Teleconomy Newsletter

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The party that never stops…

By Michael Hulme

Well most of us have done it, woken up with a dry mouth, rising temperature and thick head. Even worse is trying to remember, or wishing you couldn't remember, what you did and why. Some of us take our remedies and move on. Occasionally we may say never again, although for most this is just empty rhetoric: very rarely do we mean it and even more rarely does it mark some life changing moment. Such is the manner in which many commentators have chosen to mark the passing of the dotcom boom and bust - as some form of strange Bacchic party from which, with thick heads, we emerged as 'older and wiser' and of course far more responsible.

But just suppose for one minute that the party wasn't the dotcom ball, and rather just one of a number of cocktails, albeit a particularly potent example. The party turns out to be larger and even more intoxicating than we thought. So whose party have we been too and just what else have we been drinking to get such an almighty headache?

I'm not sure what to call this party, perhaps the 'Get Rich Easy and Quick Party' or 'The Never Ending Boom Story' or even perhaps 'The Alchemists Image Ball'. The guest list would be extensive including amongst its number Miss Paper Millionaire, Mr Image Savvy, Mr Corporate Goliath and his assistants Mr A. Number-Bender and Mrs P.R. Anything. We might imagine in a corner sitting at the feet of Mr Celebrity Entrepreneur were Miss Fortune Dreaming, her partner Mr I.D. Dressdown and their friend Mr Golden Options. Picking expensively at any tasty morsels were the twins Mr Ready Capital and Mr Analyst Smug, joined, seemingly inseparably with Mrs I.P.O Floating and Mr Sharp Contract. A sorry and bloated sight was Mr A. Consultant who spent much of the evening talking with Mr Merry G.O. Round-Payoff. I am not at all sure that all these people were allowed in but the guys on the door, Gov. Reg Ulator and T. Blindeye were so busy dancing themselves they hardly seemed to notice. Anyway a mighty fine time was had by all. The conversation was electric Miss Fortune Dreaming was telling us about something that went from zero to sixty million in six seconds, or was that six months, come to think about it I'm not sure now whether she meant her company expensed Porsche or the company she thought she might think about setting up tomorrow. Whatever, Mr Corporate Goliath was pretty confident his assistant Mr Number-Bender could come up with a really super balance sheet and plenty of profit and she didn't even need to bother about trading, after all he'd never let a little thing like trading stand between himself and a hefty profit, not to mention a bonus.

It was all so exciting: so much money, so little effort, so much advice. A new world order was being created before my very eyes, companies to buy, options to trade, and you could even buy licenses worth billions for things that no one ever said they wanted or even showed the slightest inclination to use. This was grand strategy where winner pays for and takes all. It was all just so intoxicating.

But then, well, it all got a little heady, a little blurry, things got confusing, and what seemed so certain became like riddles and code. In the morning things didn't look so good. Yes, it was a great party. But do we want this hangover again?

First impressions: How to increase the effectiveness of a web site

By Paul Hudson and Fiona Mathieson

First impressions count. First impressions give consumers their first clear idea about what a company is like: are they professional? amateurs? modern? traditional? trustworthy? And so on. And the company Web site must reflect this 24 hours a day.

So not surprisingly, the subject of Web design – both its expectation and the actual perception – has been a very serious issue for companies seeking a presence online. But despite the wealth of design opportunities available, for nearly all the websites Teleconomy has researched, customer's expectations of the visual attractiveness prove quite low. On a ratings scale of 1 to 9, customer expectations of visual attractiveness have an average rating of 5.73, the least important attribute measured.

Research has aided us in identifying several factors that contribute to the site appearing 'visually attractive' to the user. The screen must appear to be 'uncluttered', with the information presented in an ordered format, perhaps separated by lines or boxes, and the appearance should remain constant throughout.The first impression is also improved if the design (colour etc.) supports any pre-existing brand image. This also provides first time visitors with a sense of familiarity.

The overall visual style acts as an indicator and creates the perception of how quick and easy the site would be to navigate to complete their intended purpose, and its importance decreases with the number of return visits. And once an individual begins to carry out their task within a site they are then concerned less with the perception of easy navigation, and more with the actual ease of navigation.

