or miss
Customers are left frustrated by search

Success Of Finding Customer Service Information Through a Search Engine
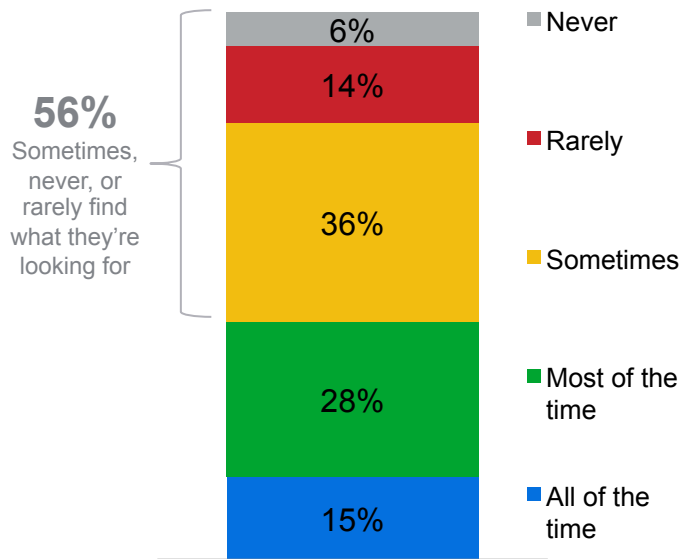
56% Sometimes, never, or rarely find what they're looking for

- 6% Never
- 14% Rarely
- 36% Sometimes
- 28% Most of the time
- 15% All of the time

37%
are "somewhat", "very" or "extremely" frustrated by trying to find customer service help through search

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Content delivery is lacking
Customers have difficulty finding content on service provider sites

53%

"sometimes", "rarely", or "never"
find customer service help on
the provider site

40%

are "somewhat", "very" or "extremely"
frustrated by trying to find customer
service help through the provider website

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Frustration leads to canceled service
Almost 1 in 4 have terminated service because of bad service

23%
of customers have
cancelled their service
because of unsatisfactory
customer service

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Part of the problem is awareness
Consumers are unaware of common digital resources

