

# Customer Lifecycle Management practices in the telecom sector in Sri Lanka and Bangladesh: Supply side perspective

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Improving service delivery for e-Inclusion

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LIRNEasia is a pro-poor, pro-market think tank whose mission is *Catalyzing policy change through research to improve people's lives in the emerging Asia Pacific by facilitating their use of hard and soft infrastructures through the use of knowledge, information and technology.*

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## List of Abbreviations

AoN	Age on Network
BoP	Bottom of the Pyramid
BRAC	Bangladesh Rural Advancement Committee
BTS	Base Transceiver Stations
BTRC	Bangladesh Telecommunication Regulatory Commission
CCRU	Consumer Complaint Redressal Unit
CDMA	Code Division Multiple Access
CRM	Consumer Relationship Management
DBBL	Dutch Bangla Bank Limited
GSM	Global System for Mobile Communications
HHI	Herfindahl-Hirschman Index
ITU	International Telecommunication Union
IVR	Integrated Voice Services
ME	Micro- entrepreneurs
MNO	Mobile Network Operators
NTCPG	National Telecommunication Consumer Protection Guideline
NGO	Non- governmental Organization
QOS	Quality of Service
SIM	Subscriber Identity Module
SMS	Short Messaging Service
TRAI	Telecommunication Authority of India
TRCSL	Telecommunication Regulatory Commission of Sri Lanka
USSD	Unstructured Supplementary Service Data
VAS	Value Added Services

# 1 Background

LIRNEasia's previous research on Teleuse at the Bottom of the Pyramid (BoP) confirms that an increasing number from the BoP are getting connected and are using their mobile phones for business purposes. The general premise is that the supply side i.e., the mobile network operators (MNOs) are successful in providing services and handling customer relationships with sophisticated systems incorporated to their contact centers. However, while the mobile phone is seen as a useful tool and at times even a necessity to run a business, the demand-side research carried out in parallel, shows that there are instances where users are hesitant to use certain services due to hidden or unknown costs, and have found interactions with service providers to be challenging due to poor service delivery.

The current research focuses on a particular segment of the BoP – urban micro entrepreneurs (MEs), defined as those employing 0-9 part-time or full-time employees. This report explains the customer relationship management (CRM) practices of mobile network operators (MNOs) at each stage of the customer lifecycle (image 3) from a supply side perspective in Bangladesh and Sri Lanka. It also highlights instances where MNOs are focused on service delivery to the ME segment, albeit rare.

This report is based on desk research and 15 interviews which were conducted with senior executives of mobile operators in Sri Lanka and Bangladesh.

The main questions to be answered through this study are:

1. Have the technology-mediated systems included new features that were unavailable in the prior face-to-face systems?
2. How effective have they been?
3. What specific changes have been made in managing customer complaints?

## 2 Customer Relationship Management in the Telecom Sector

In the past, the telecommunication sector relied heavily on technology and product innovation for competitive advantage. With global competition and relentless technological advances, companies now battle for differentiation through customer services, price and quality of service. The importance of good customer service in order to differentiate themselves from the competition was made clear by MNOs from Bangladesh and Sri Lanka.

Marketing experts maintain that satisfied customers are critical to profitability because they:

- Become loyal customers,
- Deepen their relationship with the company,
- Demonstrate less price sensitivity, and
- Recommend the company's products or services to others (Centre for the study of Social Policy, 2007).

“Customer satisfaction is essentially the culmination of a series of customer experiences or, one could say, the net result of the good ones minus the bad ones. It occurs when the gap between customers' expectations and their subsequent experiences has been closed. To understand how to achieve satisfaction, a company must deconstruct it into its component experiences” (Meyer, C., & Schwager, A., 2007).

With the need to differentiate ones' products based on customer services, quality of services, etc, many mobile companies have started to use customer relationship software. Equipping contact centres with sophisticated systems that enable agents to have a unified view of customers including but not limited to personal details, billing information and previous complaints in order to be able to make decisions based on real time customer data (Haridasan, V., & Venkatesh, S., 2011).

In some cases MNOs use such systems to create comprehensive profiles and segment the customer base into specific subsets based on criteria such as calls made overseas, the use of smart phones or data-enabled handset etc. This has a number of benefits to a carrier in terms of marketing. By pushing more appropriate services they can increase Average Revenue Per User (ARPU) and fight against churn. Subscribers also stand to benefit significantly from better targeted marketing – with particular perks and incentives tailored to their needs, they can receive more airtime or services for the same budget (Barton J, 2012).

