

www.pwc.com/za

South African Telecommunications Sentiment Index

1 January – 31 December 2022

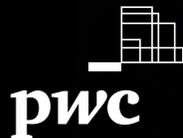


Table of Contents

■ 01	Introduction	03
■ 02	Sentiment performance	05
■ 03	Customer value drivers	12
■ 04	Industry risk analysis	23
■ 05	Market conduct	25
■ 06	ESG	29
■ 07	Conclusion	34
■ 08	Methodology	37

Introduction

Telecommunications consumers and mobile operators in South Africa face a range of unique challenges.

Consumers struggle with access to affordable and reliable services, the rising cost of living and a decline in their buying power. Mobile telecommunications operators not only need to deliver decent returns to their shareholders in a difficult macroeconomic environment but also need to invest in both network infrastructure and diversified digital product offerings in their drive to transform their business models from telecommunications companies (telcos) to technology companies (techcos). The impact of the South African energy crisis puts further pressure on both consumers and the bottom line of telcos.

In this challenging environment, positive customer experience is critical to drive loyalty and customer retention.

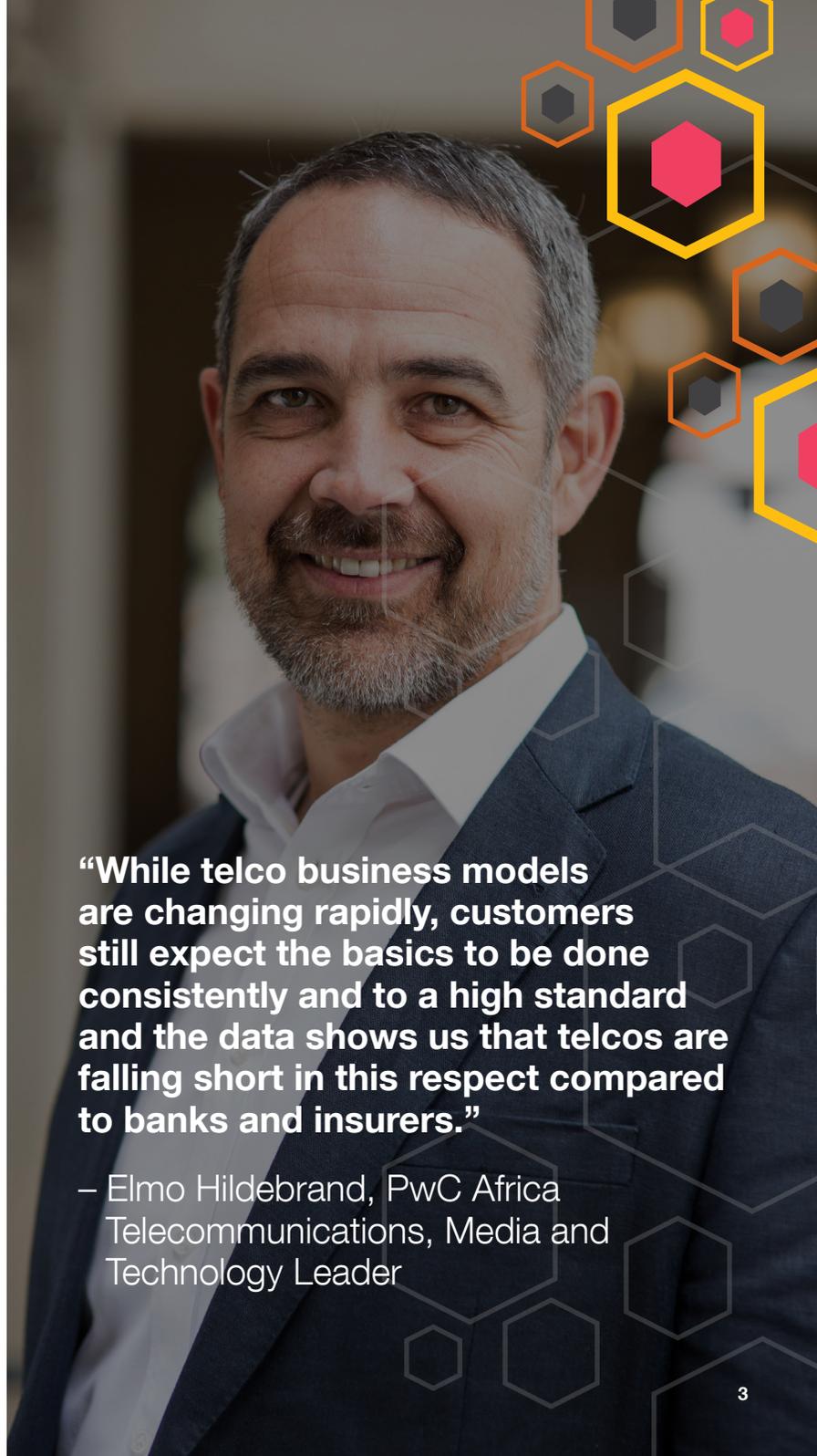
Bad customer experiences lead to customer churn. More than half (55%) of respondents to [PwC's Customer Loyalty Survey 2022](#) said they would stop buying from a company they otherwise liked after several bad experiences. 32% said they'd drop a company if it provided inconsistent experiences.