Awareness Of Current Service Provider's Customer Service Offerings
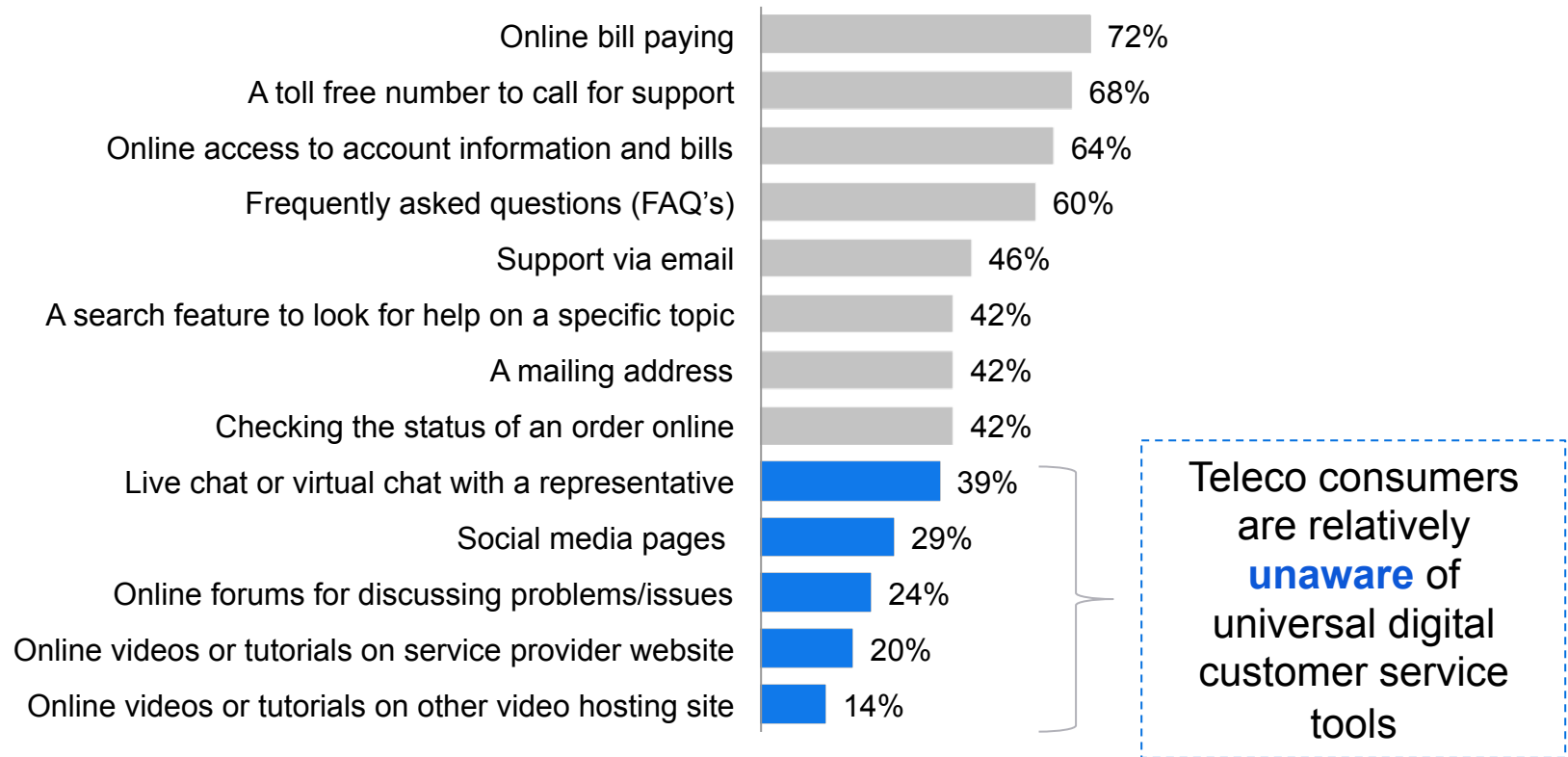
Online bill paying	72%
A toll free number to call for support	68%
Online access to account information and bills	64%
Frequently asked questions (FAQ's)	60%
Support via email	46%
A search feature to look for help on a specific topic	42%
A mailing address	42%
Checking the status of an order online	42%
Live chat or virtual chat with a representative	39%
Social media pages	29%
Online forums for discussing problems/issues	24%
Online videos or tutorials on service provider website	20%
Online videos or tutorials on other video hosting site	14%

Teleco consumers are relatively **unaware** of universal digital customer service tools

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Poor service can lead to missed revenue

Customer service interactions often lead to upselling

1 in 3

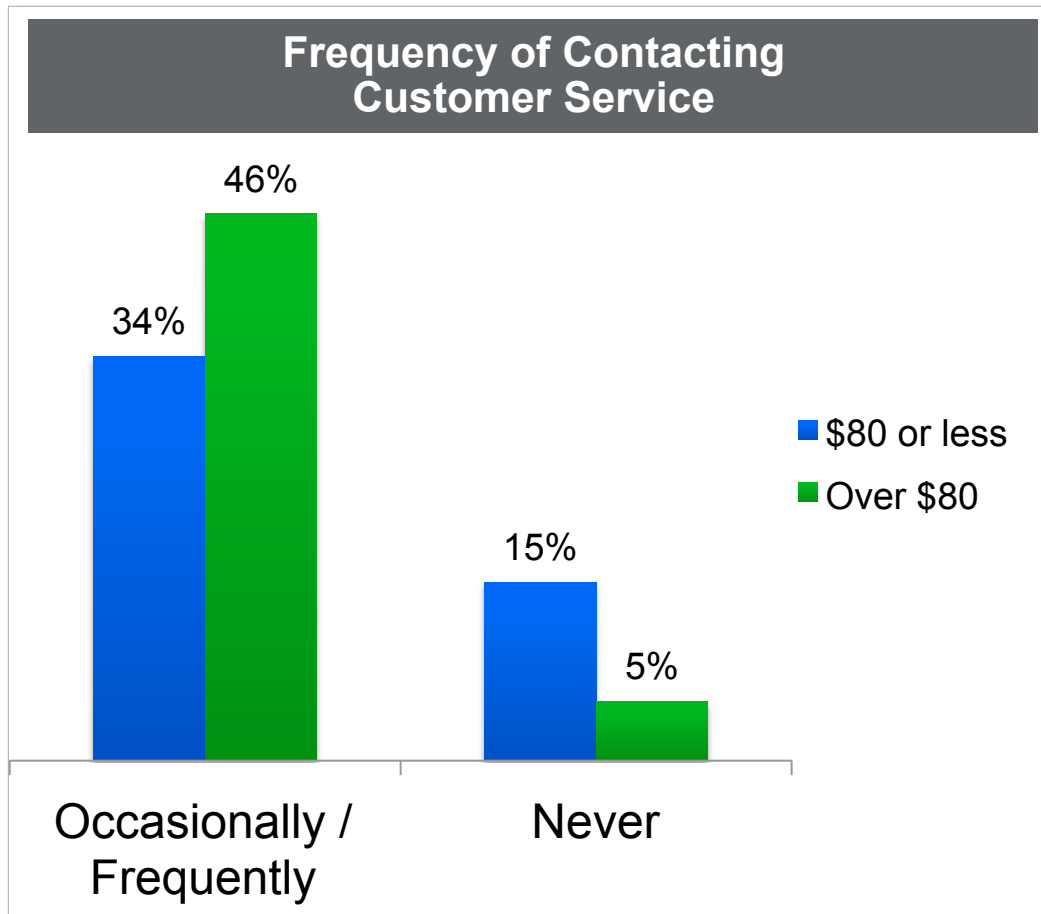have purchased additional services or upgraded service
after contacting customer service