McKinsey (Manuel, N. N., & Sjolund, M., 2008) recommends that MNOs should use their information systems to micro segment their customer base and send out different pilot offers to each segment. Then extend the offers which were the most effective during the pilot phase, to the whole segment. While this is possible with post paid customers, managing prepaid customers who buy their SIMs from third party vendors can be a challenge. The lack of data

makes customer life-cycle management particularly hard to implement in prepaid mobile services. Innovative companies have mined usage patterns to create micro-segments: homogenous groups of as few as 100,000 prepaid customers. They use this segmentation to launch customized marketing campaigns that encourage these groups to spend more (Manuel, N. N., & Sjolund, M., 2008).

Some systems also analyse where a customer is in a specific moment of his lifetime (for example – 1st week, 1st month, etc. or life changing stages such as ‘getting married’ or ‘having a baby’) is processed by the system & appropriate offers are generated (Manuel, N. N., & Sjolund, M., 2008).

The other method operators use to differentiate themselves from the competition in the absence of product differentiation is lowering of price or improving the quality of the product/service as opposed to customer relationship management and customer service. In the telecom sector generally operators cannot go beyond the regulator set floor price, but they get around this by introducing bundled packages where it is difficult to calculate the per minute charge

Other operators try to differentiate themselves by focusing on data plans as opposed to voice. For example a Sri Lankan operator focuses on building up the data network and sets priorities around use of data as opposed to voice. Focusing on rolling out a 3G network and understanding that majority of users (BOP, in rural areas etc) do not have 3G enabled phones, this operators also provided and other services that cater to the 2G handset market.

As the competitive landscape of a local market evolves, customers evaluate whether to remain loyal to their current service providers. According to a working paper from Harvard Business School, their decisions are affected in part by the quality of service they have experienced from their current service providers, as well as their expectations about the quality of service they may experience for corresponding prices elsewhere. Accordingly, in choosing which service quality/price bundle to offer, firms face a delicate trade-off. On the one hand, offering higher levels of service quality improves transaction experiences, but it also raises costs, which in turn increases prices and the probability of price-sensitive customer defection. On the other hand, reducing service quality reduces costs, and in turn prices, but it increases the likelihood of losing service-sensitive customers (Ryan W. Buell, Dennis Campbell, Frances X. Frei, 2011).

The working paper suggests that when the incumbent has sustained a high service quality position relative to its competitors in a local market, its customers are systematically more likely to move to a competitor due to superior service (quality sensitive). Conversely, when the incumbent fails to maintain a high service quality position, its customers become more price sensitive (Ryan W. Buell, Dennis Campbell, Frances X. Frei, 2011).

While technology provides a wealth of information to operators about customers and their preferences, there is also literature about the difficulties customers face due to the excess use of technology by MNOs. A study by Meyer and Schwager which appeared in the Harvard Business Review in 2007, describes the complexities customers face in today's tech savvy environment. Customers have difficulty in trying to figure out the cost of carry-forward minutes versus free calls within a network and how it compares with the cost of other services such as messaging. This same study mentions that the consumers who are tired of trying to navigate through the menus, and being kept on hold, have flooded the web site <http://gethuman.com/> which showed how to reach a live person quickly at ten major consumer sites (Meyer, C., & Schwager, A., 2007). Today instructions for more than 400 additional companies have been entered to this site.

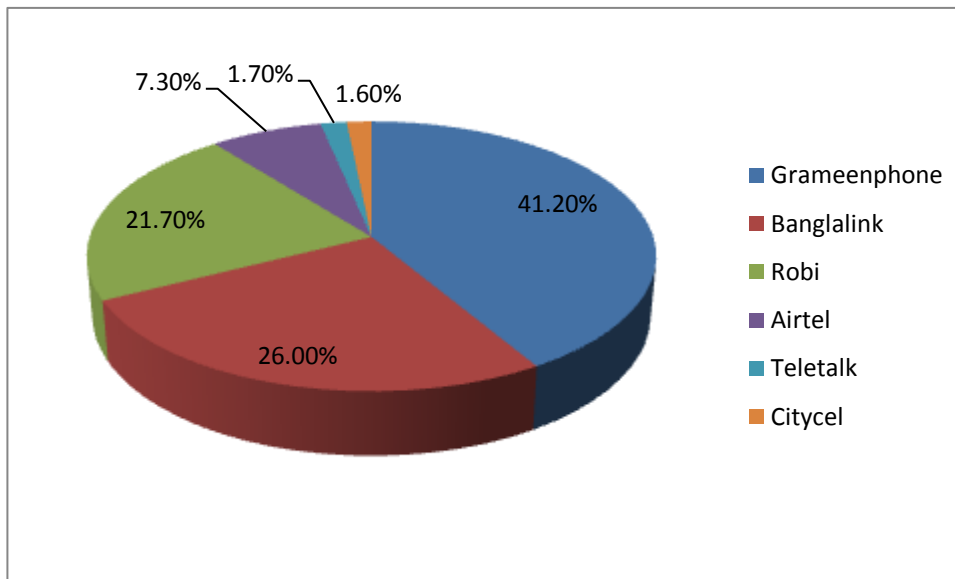
### **3 An Overview of the Mobile Telecom Sectors in Sri Lanka and Bangladesh**