Teleconomy research shows that the ease of navigation is at least 40% more important to users than the site's visual attractiveness. Unfortunately, however, all sites we have measured fall short of expectations for speed and ease, with scores falling by 18% once people browse the site. And the websites traditionally regarded as defining best practice are not necessarily the most appealing to look at.

In order to improve the user experience, it is essential to understand user behaviours more fundamentally. This can be done by understanding the different needs and purposes for visiting a website – and these are more varied than the reasons for walking into a physical shop. People could be doing background research on prices, looking for a speedy shopping solution for an item they know about, seeking more information about the company, logging into a private zone of the site, and so on. For example, our survey of financial websites found that existing customers were keen to service their account and viewed advertising for unrelated products and services as an irritating distraction. First-time users, on the other hand were more interested in the advertising for general information gathering.

The key to improving the experience and satisfaction with a web site is less about it being visually attractive, and more about conceptually understanding the different needs and purposes of the user groups, responding to this by adjusting the layout and design of the site accordingly.

Teleconomy have developed a very sophisticated and entirely customer focused web measurement and performance benchmarking methodology for a number of sectors. For more information contact paul.Hudson@teleconomy.com.

CRM, CIM, CTI, CLI, IVR, AVR Part 2: What to do with CRM

By Martin Ashfield

So you've spent a small fortune investing in the latest Call Centre technology. This suits your business enormously but, unfortunately, has the opposite effect on customers who are now forced to work through innumerable options before they can speak to a real person. Teleconomy has had plentiful experience developing effective Call Centre Initiatives with large corporate clients, so here are some immediate solutions that spring to mind:

Firstly, why did you give control of your CRM or CIM or even your Customer Service Initiative (CSI – the new acronym) to your IT Director? Move on! Give it to your front line staff that deal with the customer on a daily basis. All too often I find myself listening to Directors tell me how the Senior Management Team have defined and introduced a Customer Service Initative based upon their own experiences and beliefs, and not once discussing it with the people who deliver it.

Secondly, stop spending money on technology and start spending it on understanding your customer. Have you ever considered trying to find out what your customer really expects in terms of customer service? The successful companies are the ones doing customer satisfaction surveys and conduct mystery shopping calls to measure service, and then they use that information to drive a Customer Service Initiative.

You may argue at this point that you already know what the customer is after, and you are probably saying that all they want is for their query to be resolved as fast and effectively as possible. And you would be entirely correct. But the problem is you are lookinng at the wrong part of the problem, as all the technology focuses on is how many calls you can process in the shortest period of time, not the quality of the service provided.

At this point I must mention and commend NTL who are now realising the error of their ways and putting the customer first by investing in people with a target of achieving 'One Call Resolution'. In other words the customer is dealt with straight away instead of having to make repeated calls. However, the mere fact that organisations are realigning themselves to meet with customer needs by dealing with the customers issue first time, does make me wonder what their initial strategy was.

I suspect that your initial reaction though is 'great idea but what about the cost to deliver'. Well, before you go into a state of shock at how much it would cost to increase your staffing levels to achieve this, try asking your customer how many times they have had to contact you before they actually spoke to someone and had their query resolved, how many time have they called about the same complaint? Although the concept maybe idealistic, the reality is that if you can achieve true quality of service your call volumes will come down, and therefore staffing levels may not be as big an issue as first thought.

On a final note then I can assure you that if you spend more time, energy and resource on understanding who your customer is and what their expectations are, and in turn changing your behaviours, you will see a return on investment. Ultimately that is what we are all trying to achieve… but perhaps some of us are going about it the wrong way.

The "Winner's Curse": lessons from game theory applied to 3G European auctions

By Trisha J. Mitra

Game theory over the past two decades has swept the field of economics, revolutionizing the methodologies used to make sense of strategic interaction among diverse economic agents. It can be applied to an array of strategic encounters such as describing voting behaviour, policy making, playing poker, how people contribute voluntarily to a public good, and can even be utilized in extreme situations such as the interaction between terrorists and a government. And the use of game theory in the construction of 3G auctions plays a crucial role in understanding the disparity in outcomes among the European countries.