Our findings show that South African telcos would have to improve their customer experience if they want to prevent this from happening. Our assessment of telco customers' sentiment shows that 90% of telco consumers are unhappy with the service they received during 2022. The data further shows that the telecoms industry failed to keep up with operational strides made by major financial services providers (banks and insurers) in providing better customer experiences.

Prioritising and building capabilities and systems to provide good customer experiences are therefore very effective ways for the South African telco to differentiate itself from its peers.

PwC's portfolio of services and solutions help our clients improve customer experience and grow revenue by transforming their marketing, sales, service and customer insights - with a full-suite of strategy-led, technology-enabled solutions that provide the best outcome and experience for both the business and their customers.

PwC is proud to partner with DataEQ to benchmark consumer sentiment on social media among South Africa's major telco operators and to bring you data-driven insights on how to improve customer experience.



“While telco business models are changing rapidly, customers still expect the basics to be done consistently and to a high standard and the data shows us that telcos are falling short in this respect compared to banks and insurers.”

– Elmo Hildebrand, PwC Africa
Telecommunications, Media and
Technology Leader

Key findings

1. The telecommunications industry lags behind the best when it comes to customer sentiment.

As telco operators diversify their product offerings, this shortcoming will come into ever sharper focus. Consumers' expectations are evolving fast, and consumers expect the same quality experience across industries.

2. Delivering high network quality remains key to meeting customer expectations.

Poor connection quality is behind the bulk of network complaints. Telcos that invested heavily in network quality and network resilience during load-shedding saw positive sentiment. This drove intent-to-purchase conversations as customers looked to shift to providers with more reliable networks.

3. Operational sentiment severely hampered telco performance in the index.

Customer service received negative sentiment across all operators.

- Telco customer service Net Sentiment is significantly worse than those of leading industries. 90% of telco consumers are unhappy with customer service received, the highest the global and local indices have seen.

- Consumers experienced slow or non-existent turnaround times citing a lack of resolution and no response received, with staff competency receiving the highest number of complaints across the industry. This resulted in threats to cancel their telco.
- Billing issues and subscriber identity module (SIM) fraud continued to be a pain point.

4. Call centres emerged as a major pain point.

Despite the availability of digital channels, telecoms customers continued to rely heavily on telephonic support, often with disappointing results.

- Lack of responses, replies, call-backs, or resolution was a consistent issue across operators.
- Consumers also cited a lack of awareness from call centre staff on how to resolve their issue.
- With digital systems already in place, service channels such as Whatsapp and social media apps can be leveraged to drive faster and more efficient resolution of simple queries or requests. However consumers also cited inefficiencies with resolution on those channels, likely leading to increased pressure on the call centre.

5. Reputational sentiment showed improvement - especially around targeted campaigns and influencer strategies.

As observed in the [South African Insurance Sentiment Index 2022](#), conducted by PwC in collaboration with DataEQ, non-brand-driven conversation has seen a positive impact on reputational sentiment as customers engaged with influencer-generated content. Cleverly orchestrated campaigns saw consumers encouraging one another to switch their insurer. The retail industry in turn leveraged partnerships such as the Espresso TV show to drive positivity across products, special offers and rewards.