The telecom industries in both countries are among the most dynamic, contributing significantly to the country's economic growth. Since the independence in 1971, Bangladesh has achieved some notable development amid major socio-economic challenges and has been a key success story. Bangladesh and Sri Lanka have some of the worlds' lowest tariffs based on ITU's price basket methodology and 56 and 87 SIMs per hundred inhabitants respectively (ITU, 2012).

Bangladesh: There are six operators in this highly concentrated market with an HHI of 2903. All the providers except one are using second generation (2G) GSM technology for voice and data communication. Grameenphone (subsidiary of Telenor, Norway) is the dominant player in the market, followed by Banglalink, Robi, Airtel, Citycell (CDMA carrier), and Teletalk (the government incumbent). Figure 1 shows the market share distribution in the mobile industry in terms of the percentage of total active SIMs as at 31<sup>st</sup> Dec 2012 (Banglalink, 2013)



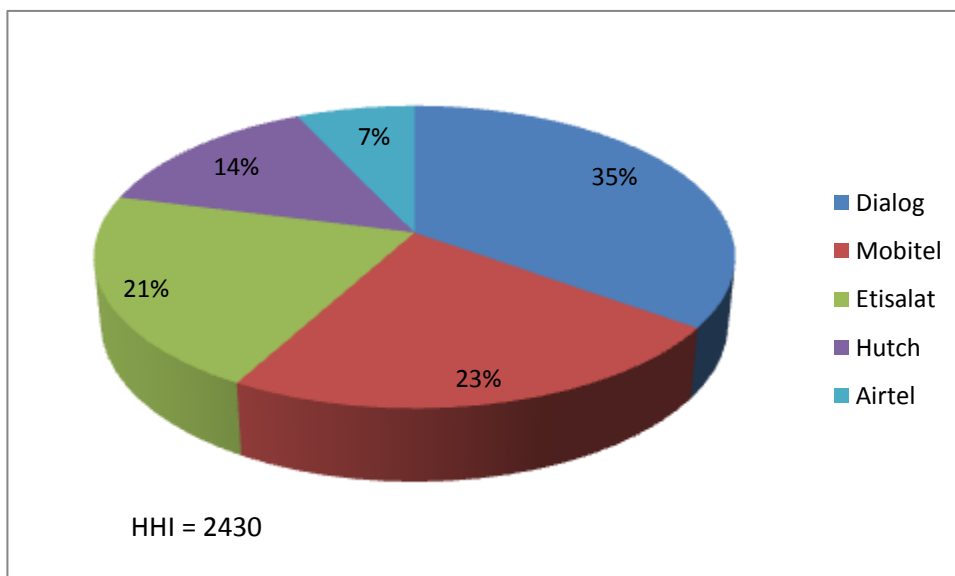
**Figure 1 - Market Shares (based on SIMs) in the Mobile Sector as at 31<sup>st</sup> Dec 2012**



**Source :** Banglalink. (2013). *Growing through wisdom of culture- Annual report 2012*. Retrieved from [http://www.banglalinkgsm.com/en/media\\_centre/annual\\_report](http://www.banglalinkgsm.com/en/media_centre/annual_report)

Sri Lanka: In contrast to the operators in Bangladesh, all Sri Lankan mobile operators offer access to 3G networks. There was a significant shift in competition when Bharti Airtel entered the market in 2010 and more recently when Etisalat started offering postpaid plans as opposed to their predecessor, Tigo whose mandate was pre-paid only.

**Figure 2 - Market Shares (based on SIMs) in the Mobile Sector 2012**



**Source :** GSMA Intelligence (2013, October) *Country Overview: Sri Lanka*. Retrieved from [https://gsmaintelligence.com/files/analysis/?file=131003-sri-lanka.pdf&utm\\_source=MDI&utm\\_campaign=11e6edcc16-report-2013-10-03&utm\\_medium=email&utm\\_term=0\\_82a920fd6a-11e6edcc16-300688617](https://gsmaintelligence.com/files/analysis/?file=131003-sri-lanka.pdf&utm_source=MDI&utm_campaign=11e6edcc16-report-2013-10-03&utm_medium=email&utm_term=0_82a920fd6a-11e6edcc16-300688617)

### 3.1 The role of the regulators

Both the Bangladesh Telecommunication Regulatory Commission (BTRC) and the Telecommunication Regulatory Commission of Sri Lanka (TRCSL) have been empowered with the task of regulating the telecommunication industry.