The key element of game theory is the strategic behaviour that influences how one agent (whether it is a person, firm, nation, or institution) behaves and reacts when its choices are dependent on those of others. But in Europe, the results of the auctions for 3G licences have differed significantly from one country to another, and these cannot be taken into account merely by examining asymmetric infrastructure costs or differences in expected demand. Rather, the auctioning for 3G licences can be explained by the use of strategic games between the regulators and the telecom operators bidding for a licence.

In Britain, for example, the London Business School drew on advanced game theory to maximize the sale of licence proceeds, and designed the complex multiple auction system for the 3G licences. Meanwhile, 3G bidders prepared their bids using game theory techniques to adjust their business plans accordingly to the rise in costs. But the 3G operators that were awarded licences in the UK and Germany may plausibly be perceived to have fallen into the "winner's curse", where the winning bidder pays too much. The billions from the 3G licences that will be raised for the British treasury is said to have been as much as eight times the government's initial estimates. A similar type of curse can also be seen amongst oil companies bidding for drilling rights.

However, studies have shown that experiments conducted on multiple auctions, rather than single auctions, reveal that the winner's curse should diminish after each consecutive auction, since bidders gained more experience and knowledge about the procedure. So why did the bidders still fall into the trap?

To take the UK as an example, a number of unique factors came into play. These included:

- Being the first 3G auction in Europe – gaining competitive advantage
- Investors' expectation that licenses would be awarded to their companies
- Little information to gauge accurate pricing

So why did game theory not predict this? Well, the 3G license is another sign that game theory requires a further evolution. At the 13th International Conference on Game Theory back in July, Martin Shubik, a pioneer of game theory, stated that game theory's math models always pivot on a "math person" who is removed from social and business factors of the sort mentioned above. Shubik had "serious doubts" about some situations to which game theory sought to apply itself.

A closer look at the implementation of strategic game theory to the design of 3G licences in Europe will be included in a Teleconomy report on the European mobile markets due this upcoming Fall season. For further information please contact trisha.mitra@teleconomy.com

TV brings the family together

By Sue Peters

Given the rise of TVs, games consoles, music players and mobile phones in teenagers' bedrooms, you may be forgiven for thinking that teens take great pleasure in skulking off to their own rooms to chill to some soothing sounds of angst rock. You may also be forgiven for thinking that given our hectic lifestyles families don't eat together anymore. Research already shows that meal times are becoming more fragmented and may give way to snacks in the next 5 years.

However, you would be wrong in thinking that that families are spending less time together in the house when it comes to TV habits. *The Living Room* project conducted by Teleconomy has shown that the living room is still the hub of the household: it is alive and kicking. Schedulers and broadcaster will be pleased to learn that although programme choice is increasing, people still look forward to sitting down together at 7.30pm for Eastenders.

People enjoy watching programmes together, not only in the same room but as part of a wider community. The family actually enjoy coming together to watch TV in the living room.

New technologies like Tivo that acts like a personal video recorder may bypass the format of linear scheduling, but there is something intrinsic to the living room that may challenge the ability to select programmes in an a la carte fashion. The values placed on the living room will also influence the uptake of multiple digital TV set top boxes that would allow control of digital TV in each room with a box.

Teens have a huge say over what is watched, and if they don't get their own way it seems that to leave the room is the last resort even though they have a plethora of media in their own rooms. They also drive their parents to breaking point with their incredible reflexes to avoid ads and go interactive. Yet they stay together in the one room, the room that seems to provide a shelter from the outside world, a comfort zone and a place where all the good technology lives. We played big brother to 15 families over a two month period to see what really happened in the living room and we saw that the living room was indeed that, living. If you are interested in the research outcomes of *The Living Room,* please contact Sue Peters at sue.peters@teleconomy.com.

Cambodia

By Qmars Safikhani

Telecom market

According to the latest figures from figureSeeq™, the current Cambodian mobile market is so advanced as to clearly reflect the future of telecom coverage in many other, supposedly more developed, countries. Furthermore, the number of mobile phone subscribers are nearly twice as high as fixed line subscribers, which make the country is one of most advanced countries in the world from this perspective.