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High spenders rely most on customer service
They are also most likely to purchase additional service

Frequency of Contacting Customer Service

Occasionally / Frequently: $80 or less 34%, Over $80 46%

Never: $80 or less 15%, Over $80 5%

Legend:
- $80 or less
- Over $80

43%

of customers with bills over $80 have purchased additional services or upgraded services after contacting customer service vs. 24% for those with bills under $80

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Advertiser Insights

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Telcos understand the importance of cust service
Almost half rank it as the top priority

Ranking Of Company Priorities
"It Is The Top Priority" Summary
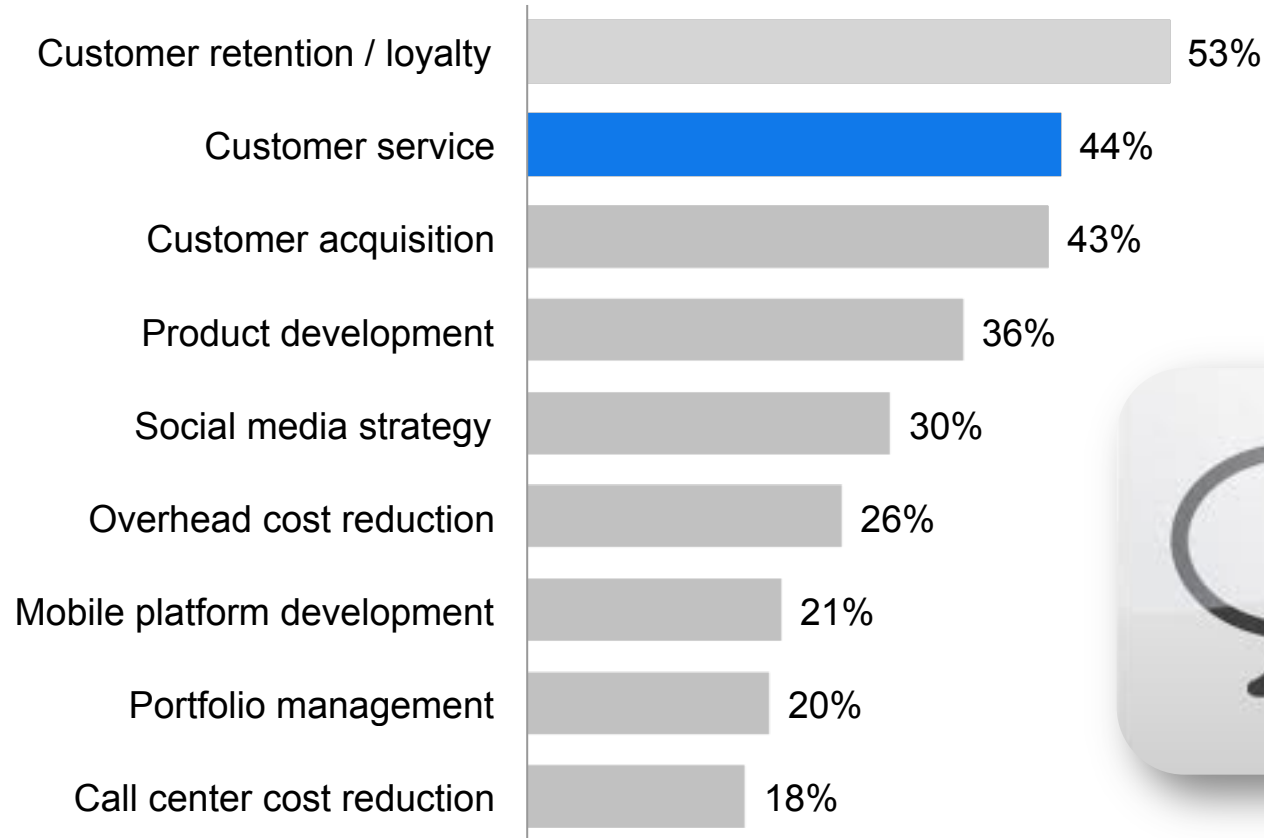
Customer retention / loyalty	53%
Customer service	44%
Customer acquisition	43%
Product development	36%
Social media strategy	30%
Overhead cost reduction	26%
Mobile platform development	21%
Portfolio management	20%
Call center cost reduction	18%