Even though Bangladesh Telecommunication Regulatory Commission (BTRC) is actively working on developing a Quality of Services (QoS) guideline for the telecommunication sector, it is yet to be finalized and publicly shared. Due to the delays in the finalization of the guidelines, the MNOs are proactively defining their own quality of service indicators<sup>1</sup>. In Sri Lanka, the QoS guidelines for the broadband subsector are well defined and monitored on a monthly basis; for voice however, this is not the case. Operators confirmed that apart from reporting on revenue, market shares etc., no quality indicators (e.g. network / service availability, call drop rates etc.) are reported to the regulator.

BTRC issued the “Directive on Customer Care Service, BTRC/SS/Tariff- Part (1)/2008-889 dated August 4, 2010”. The Directive on Customer Care Service consists of the Quality of Service (QoS) parameters and benchmarks, which are expected to create conditions for customer satisfaction by making known, on the one hand the quality of service to which a customer is entitled, and on the other hand what an Operator must provide in a competitive market environment. While setting QoS standards for basic, value-added and supplementary telecommunication services, main factors considered are the existing levels of QoS of respective telecommunication services in Bangladesh, practicable timeframes to match international/ regional or at the least sub-regional benchmarks for the Key Performance Indicators, customer satisfaction, and costs<sup>2</sup>.

## 4 Customer Lifecycle Management

It has been found that acquiring customers is much more expensive than keeping them (Reicheld and Teal 1996, Goodmen et al 2000). One of the ways in which operators are trying to improve customer relationship management is by focusing on the customer lifecycle.

In order to ensure that all relevant areas of CRM are covered in this study the customer lifecycle model in Figure 3 was used as a framework, during the interviews with MNOs in Sri Lanka and Bangladesh.

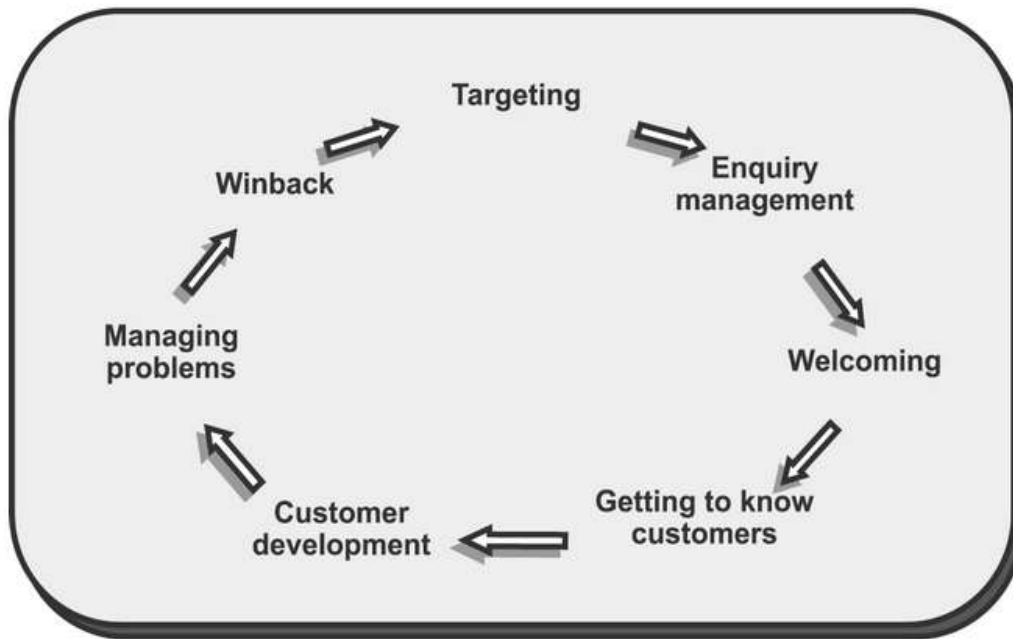
The following section gives a brief description of the practices of Sri Lankan and Bangladeshi mobile operators at each stage of the lifecycle.

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<sup>1</sup> Based on Bangladesh operator interviews in Dec 2012.

<sup>2</sup> Based on BTRC interview in Dec 2012.

Figure 3 - Customer Lifecycle



**Source :** Michael W. Starkey, David Williams, Merlin Stone, (2002) "The state of customer management performance in Malaysia", *Marketing Intelligence & Planning*, Vol. 20 Issue: 6, pp.378 – 385

## 4.1 Targeting

In both Sri Lanka and Bangladesh mobile operators targeted their potential customer base mainly through conventional advertising methods such as newspapers, radio, television, shop branding etc. They also relied on customer referrals. It is illegal to do comparative advertising against other operators in Bangladesh, but Social Network Analysis is legal, where many operators analyze their customer call patterns and identify high value customers from other networks who are then given special offers to switch. This practice is carried out routinely and is a common in Bangladesh. So much so, that in some instances even CXO level staff have been approached (unknowingly) with offers to switch to a competitor network<sup>3</sup>. In Sri Lanka analyzing customers' call patterns is illegal. However, unethical practices that entailed some form of preliminary call pattern analysis were reported.