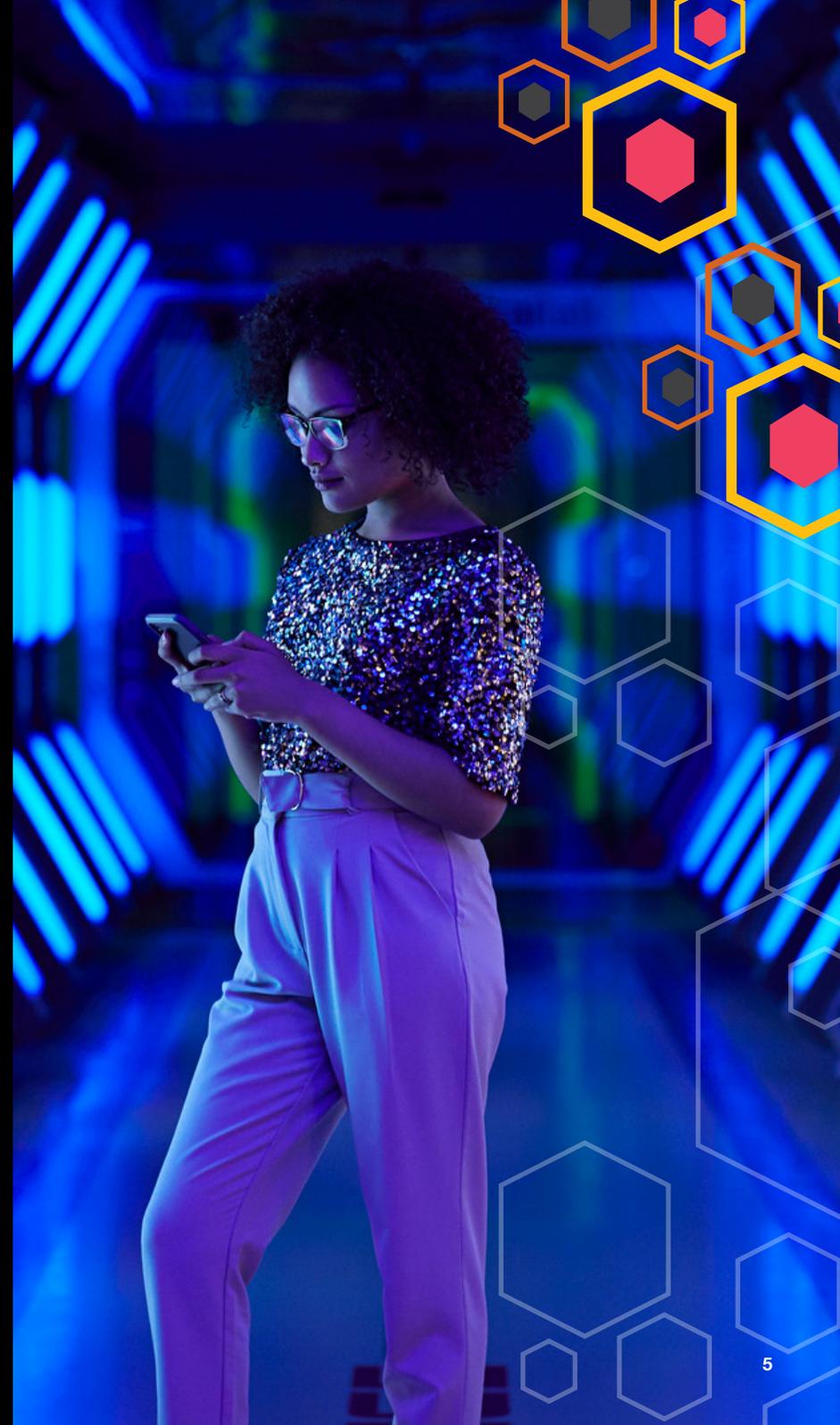
6. Environmental, social and governance (ESG) conversations highlight consumer awareness and pressure placed on perceived corporate responsibilities around sustainability.

Consumers place more emphasis on governance and social responsibility. Governance-related negative sentiment demonstrates that the consumer mindset is shifting to caring about how telcos conduct business and how business decisions will affect the consumer's ecosystem.