This disparity is the result of several factors, but possible the biggest single contributing factor was the lack of fixed line penetration in the first place. Several years of civil war largely destroyed the country infrastructure, and given that the majority of Cambodians live in rural areas, the wireless market had a perfect growth opportunity. Several other factors were allied to this:

- The telecom market's openness toward competition
- Foreign investment in the telecom infrastructure. Billing is also in US dollars to minimise exchange rate risk.
- The gap between the cost of connection and the monthly fees of fixed and mobile phones
- The low cost of equipment and handsets (as low as USD 20) from neighbouring countries, such as South Korea
- The popularity of pre-paid access as most Cambodians could not afford or qualify for subscription access. This eliminates risk of subscriber default for the operator.

Table 1: Fixed and Mobile tariffs at September 2001

	$ US
Fixed telephone Installation	55
Monthly subscription	7
Fixed to mobile call	0.15
Mobile phone connection*	26
To fixed line peak	0.28
figureSeeq™	

* Based on the pre-paid contract

The majority of Cambodians have little use for text messaging or data services at the moment. Literacy levels in the country are amongst the lowest in the region. The main operators (Camshin and Mobitel) have indicated that although mobile penetration is steadily growing, they are likely to leapfrog the GPRS system and upgrade their network systems ready for 3G, as there is little demand for data services now.

Internet market

However, the reliance on mobile service provision has impacted badly on the Internet market. Cambodia has some of the highest Internet costs in the world and the highest in the region (table 2).

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The high cost (5 cents per minute), lack of national Internet exchange (an e-mail sent by one subscriber of Comnet to
BigPond must exit the country and transit through a third country), small number of public access points, ban on the use of VoIP by telecom authorities and low level of PC penetration are the main reasons behind the low profile of Internet penetration in Cambodia. As a consequence, the Internet penetration in the country is one of the lowest in the region.
MPTC (Ministry of Posts Telecommunications Company), acts as the local regulator and policy maker, and main player in the country and there are only four ISPs: Camnet., Big Pond, Camintel and TeleSurf.

With market liberalisation Mobitel the largest telecom operators has started to provide broadband services. The number of businesses using broadband is about 2000, mostly SMEs. The main broadband access technology for the country is symmetric satellite technology.

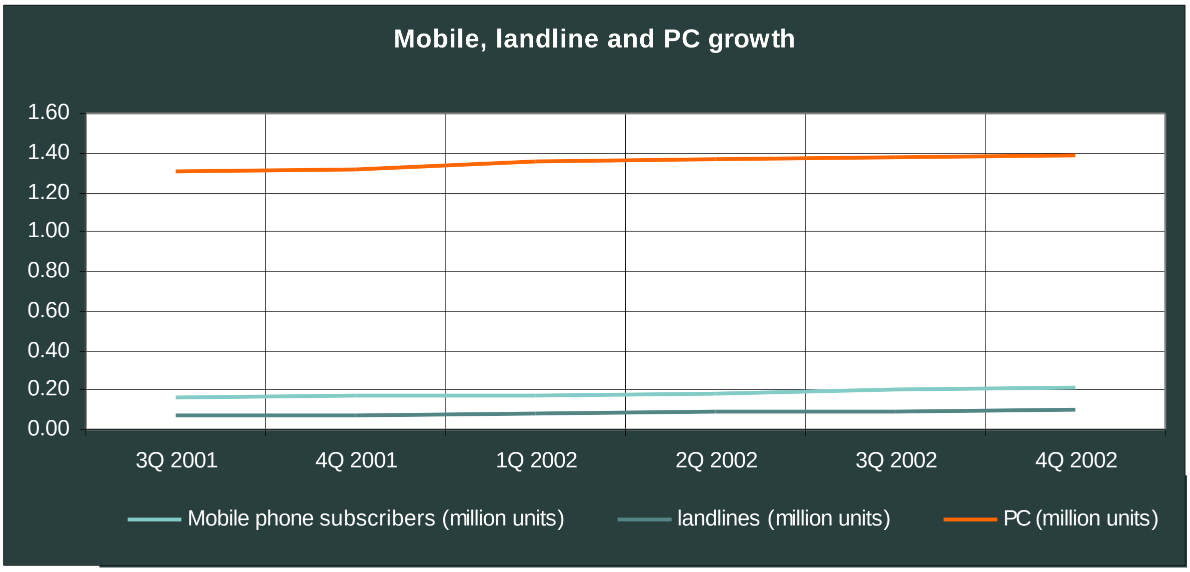
For further information about Cambodia and another 82 countries please contact Qmars Safikhani at qmars.safikhani@teleconomy.com