### 4.1.1 Targeting of BOP and micro-entrepreneurs

In Bangladesh, BOP is defined as rural dwellers by most mobile operators. The primary demand of this segment is affordable connectivity, therefore the products for this segment offer good coverage in rural areas and low call rates to increase affordability. One particular operator analyses the Base Transceiver Stations (BTS) which generate the least revenue and conduct promotional campaigns near those BTS usually timed with the local village Bazaar in

<sup>3</sup> Revealed by a Chief Marketing officer of a Bangladeshi MNO who was invited to switch.

order to attract more customers from the area. Another Bangladeshi operator bundles cheap handsets with basic features such as radio, torch along with the mobile connection. Most of the operators also ensured that they had operator service centers run by individual entrepreneurs who are trained to sell the SIM and answer questions about services. While some operators franchised shops which sold their connections/ services/ recharges exclusively, others used small village shops to sell their products.

Micro entrepreneurs (ME) were defined by operators in Bangladesh as organizations with less than 12 employees and many of the operators had special packages targeting this segment. Potential MEs were targeted by the operators' ME sales team who conduct promotions in a customized manner. These packages usually include bundled SIMs at a discounted rate, free calls within the group, longer credit periods and other benefits.

In Sri Lanka most operators do not conduct any form of BOP or ME targeting as they believe all customer segments benefit from the current floor prices. Some operators identify the lowest market segments (based on the monthly bill value) as "BOP" and "ME" users. This approach is really inaccurate as low monthly use does not define in any way a BOP or ME user and it certainly does not differentiate socio-economic groups of society. Other Sri Lankan MNOs have plans targeting the MEs (defined as less than 10 connections). As in Bangladesh these plans offer incentives for use within the group and have the added advantage of having a customer service executive assigned to deal with all correspondence with the ME. So in the event of an enquiry or a complaint, the customer can directly engage with a representative from the MNO (as opposed to a regular user who will have to use the general call center services). This preferential treatment however, requires the business to be registered and formal documentation to be submitted. The availability of such documentation from the urban BOP micro entrepreneurs (the focal study group for this research), the willingness to opt for postpaid plans and go through the process of obtaining a special ME plan is questionable.

One of the Sri Lankan operators has started door-to-door campaigning. The idea behind it is to take the product to the customer and to promote new services, specifically data (a service that has not been traditionally used). The operator believes that having stalls and expecting the customer to walk-in to find out about a product or service that may be perceived to be for the "rich" is a critical factor they overcome by choosing to take the product to the customer. Pricing for broadband and data plans in general is a concept that is difficult to grasp. It is very unlike the per minute, per SMS style pricing that customers are used to. "What does per GB mean?", "How much can I do for x amount?" are some questions that perplex the customer. The fact that all benefits and actual pricing plans can be explained simply and in the local language to the customer, the operator says, out-weighs the cost of this resource intensive exercise.

Enquiry Management In both countries the main contact points between the operator and the customer were via contact centres (speaking with an agent or Integrated Voice Recognition

(IVR) services), flagship stores, franchised stores, and retailers (who may or may not sell MNO products exclusively). It is also possible to contact operators through email, Facebook, SMS, USSD and live chat (via the operator website) to which responses are almost instant.

Generally customers are segmented according to their usage and age on network (AoN). Highest value customers are served sooner while other customers are served on a first-come-first-served basis.

#### **4.1.2 Retailers**

One of the issues faced by operators when they decentralize customer services is that small retailers may not always have accurate information, and may have perverse incentives when making sales. For example an operator found that there was a lot of churn within the network. When they investigated the cause, they found that some customers who had lost the original SIMs were sold a new SIMs instead of being informed of the SIM replacement procedure, as the retailer only gets a commission for selling new SIMs. The reality is that it is only money, in form of commissions, additional payments, gifts, retreat and so on that matter to retailers. As a result it is near impossible for operators who do not offer such “extras” to expect their brand be given equal prominence.

In Bangladesh one operator uses an in house developed application ‘Patshala’ to make sure that all contact points including small franchises, have the identical information. As soon as new products or campaigns are released all contact points are immediately informed through USSD, so that they all have the relevant information. Some operators also conduct quizzes to check the knowledge of their retailers, and employ ‘mystery shoppers’ (ie officers from the MNO marketing department who pretend to be customers) to see how customers are served.

