

Meeting customer expectations: The urgent need for transformation in SA's telecoms sector

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South Africans are currently facing significant hardships, particularly with regard to financial struggles and limited employment and entrepreneurial opportunities. Moreover, a lack of access to employment or entrepreneurial opportunities exacerbates the difficulties faced by most South Africans.



Source: [Unsplash](#)

Considering these challenges, a recently released report by PricewaterhouseCoopers (PwC) emphasises the urgent need for the telecommunications industry in South Africa to undergo a comprehensive transformation to enhance customer experience, loyalty, and retention.

Customer sentiments and the need for service improvement

The PwC report reveals alarming statistics, indicating that a staggering 90% of telecom consumers in South Africa were dissatisfied with the service they received in 2022.

Such dissatisfaction highlights the pressing need for telecommunication companies (telcos) in South Africa to improve their service offerings and ensure a positive customer experience.

Business transformation within the telco sector is therefore imperative to meet the expectations and requirements of customers effectively.

Of course, the sector is confronted by subjective and objective challenges such as load shedding.

One of the major challenges faced by communities across South Africa is load shedding, a scheduled power outage implemented by Eskom to manage the electricity supply.

Loadshedding severely impacts network connectivity, resulting in poor connection quality and subsequent customer complaints.

However, telcos that have made substantial investments in network quality and resilience during load shedding have garnered positive sentiments from customers.



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Conversely, telcos without such measures have witnessed customers shifting their intent to purchase to network providers with more reliable networks.

Therefore, addressing load shedding-related challenges and improving network resilience is crucial for telcos to meet customer expectations and enhance their overall experience.

Collaboration with the government

While load shedding is primarily a consequence of broader performance issues within the country, rather than shortcomings specific to the telco industry, it is vital for telcos to work in collaboration with the government to address these challenges.

Telcos should actively engage with the government to help overcome obstacles related to community safety and energy crises, as these factors significantly impact network provision.

For instance, the theft of tower battery systems and the prevalence of load shedding both contribute to interruptions in network quality. I was impressed by the past recent engagement between the Minister of Electricity Kgosietso Ramokgopa and telco industry leaders.

By fostering strong partnerships with stakeholders, particularly the government, telcos can improve their service offerings and better serve their customers.

The imperative of business transformation

Despite apparent financial success, as evidenced by dividends paid to shareholders and healthy profit margins, the telco industry must prioritise comprehensive transformation to avoid potential consequences of dissatisfied customers switching to its competitors.

The PwC report indicates that South African telcos deliver lower average operational Net Sentiment scores compared to banking and insurance operators within the same customer base.

See the table below:

Cross-industry view: Public Net Sentiment on their service offerings

Source: PwC South African Telecommunications Index 2022

To address this disparity and become more customer-centric, telcos must prioritise innovation, digital transformation, and the development of accessible services that meet customer expectations. By aligning their strategies with customer needs, telcos can ensure a sustainable and thriving business model.

However, in a bid to find their competitive edge and differentiate themselves in a saturated market, leading telcos such as Vodacom and MTN have begun venturing into the fintech sector. By leveraging digital technology, these telcos aim to enter the financial services space.

Notably, financial services have been identified as the most crucial category of digital services for most African telcos by Omdia, a leading technology research firm. Currently, companies such as Safaricom, MTN, and Airtel dominate mobile money services across various parts of Africa.

However, a negative customer experience poses a significant threat to telcos' expansion into new products like fintech. Customers tend to express more negative sentiments towards network providers than towards banks and insurers, with the latter making more substantial strides in addressing operational deficiencies and enhancing customer satisfaction.

Regulatory challenges and customer protection

Entering the financial services sector presents telcos with a highly regulated environment that demands stringent adherence to customer protection measures. Compliance with regulations enforced by the Financial Sector Conduct Authority (FSCA) and adherence to the "Treating Customers Fairly" (TCF) principle is essential.

If telcos are already struggling with customer satisfaction, it raises concerns about their ability to effectively manage compliance in the financial sector. Overcoming these challenges will require robust internal processes, including efficient compliant management and a strong commitment to customer protection.

Becoming customer-centric

To thrive in the current business landscape, the telco sector must undergo a transformative shift that places the customer at the centre of its approach. Telcos should prioritise improving product performance, enhancing network quality, and providing reliable services. By focusing on meeting customer needs and expectations, telcos can foster stronger customer loyalty and retention.

Additionally, collaborative efforts with stakeholders, particularly the government, are vital in addressing challenges related to community safety, energy crises, and network disruptions caused by theft and load shedding. By working together, telcos and the government can improve service offerings and ensure a more seamless and satisfying customer experience.

The telecommunications industry in South Africa is at a critical juncture where the challenges of customer dissatisfaction and evolving customer expectations necessitate comprehensive transformation.

Telcos must prioritise enhancing the customer experience through improved network quality, reliable services, and innovative offerings.

Moreover, collaboration with stakeholders, including the government, is crucial in addressing challenges related to load shedding and community safety. By aligning their strategies with customer needs, telcos can successfully navigate the path to sustainable growth and remain competitive in the dynamic South African market.

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