Table2: Average dial-up Internet access cost

	$ US
One-off consumer fee	30 - 40
Monthly fee (based on free hours)	18 -1000
Additional hours	1.5 - 3.4
One-off business fee	50 - 400
Monthly fee (based on free hours)	15 - 240
Additional hours	2 - 3.50
figureSeeq™	

Table3: Mobile, landlines and PC growth

	3Q 2001	4Q 2001	1Q 2002	2Q 2002	3Q 2002	4Q 2002
Mobile phone subscribers (million units)	0.16	0.17	0.17	0.18	0.20	0.21
landlines (million units)	0.07	0.07	0.08	0.09	0.09	0.10
PC (million units)	1.31	1.32	1.36	1.36	1.37	1.39
figureSeeqTM						


Mobile, landline and PC growth
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
3Q 2001
4Q 2001
1Q 2002
2Q 2002
3Q 2002
4Q 2002
Mobile phone subscribers (million units)
landlines (million units)
PC (million units)

MRA Update
By Debra Bookbinder

Members News this issue includes:-

- Diary Dates for event booking and programme input
- New Members
- Updates
    - Quarterly review, more efficient delivery…
    - Research Projects
- Feedback request

Diary Dates:-

20.09.02	Final Topic for Autumn Quarterly Review – deadline for suggestions
27.09.02	Early bird MRA discount on Inter-active Futures Seminar (November)
31.10.02	Autumn Quarterly Review Available
14.11.02	Inter-Active Futures Seminar (open event)

New Members
New Members since the last update on membership now include T-Mobile and Toshiba. We look forward to welcoming them both at the forthcoming Members' Days.

Updates
Quarterly Review
The Autumn Quarterly Review deadline for the final topic suggestion is 20.09.02. This issue will look at Technology & Cynicism. The Developing Themes/Emerging Technology section looks at Wireless Hotspots. This issue will be out in October.

Research Projects
The New Segmentation Spring Project has stimulated a research project to apply the mobility and dependence model to segmentation of customer data is now being developed. There will be one participant per sector and early expressions of interest are advised as this project will be made available outside the MRA in September so expressions of interest are advised. Please contact paul.hudson@teleconomy.com

The Summer Research Project into **Technology and Cynicism** is now in full swing with focus groups completed and a 1,000 quantitative survey of mobile phone users underway**.** A brief overview is provided for your convenience below.

Technology, cynicism and expectation
Overview -Notions of trust, expectation, disappointment and cynicism in new technology will be explored.
Objectives To:
- explore consumers attitudes towards current and new technology
- understand how these technologies fit into their lives
- address issues around usability, ergonomics and expectations on ease of use
- explore attitudes towards current and future content and services
- understand the differences in these attitudes and examine both barriers to and opportunities for take up
- predict future use of current technology and possible future applications and services

The MRA Members Days scheduled for September and October are quickly filling up, so if you haven't already booked your please contact Lindsey Gallagher at lindsey.gallagher@teleconomy.com to reserve your place now. It is not necessary to give details of attendees until 1 week prior to the event however we do need to know if your company will be represented.

Dates and venues are as follows

16th September - Hosted by Manchester United Football Club, Old Trafford
18th September - The Media Centre, London
15th October - The Media Centre, London (Now full)

The **Interactive Futures Seminar** is an open event and a specially discounted rate is available to MRA members. This event will explore what is meant by *interactive* and build a vision of the interactive future.

Rates for attending:
Full rate £250,
Non MRA early bird £225, (must book by 27.09.02)
MRA members £175 (must book by **27.09.02**)
Enquiries and bookings to lindsey.gallagher@teleconomy.com

Request for feedback
The use of the Teleconomy Newsletter to ensure Members are updated without the need to add to the burden of e-mails in your inbox is noble, but it would be very helpful to know if this is your preferred option and also to have general feedback on the newsletter itself. If you would take a moment to drop the editor a line, we would be very grateful. Please contact david.dawson@teleconomy.com

For further details on any aspect of the MRA, please contact MRA@teleconomy.com