#### **4.1.3 Contact Centre**

Most customers contact the operator through contact centres. In both Bangladesh and Sri Lanka almost all operators have a unified view of the customer (i.e. when a customer calls, the call centre agent is able to see basic information about the customer as well as details on billing, packages, subscribed services, previous faults reported and customer ratings / segmentation etc). The sophistication of the CRM system that is being used is often correlated to the operator’s market position and financial backing (global companies with local franchises vs. locally owned companies). In most cases there is an active effort in promoting the IVR and USSD methods instead of talking to an agent in the case of enquiries which could be serviced by self. One Bangladeshi operator actually redirected any calls which could be answered by the IVR such as queries on phone balances, ring tones etc. In Sri Lanka however, the general consensus is that all calls will be answered and queries dealt with, however IVR will be promoted for future use. On the contrary, a Sri Lankan operator does not actively promote IVR as they are happy to serve the customer whichever way he pleases.

They also confirm that 80 percent of the calls are answered via IVR (i.e. the customer self-selects this option).

**Table 1: Selected Contact Center Data**

Call centre data	Sri Lanka	Bangladesh
Number of calls per day per employee	75	100-150
Percentage of repeat calls	15%	3-5%
First call resolution	40% - 75%	95%
Average time to resolve	15 mins	Greatly varies depending on the issue/ query
Average waiting time	18 seconds to 1:24 mins (the range provided by different MNOs)	10s to 3 mins; depends on segmentation, post paid high value customers wait much less than normal customers
Average call duration	2:40 mins	2:33 mins
Percentage of abandoned calls		<0.5%

In Bangladesh all prepaid customers are charged for a call made to the call centre, and in some instances for postpaid customers too, albeit at a much lower rate. The reason being the rapid increase in calls (from 2,000 to 26,000 a day) when free calls were offered. There are also many calls which are unrelated to customer services. For example when analyzing nuisance calls to the call centre, an operator in Bangladesh found out that many mothers call the call centre and put on hold music on speaker to put their babies to sleep. For the same reason, Sri Lankan operators too charge for calls to the contact centre from prepaid connections, usually from the third call onwards.

## 4.2 Welcoming

Operators in both Sri Lanka and Bangladesh generally follow similar procedures to register new customers on their networks. When purchasing a prepaid connection an identification document (e.g. passport, national identity card) and duly filled registration form are needed. For postpaid connections proof of address is required in addition. In Sri Lanka utility bills (e.g. electricity or water bills, bank statements) can be used for this purpose. However, due to issues concerning forged documentation, in Bangladesh an outsourced party sends 'runners' to physically visit the address and confirm legitimacy. This issue is also the reason as to why pre activated SIM cards are not sold. The SIM is only activated after confirming validity of

documentation and can take up to three days. For corporate/ SME/ ME connections Registration and Trade licenses are also needed in addition to the above.

### **4.3 Getting to Know Customers**

With the increase of competition in the mobile telecom sector, it is necessary to understand customer behavior and respond accordingly. Most operators in both countries segment their customer base according to the average monthly bill and age on network (AoN). Other operators also segment the customer base according to prepaid and postpaid and treat them differently.

Almost all operators conduct customer surveys (often outsourced to independent parties to minimize biases) to find out their customers' perceptions on network coverage, payment methods, VAS, contact centre, show room experience etc. Sometimes they commission all operator surveys so as to understand where they stand compared to other operators. Some operators also conduct selective customer surveys about a specific product or service soon after it has been launched. Unlike in other sectors such as electricity where there is almost always a geographical monopoly, the regulatory bodies in the telecom sector do not conduct customer surveys. The authors' view is that there is no need for regulatory interference when the market is taking care of itself.

The operators in both countries also conduct analyses on customer behavior. In Bangladesh, the operators estimate the age of customers, through their behavior rather than through documentation due to high level of counterfeit documentation.

### **4.4 Customer Development**

The next logical step in the lifecycle is developing one's customer after having analyzing the customer base to identify cross selling and up-selling opportunities.

Most MNOs in Bangladesh carry out detailed customer call analysis and micro segmentation to run targeted pilot campaigns that are later extended to the whole segment based on its success. For example, relevant promotions are sent to customers who accessed the Internet via their mobile phones but who did not continue to use it. The use of smart phones (identified by the IMEI) and the lack of data use is another example of customer behavior that triggers a data-centric promotional campaign.

Most Sri Lankan operators periodically conduct pattern analysis to understand customer behavior. Campaigns are designed around the findings of this analysis and promotions are sent out daily, weekly or monthly. For example, dormant prepaid users are offered free talk time or longer credit periods if they start reusing the service.

