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Mobile Operators investing in digital are outperforming their peers in customer satisfaction and revenue growth says Capgemini Consulting report

Consumer survey by Digital Transformation Institute uncovers strong desire for better digital customer experience and services, detailing a positive correlation between use of digital channels and mobile customer happiness

Paris, 28 April 2016 – A report by the Digital Transformation Institute at Capgemini Consulting, the global strategy and transformation consulting arm of the Capgemini Group, reveals widespread consumer dissatisfaction with mobile network operators across Europe and the US, linked to a lack of investment in digital. More than half of the 48 operators surveyed registered a zero or negative Net Promoter Score (NPS®)¹, meaning consumers would not recommend their provider to friends or colleagues.

[“Unlocking Customer Satisfaction: Why Digital Holds the Key for Telcos”](#), a survey of over 5,700 customers of 48 mobile network providers across nine countries in the US and Europe, paints a picture of an industry undergoing change. The rise of Internet and mobile applications is driving a significant shift in what consumers expect from their mobile operator. Physical channels are falling out of favor, with only eight percent of consumers surveyed now considering the existence of stores as a must-have for mobile operators. Consumers want an improved digital experience and yet only a third (36 percent) report that their operator is providing it.

The focus on digital customer experience is paying off for some operators. The survey shows a positive correlation between the use of digital channels and the NPS of mobile operators. High-NPS operators also garnered an average revenue growth of 33 percent over 2012-14, whereas the low-NPS operators suffered a revenue decline of seven percent on average over the same period.

This group of high-performing digitally-focused brands, are either smaller operators that have been launched in the last decade or larger players that have managed a transition, but all have adopted either a digital-only operating model or a hybrid model with a greater focus on digital channels.

However, the majority of operators are struggling to adapt to the shifting needs of users. Only a third of consumers believe that their operator has used digital technologies – website, mobile apps and social media – to improve the customer experience.

¹ Net Promoter Score (NPS) is an industry-standard metric for measuring customer loyalty and satisfaction. It is calculated as a difference between a firm's percentage of promoters and its percentage of detractors. Promoters and detractors are ascertained based on their response to a single question: how likely is it that you would recommend [brand] to a friend or a colleague? Respondents are asked to rate the brand on a scale of 0-10, with 10 being 'extremely likely' and 0 being 'not at all likely'. Respondents rating the brand a 9 or 10 are classified as promoters, whereas those rating from 0 to 6 are termed detractors.

As a result, telcos are facing the risk of losing customers. Almost half (46 percent) of consumers who rated their mobile operator “poor” in terms of use of digital technologies plan to switch within the next year, compared with 14 percent of consumers who rated their operator “great” in the use of digital technologies. Such is the demand for a new type of customer experience that more than half of mobile network users (58 percent) said that they would switch over to a digital-only operator that exclusively uses digital channels to interact with customers.

Romain Delavenne, Vice President, Capgemini Consulting, said: *“Consumer expectations of telco providers have changed, but many operators have failed to provide what they demand, leading to low customer satisfaction. Slow roll-out of digital services lies at the heart of the issue and this is a clarion call for operators to accelerate their digital transformation efforts or risk disruption from digital-only players.”*

The study finds that the benchmark for a quality customer experience is being shaped by the digital and personalized experience users receive from ‘over-the-top’ players such as Google, Apple and Facebook. Almost half (44 percent) of mobile users would switch to one of these brands if they introduced a mobile service, with 48 percent citing ‘better service quality’ and 23 percent ‘personalized experience’ as the main reasons to switch.

Romain Delavenne concluded: *“It is clear that investment in digital is key to improving customer satisfaction, however many incumbent operators are saddled with legacy platforms and distribution channels that make true digital transformation difficult. The success of the newer breed of digital-only or hybrid operators in driving customer satisfaction and revenue growth provides a transition path for more established competitors. For many incumbents, realizing quickly the benefits of digital could be tackled by launching greenfield, digital-only operations in the short term while continuing with core digital transformation efforts in parallel.”*

[“Unlocking Customer Satisfaction: Why Digital Holds the Key for Telcos”](#) findings are drawn from a comprehensive primary survey by Capgemini Consulting’s Digital Transformation Institute. The survey covers responses from 5,776 consumers across nine countries: the US, the UK, France, Belgium, Germany, Netherlands, Norway, Spain, and Sweden. The survey was administered during January and February 2016. This research was supplemented with a web-based, secondary research analyzing nearly 60 mobile operators in the United States and in Western Europe, their digital initiatives and their customer experience propositions.

The **Digital Transformation Institute** is Capgemini Consulting’s in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in the United Kingdom and India.

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