02

Sentiment performance



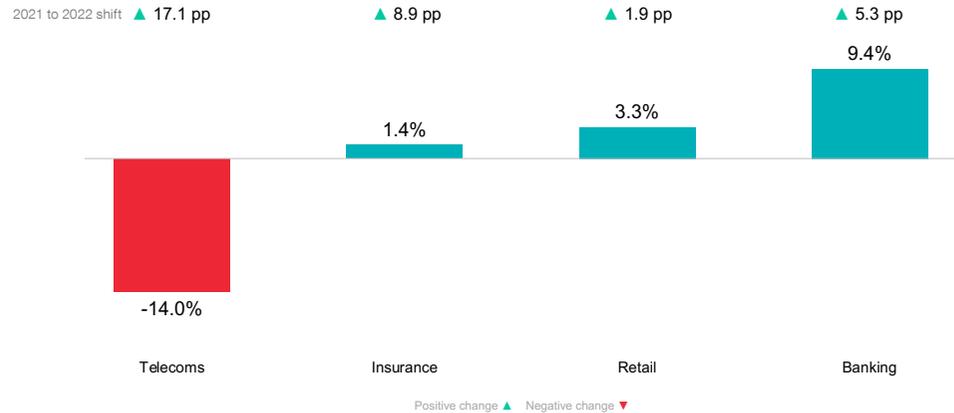
Net Sentiment overview

South Africans were most negative towards telcos

Averaging out with an overall score of -14%, the country's network providers underperformed other sectors in a cross-industry Net Sentiment comparison¹, suggesting that South Africans had a generally worse experience with telcos than their retailer, insurers or banks.

The telecoms industry did, however, show the biggest annual improvement in Net Sentiment, up 17.1 percentage points from the previous year.

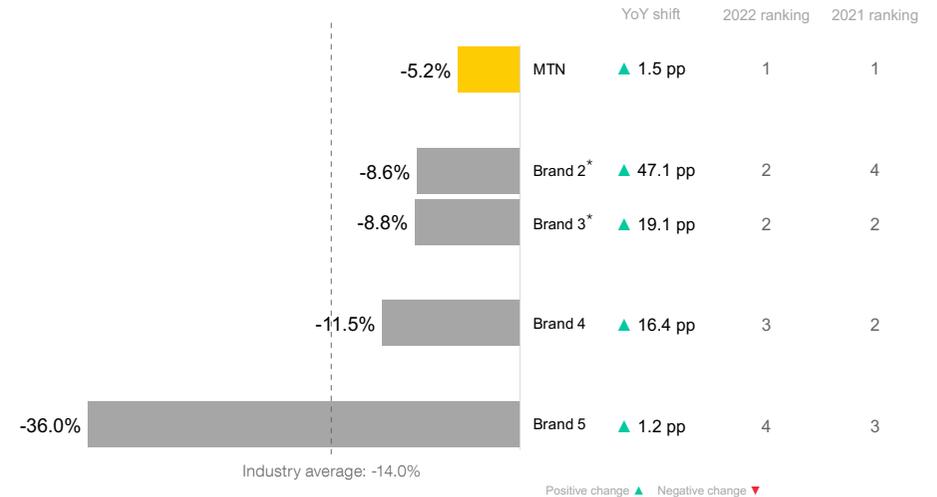
Cross-industry view: Public Net Sentiment



MTN held onto the overall top spot

While all five telcos included in the index scored negatively overall, MTN obtained the highest Net Sentiment of -5.2%. This means MTN retained its lead overall, but saw minimal improvement in this indicator, climbing 1.5 percentage points from the previous year.

Public Net Sentiment ranking: 2022



*The difference between Brand 2 and Brand 3's public Net Sentiment fell within the margin of error. Therefore, their ranking was treated as a tie.

¹ Average public Net Sentiment for the banking industry references results reported on the 2022 South African Banking Sentiment Index, which analysed conversation about eight banks over the 1 August 2021 - 30 September 2022 period.

Average public Net Sentiment for the insurance industry references results reported on the 2021 South African Insurance Sentiment Index, which analysed conversation about fifteen insurers over the 1 April 2021 - 30 March 2022 period.