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Digital is seen as a core component
29% consider it *the* top priority for customer service

89% indicate *digital* customer service is "extremely" or "very" important to the company

3 in 10

believe that digital customer service is *the most* important priority for customer service in 2012

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Advertisers see implications on revenue, cost

There is a clear link for service, satisfaction, and loyalty

81%

Agree / Strongly Agree

"Improving our online customer service would improve customer loyalty and reduce churn"

74%

Agree / Strongly Agree

"Digital customer service initiatives save money for the company by reducing strain on call centers"

Good Digital Customer Service → Improved Satisfaction + Fewer Calls to the Call Center → Reduced Costs + Increased Revenue
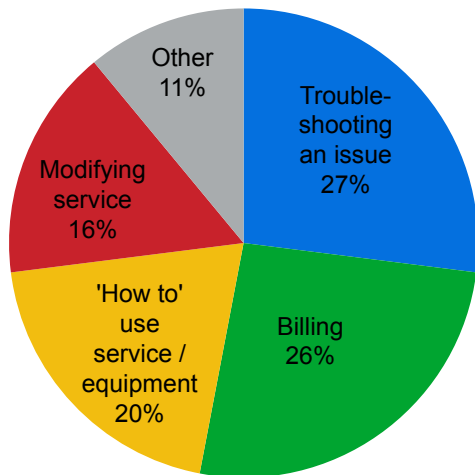
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There is an opportunity to shift service online
Only half of all service inquiries are handled online

Breakdown of Customer Service Inquiries

- Other 11%
- Trouble-shooting an issue 27%
- Modifying service 16%
- 'How to' use service / equipment 20%
- Billing 26%

3 in 4 customer service issues can potentially be solved online (billing, how to, and troubleshooting)

45% of customer service issues are handled OFFLINE

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Search is recognized as a key point of entry
Although there is room to increase the use of paid search

Ways Advertisers Believe Customers Are Most Likely To Reach Company's Digital Customer Service Resources