There are different policies on the number of campaigns per customer per month as constant SMSes from the operator is often thought of as a menace. The number of campaign SMSes



sent to customers differ from operator to operator, the range in Sri Lanka is 3 messages a month to 15 messages a day.

Value Added Service (VAS) market is another emerging market for the mobile phone users. M-wallet and easyPay used as “mobile money” alternatives are popular services in Bangladesh and Sri Lanka respectively, due to many unbanked citizens. In Bangladesh it is also used for payment of essential utilities such as gas, electricity and water, among others. Some operators are also partnering with NGOs and DBBL (Dutch Bangla Bank Limited) and Bcash (subsidiary of BRAC (Bangladesh Rural Advancement Committee), who have a valid license) to offer micro credit through M-wallet, that follows a bank-led model. Railway ticket sale through mobile phone are also being widely used by all. The mobile based health and educational helpline services are fast becoming popular. “BBC Janala” <http://www.bbcjanala.com/> a BBC initiative for learning English via mobile phone/Internet is increasingly used by relatively young segments of both urban and rural population. In addition, ring tones, songs, and video clip downloading via mobile phones are also on the rise in Bangladesh.

#### **4.5 Managing Problems**

Responding to customer complaints is a crucial aspect of customer care. Most MNOs have an integrated system that automatically sends complaints entered in to the system to alert technical staff. Even with less sophisticated systems, the information and process flow follows a similar route. At all times the first point of contact (the customer contact center executive) tries their best to resolve any issue, failing which it is escalated to a senior and thereafter to technical staff after an assessment of the nature of the issue. While some MNOs have a dedicated team of technical staff who calls may be escalated to, other MNOs train the contact center service representatives on possible technical queries. All Sri Lankan MNOs agreed that a fault repair requiring an engineer’s visit to the customer premise is very rare as most issues can be resolved remotely. An evaluation on the interaction with the contact center is requested from the customer via SMS. While practices and internal processes differ by MNO, it was interesting to note that a Bangladeshi MNO propagates the message of ‘customer is king’ by having the CXO level staff make personal calls to randomly selected customers who have lodged complaints and take personal responsibility to ensure the problem is resolved.

Also in Bangladesh some MNOs have empowered all agents to give bill waivers up to a certain limit (depending on their level) instantly when they feel a customer has been wrongly charged, while other MNOs takes up to a month to resolve billing disputes due to the many levels of approval.



**Table 2: Top 5 complaints to contact centers**

	<b>Sri Lanka</b>	<b>Bangladesh</b>
1	Network coverage issues	Indoor coverage issues
2	VAS activation / deactivation	VAS vendors giving wrong information (there are around 50-60 VAS vendors who provide cricket scores etc.)
3	Numbers being blocked*	VAS activation issues often arising due to a service being activated when a customer opens an SMS about it, without the customer realizing what happened. In order to solve this issue one operator in Bangladesh has started to practice KCI – keep customer informed. They ensure that all messages sent include price, renewal information, and when a customer activates a VAS service, how it can be deactivated and whether they need to opt out of a service which was given free on a promotional offer, but will be charged from next month. This operator mentioned that after this practice, the number of VAS related complaints drastically reduced.
4	Billing issues	Billing disputes (95% invalid) due to confusion with billing method and dynamic pricing which people have to opt into. Dynamic pricing is based on time of day, base station load etc.
5	GPRS settings and activation	EDGE/ GPRS speed being too low

\* This was the top complaint from some MNOs. A few operators had not blocked the ability to re-sell international calls as local calls due to the high investment of software required to do so. As a result illegal re-routing of international traffic was taking place using certain numbers and other operators used this opportunity to block a large range of numbers from the competing network that would terminate on their networks. This issue although resolved, still persists and complaints are lodged about not being able to get through to users of other networks.

#### **4.5.1 Escalating Unresolved Complaints**

In Bangladesh if the result of a customer complaint is unsatisfactory a further complaint can be lodged with BTRC through a letter or via email. Although BTRC's customer complaint process is not formalized, issues are usually forwarded to the relevant MNO with or without BTRC following up due to scarcity of resources. BTRC is in the process of formulating the National Telecommunication Consumer Protection Guideline (NTCPG) to protect telecom

consumers from unfair practices by operators. Draft Guideline was open to for public comments in February 2013. BTRC planned to establish a Consumer Complaint Redressal Unit (CCRU) within 90 days of the issuance of this guideline to resolve the consumers' complaints if the operator has not responded (which at the time of writing this report had not been completed).<sup>4</sup> If the customer is not satisfied after BTRC intervention, they can go to courts (E.g. a customer who was a lawyer sued a Bangladeshi MNO, over a 40 Taka dispute).