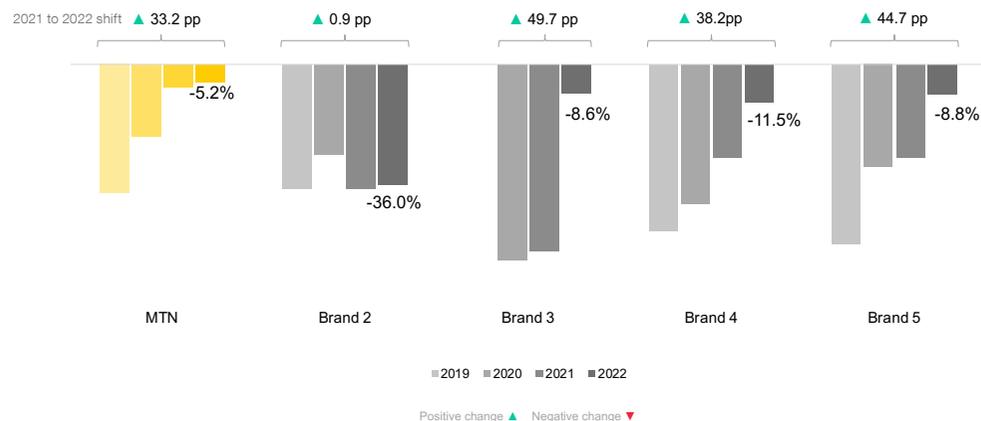
Average public Net Sentiment for the food retail industry looks at conversation about South Africa's four largest food retailers over the 1 January 2021 - 31 December 2022 period.



Progress across the board points to industry intervention

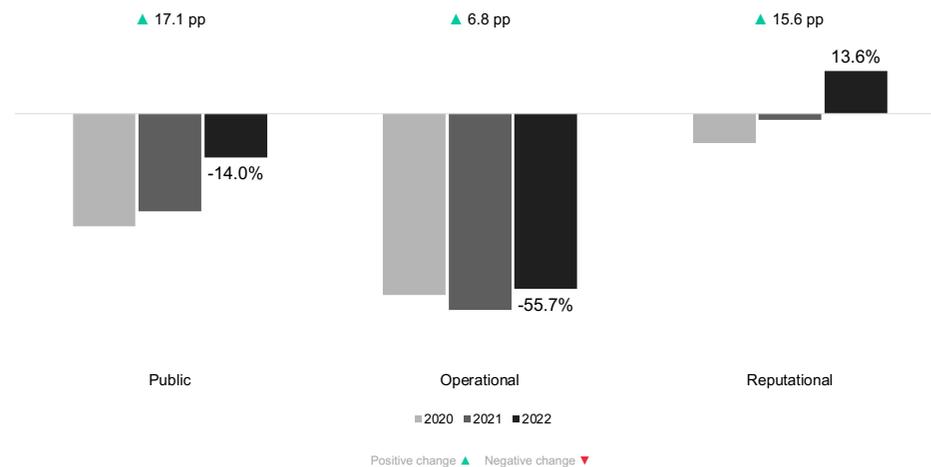
After two years of steady progress, MTN's year-on-year Net Sentiment progress plateaued in 2022, allowing some competitors to close the gaps on the overall public ranking.

Competitor comparison: Year-on-year public Net Sentiment



Almost all network providers registered pronounced increases in public Net Sentiment over time, largely driven by a boost in reputational sentiment², where telcos entered net positive territory for the first time. This positivity was primarily driven by better campaigns and fewer reputational crises.

Industry view: Year-on-year Net Sentiment breakdown



² Reputational conversation comprises posts that are relevant to PR, marketing, sponsorships and general perceptions about an insurer. Reshares are not included.



Telcos achieved a slight operational uptick despite a challenging operating environment

The industry also managed to translate a historic spectrum auction into a mild uptick in operational sentiment³, which reflects customers’ experiences. This operational uptick was achieved despite an extremely challenging operating environment as South Africa faced its most intensive load-shedding year yet, coupled with increased battery theft and damage to infrastructure.

Still, these results beg the question of whether network providers are placing enough emphasis on improving their customers’ experiences or are relying too heavily on reputational buzz to enhance their standing in consumers’ minds.

Telcos failed to keep up with operational strides made by banks and insurers

South African telcos continued to deliver a considerably lower average operational Net Sentiment score when compared to the banking and insurance⁴ operators from the same customer base.

