



## Press Release

### **POINT OF SALE DIGITALISATION AND MULTICHANNEL FOCUS, KEYS FOR TELCOs TO COMPETE**

- **According to a study prepared by Indra's consultancy division, operators must implement selective and digital multichannel mechanisms that are capable of increasing customer satisfaction and minimising total customer attraction costs**
- **It is estimated that between 2008 and 2012, European operators lost up to €12,000 million in profitability, while new agents such as Google and Microsoft have been capturing 35% of Telco business**
- **"Full access" at the point of sale, ubiquitous and individualised service, and greater multichannel synergies are some of the key points for addressing this evolution**

The evolution of sales and service channels towards a digitalised and multichannel model comprise the base of the retail focus for European Telcos to be capable of boosting their profitability and ensuring their survival. This is documented in the study prepared by Business Consulting, Indra's consultancy division, titled "Quantum Retail: Digitalisation and Multichannel Aspects for the Sales and Customer Service Channel Strategies of Telcos". This document analyses the strategies that Telcos must follow to face the digital changes in the market and the new purchasing dynamics of existing customers with the aim of balancing the drop in revenue generated by traditional mass consumption products.

As the report states, saturated Telco markets --such as Europe-- currently face truly complicated challenges in order to guarantee their survival. The lower market potential due to high penetration rates, customer turnover towards new low-cost operators, reduced voice traffic demand or the unfavourable regulatory framework are some of the factors that are leaving their mark on operator income statements through significant drops in EBITDA margins.

In this regard, the report makes note of the data collected by various studies that are alerting the EBITDA challenges being faced by European operators. It is estimated that between 2008 and 2012, European operators lost up to €12,000 million in profitability, and EBITDA margins have dropped approximately three percentage points each year. In addition, new agents such as Google and Microsoft are capturing 35% of the Telco business.



To face these challenges and new market demands, Indra experts have established a new Telco retail focus in parallel with quantum theory. In other words, it is essential to evolve and exist in a variety of forms concurrently so the limits between channels are reduced to a minimum in order to attract, captivate, and ultimately transform visits into sales. In this regard, Indra's study supports the idea of including selective multichannel mechanisms (online channel, call centres and single brand stores) as well as digitalising stores capable of increasing customer satisfaction and sales, while minimising the total customer attraction costs throughout the entire channel ecosystem. In addition, the single brand store concept is considered to be the spearhead of these channels since it represents the most tangible point for customer experiences.

### **Customised service and joint channel incentives**


Some of the items recommended by the report to attract customers include "full" access within the point of sale (PoS) and the possibility of serving customers in a ubiquitous or individualised manner. This includes actions such as developing new channel formats: social networks, online chats or mobile applications that reward visits to the PoS, stores enabled for purchases 24 hours a day, or virtual stores in the subway. It also includes introductory courses in the stores for beginner users of new generation mobile phones, ad hoc promotions in channels based on the knowledge of customer data, or digital discounts for visiting stores.

The digital focus should also be extended to sales as well as customer service. Operators must work on eliminating barriers between channels so customers can make queries or transactions in various channels without having to start from zero in each one, which according to the study, is still far from being a reality. It is also necessary to have an appropriate system and organisation structure that thoroughly defines the positions, responsibilities, incentives and information flows between the channels (when customers are informed of an offer over the phone, they research the benefits on the Internet and make their purchase in a physical store). Reviewing the operating processes and support tools is key for this new vision.

Lastly, experts have established a series of indications for eliminating conflicts between channels and transforming customer interactions into sales. As a result, incentives should be provided for channels as a whole so that regional sales and customer service objectives reflect the transfer of customers between channels and their conversion. Defining clear business rules between channels for sales and customer service, and hiring salespeople in accordance with their skills/experience, including empathy and being able to connect with customers, are other capacities required by the new retail focus of Telcos.

### **Building on a solid base**

Indra's study also warns that before evolving the sales and service channels towards a digitalised and multichannel focus (the quantum challenge), it is essential to make sure that there is a solid base on which to build. In other words, it is necessary to review channel

An abstract graphic consisting of several overlapping, semi-transparent blue shapes that resemble liquid or smoke, flowing from the top left towards the bottom right.

capacities so they may be reinforced in order to support the evolution towards the new digital format and to generate programmes for improving sales and service. It is also fundamental to develop a digital strategy, making the most of examples of good international practices adapted to the local reality of operators in order to implement the project plan that will lead the transformation, with tasks, executants, work teams and well-defined milestones.

### **Indra**

Indra is one of the world's largest consultancy and technology multinationals, a leader in Europe and Latin America and is expanding in other emerging economies. Innovation is the basis of its business, which is highly focused on customers, as well as of sustainability. The multinational is one of the top European companies in its sector in terms of R&D&i, with more than €500 million invested in the last three years. With sales approaching €3,000M, it employs 42,000 professionals and has customers in 128 countries.