Category	Percentage
Using a search engine (such as Google or Yahoo)	37%
Visiting our company's homepage	21%
Clicking on a display ad	13%
Using a mobile app	12%
Typing the specific site address into a browser	10%
Using bookmarks	2%
Don't know	4%
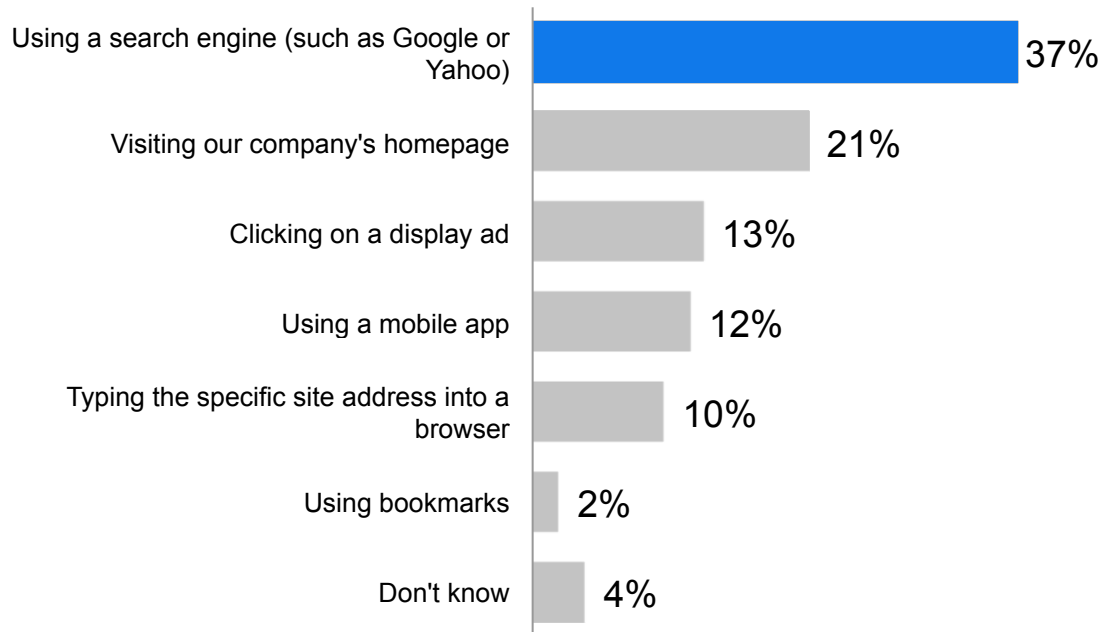
1 in 3 do not use search ads to support customer service efforts

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Online resources are expected to play a greater role
Many advertisers plan to increase funding in 2012

% of Advertisers that Plan to Increase Investment to Support Customer Service in 2012

- Social Media: 54%
- TV: 45%
- Online Video: 44%
- Online Display: 41%
- Company Website: 38%
- Mobile Advertising: 35%
- Search Advertising: 33%
- Retail Stores: 32%
- Email: 31%
- Outdoor: 29%
- Radio: 26%
- Phone Centers: 26%
- Direct Mail: 24%
- Print: 17%

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Advertisers agree that awareness is key

3 in 4 wish that their customers were more aware

76%

Of advertisers wish that
their customers were more
aware of their online
service options

Find answers to your customer service problems online!

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Recommendations

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Translating Insights into Actions

Provide customer service-specific search campaigns with relevant ad copy and landing pages
- o Telecom customer service search volume is significant and on the rise
- o Current industry search messaging is sales-focused and irrelevant to customer service
- o Customers are frustrated by the inability to find relevant content through search
- o Customer service-specific campaigns can help direct customers to the answers they seek, thereby minimizing frustration and limiting calls to the call center

Run awareness campaigns both online (search, email, display) and offline (in-store, POS) to promote online customer service resources
- o Wireless customers are relatively unaware of their provider's online customer service offerings
- o Lack-of-awareness causes customers to call the call center and creates a frustrating experience for those who look online for customer service (because they don't know where to look or what exactly to look for)
- o Improved awareness can provide customers with the knowledge required to directly access online service content

Develop engaging video content for common customer service inquiries
- o A majority of customer service inquiries can be solved online, mainly through online video
- o Most wireless service providers have a limited library of customer service video content
- o Relevant online video content (hosted on the provider site and other video hosting sites) can provide customers with engaging, easy-to-understand answers to their customer service questions

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Translating Insights into Actions (cont.)

Improve wireless provider customer service sites and overall customer experience (e.g. enhanced navigation, expanded content)
- o Wireless customers increasingly turn to provider sites for help with customer service
- o Many of these customers are unable to find what they're looking for, at the speed they are looking to find it, and are ultimately left frustrated by their online experience
- o By improving the site experience, wireless providers can improve customer satisfaction, minimize frustration, and limit calls to the call center