To put these results into context and in line with last year’s index’s findings, the telecoms industry’s operational Net Sentiment score is notably negative when compared to other industries. Not only do customers speak more negatively about their experience with network providers than with banks and insurers, but the banking and insurance industries also appear to be making bigger strides in addressing operational deficiencies than is the case with mobile network providers.

This is concerning for telcos considering they are shifting into techcos and looking to provide competing offerings to the same customer base. Further, banks continue to entrench themselves in the Mobile Virtual Network Operators (MVNOs) market, offering many of the same financial services that network operators are hinging their growth and shift from telcos into techcos on.

Cross-industry view: Operational Net Sentiment



³ Operational conversation considers only unique consumer mentions where the consumer can be placed somewhere along the consumer experience journey.

⁴ Average public Net Sentiment for the banking industry references results reported on the 2022 South African Banking Sentiment Index, which analyse conversation about eight banks over the 1 September 2021 - 31 August 2022 period.

Average public Net Sentiment for the insurance industry references results reported on the 2022 South African Insurance Sentiment Index, which analysed conversation about fifteen insurers over the 1 April 2021 - 31 March 2022 period.

PwC insights on the way forward

Telcos who want to delight their customers should benchmark their customer sentiment against leading companies in other industries.

The telco industry, as a whole, has great opportunities to learn, improve and catch up on operational customer sentiment.

- The banking sector drove large volumes of positivity toward their product offerings, reward and loyalty programmes as the idea that banks were giving back to customers during tough economic times, where the basic cost of living is on the rise, was generally well received. Banks also made significant improvements to their branch experience as the channel came out net positive for the first time since the survey was conducted.
- The insurance industry saw positivity toward engaging and consistent experiences for their customers, citing staff competency, staff feedback and conduct as the most positive. They also saw noticeable improvements in the ease of use of their digital platforms as consumers could complete simple tasks through their app.
- The retail industry drove a net positive result for pricing, as they controlled their pricing narrative, awareness, special offers and loyalty programmes through key partnerships and financial service offerings. A reprieve on certain grocery items during peak seasons resulted in marked positivity. Their investments in omnichannel capabilities such as on-demand delivery and digital app integration saw an increase in positivity, however only when executed seamlessly.

Organisations are integrating key insights that come from real-time channels such as social media to inform product design and process considerations and are testing these in the market to innovate in an agile way, with customer feedback at the core.

Better public scores hinged on a larger proportion of reputational conversation and its degree of positivity

Key to the results of each operator's public Net Sentiment was the composition of their volume in terms of operational and reputational conversation.

Competitor comparison: Public, operational and reputational volume split

	VOLUME %	
	OPERATIONAL	REPUTATIONAL
MTN	32.8%	63.1%
rain	33.3%	63.6%
Vodacom	24.8%	73.6%
Telkom	40.7%	54.8%
Cell C	49.7%	46.6%

Operational conversation encompasses customers' requests and feedback. Meanwhile, the reputational category looks to capture non-customer conversations, which often stems from marketing content, press coverage and sponsorships.

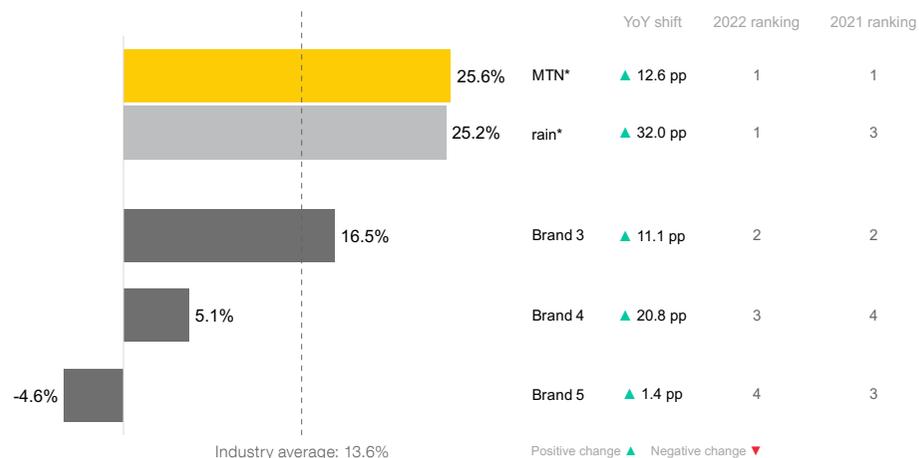
Consistent with previous years' findings, a larger share of reputational conversations yielded a higher public Net Sentiment score. This was contingent on a positive reputational score and its degree of positivity. Without this positive reputational cushioning, the provider's public score is heavily affected by operational conversation, which tends to lean to the negative.