In Sri Lanka all complaints that go to the TRC are forwarded to the operators who have to report back to the TRC and to the customer within 14 days. If the resolution is still deemed unsatisfactory by the customer the TRC may call both parties for a hearing. However, this is very rare.

#### **4.5.2 Planned Maintenance**

In Bangladesh if there is a planned maintenance, they inform all customers who may be affected at least 24 hrs prior. However, in Sri Lanka all planned maintenance is performed late at night where there is likely to be near zero impact, and if required the network is reconfigured so that customers are still connected through neighboring BTSs. Customers are purposely not informed of such maintenance operations as it is likely to raise unwarranted attention to issues that are unlikely to have any major impact on connectivity but is likely to raise the number of interactions with the contact center.

#### **4.6 Win-back**

Most operators in Bangladesh do not have proactive win back strategies. They will try to retain post-paid customers who have requested disconnection by offering fee waivers or additional services. In the case of prepaid, a service notification such as '5 days to expiry' is automatically sent to customers through a system before their prepaid card expire and special offers are made if they top up before expiry.

Sri Lankan operators take 'win-back' to another level, in the sense that most MNOs have dedicated teams whose main goal is to reduce the churn rates. Table 3 indicates the relatively high costs associated with disconnection and reconnections instigated by the customer (i.e. voluntary). In the event of voluntary disconnections of post-paid plans, the customers are contacted and all attempts are made to retain the customer on the network. With an impressive 'win-back' rate of approximately 40%, it appears that having a dedicated team for this purpose does pay off.

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<sup>4</sup> This was not completed at the time of writing the report.

**Table 3: Disconnection and Reconnection charges**

	<b>Total cost per action</b>
<b>Voluntary disconnection</b>	15.88
<b>Voluntary reconnection</b>	16.67
<b>Non voluntary disconnection</b>	1.98
<b>Non voluntary reconnection</b>	7.94

## **5 Conclusions**

The saturation of mobile services industry has led to intense competition where the operators have to focus on differentiating themselves from the rest of the market players. “Big business attitude must give way to a small business mentality where front-line associates treat customers with dignity” (Centre for the study of Social Policy, 2007). In the past, the telecommunication sector relied heavily on technology and product innovation for competitive advantage. With global competition and relentless technological advances companies now battle for differentiation through customer services, price and quality of service.

Due to the saturation of the telecom market in the urban areas in Sri Lanka and Bangladesh, operators are now targeting rural / poor population with the Budget telecom network model, packages bundled with low cost handsets etc. They are not only serving high value corporate clients, but they also have separate packages for small and micro entrepreneurs. The downside of the Budget telecom network model is that due to the low charges, the quality of service may also suffer, and the sector may fall into a low quality, low price trap (Samarajiva, 2010). One possible method to overcome this low price, low quality trap, is for regulators to set quality of service benchmarks, measure and regularly report to the public. Currently this is not being systematically done in Bangladesh or Sri Lanka (except in the case of broadband where the TRCSL conducts monthly tests and publishes the results), but Telecommunication Regulatory Authority of India (TRAI) measures and reports on a set of QOS indicators quarterly. By making these indicators public, it is expected that the consumers will compare and exit low quality operators in search of better quality and all operators may be forced to meet a minimum quality level.

Market saturation and the stagnation or decline of revenues from voice also means that operators are constantly looking for alternative revenue streams. The focus on data and promoting mobile broadband is evident. However, it is generally perceived as a service for the more affluent. The pricing is also not easy to comprehend. Unlike in voice where there is per minute charges, per GB type of pricing can be confusing across all customer segments. The authors have not noticed any attempts of simplifying the pricing of broadband services and

therefore it is recommended that operators take active efforts to provide information that will help the BOP (and non-BOP) understand the costs and benefits of access to broadband.

In order to capture market, and manage customer relationships, operators in both countries are utilizing Customer Relationship Management (CRM) software, with many capabilities including unified view of the customer, analysis of usage patterns, sending targeted campaigns to specific groups, etc. It seems that with majority of the telecom companies in both countries being multinational subsidiaries, who have financial backing and KPIs from the parent company, they all utilize sophisticated CRM systems. As a result most of their practices are on par with the global giants. But it is also known that from a consumer point of view, they prefer to speak to an agent than go through IVR systems and be left on hold for a long time. Therefore, it seems that a balance is necessary between efficiency, cost reduction, and consumer experience. Here regulators can get involved by collecting and reporting customer services data on areas such as call waiting time, first call resolutions, response time etc. Currently Bangladesh is in the process of finalizing a consumer directive, but it needs to be implemented systematically for it to have an effect on the sector. Having a dedicated team aimed at winning back customers and reducing the churn rate also seems successful in the companies that have invested in such resources and therefore it is recommended that other operators also learn from these successes.

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