rain shifted social strategy, with sizeable reputational yield

After leading in reputational Net Sentiment previously, MTN shared the top position with rain in 2022.

Reputational Net Sentiment ranking: 2022



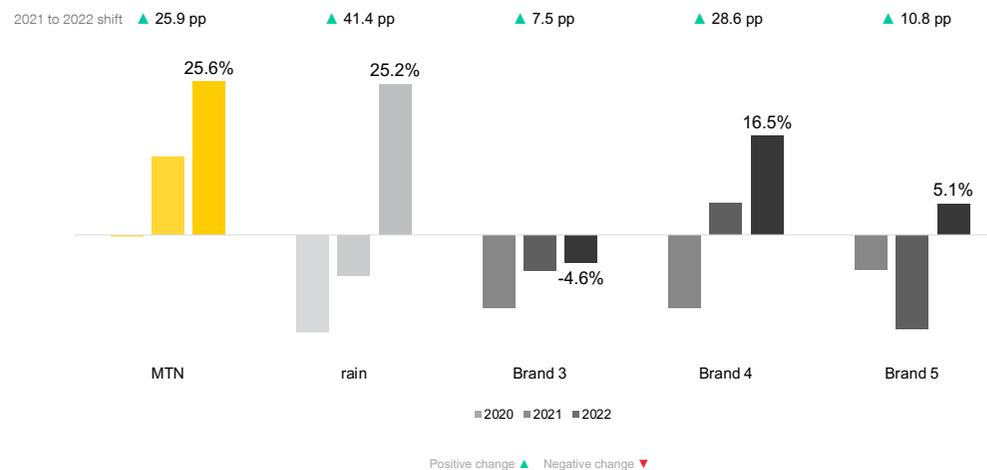
*The difference between MTN and rain's public Net Sentiment fell within the margin of error. Therefore, their ranking was treated as a tie.

While MTN's reputational score improved year-on-year, rain saw a much larger positive shift in reputational sentiment, resulting in the tie.

MTN derived a higher degree of positivity from its campaigns than in 2021 when over three-quarters of MTN's reputational conversation was neutral. Last year, much of the operator's reputational conversation centred around its Springbok sponsorship.

In contrast, MTN's 2022 campaigns were more successful at directing positivity toward the brand itself. However, due to a shrinking contribution of reputational conversation, this sentiment gain translated into a minimal increase in public Net Sentiment.

Competitor comparison: Year-on-year reputational Net Sentiment



rain's reputational Net Sentiment improvement appeared tied to a shift in their social media approach, which saw it ascend two positions in the ranking. Unlike the rest of the operators, rain carried out little promotional activity on social platforms in 2021. In 2022, the provider began consistently engaging with its following through industry-staple competitions and giveaways. This grew rain's reputational conversation and rendered a steep increase in its public Net Sentiment score.



Influencer ads continued to boost Net Sentiment for some telcos

As seen last year, disclosed influencer ads remained a notable driver of positive sentiment for some providers. Disclosed influencer ads can be defined as posts that clearly state being a commissioned advert through the use of hashtags like #Ad or other similar identifiers, as stipulated by the Advertising Regulatory Board (ARB).

While this type of ad and its resulting engagement had the largest positive impact on MTN's results last year, it had a much more muted effect on the operator's public Net Sentiment in 2022.

However, not all influencer advertisements promoting network providers on social media disclosed their paid-for nature. This means that influencer promotion could have had a larger impact on providers' Net Sentiment than what is indicated here.

Telco influencers' impact was likely underestimated as not all partnerships were disclosed

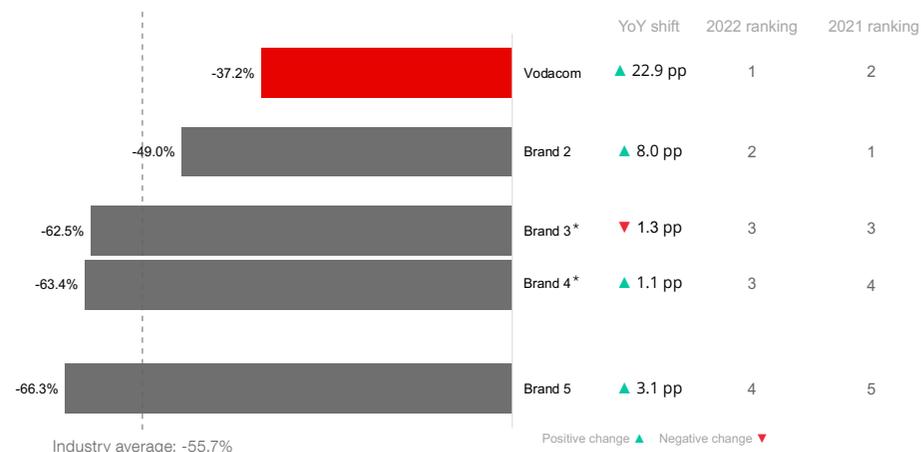
Most potential influencer ads promoting telcos did not state being commissioned by these companies as dictated by the ARB. While the ARB which is a reactive, self-regulating organisation, consumers and other companies can file a complaint regarding undisclosed ads which could hinder telcos' promotional efforts. In addition, and more importantly, undisclosed ads are against a company's duty to the general public to ensure factual and honest advertising.

Vodacom ranked first in operational Net Sentiment

Vodacom's negative operational sentiment shrank in 2022, after being impacted by complaints around its ShakeOff puzzle competition and downtime reports the year prior. In a turn of events the provider elicited purchase interest in its VodaPay offering through its anniversary campaign.

Additionally, Vodacom generated praise for providing what customers perceived as the most reliable network during load-shedding.

Operational Net Sentiment ranking: 2022



*The difference between Brand 3 and Brand 4's public Net Sentiment fell within the margin of error. Therefore, their ranking was treated as a tie.



03

Customer value drivers

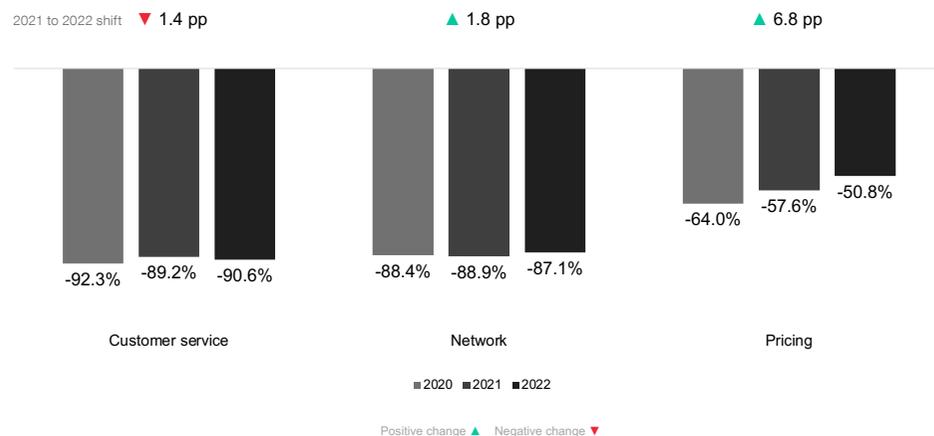


Customer value drivers overview

Pricing drove the most customer satisfaction

Pricing; network quality; and customer service are three major aspects through which network providers can offer value to consumers. Among these, pricing was the most popular.

Industry view: Customer service, network and pricing operational Net Sentiment



This was also the only aspect about which customers spoke more positively than last year, pointing to some relief following the spectrum auction in the first quarter of 2022. The auction was heralded to promote increased competition, likely to reflect in better prices for the telco consumer.

Load-shedding slowed progress in the network experience

Unfortunately, the benefits expected in terms of network experience from the auction as well as infrastructure investments seem to have been thwarted by the over 3,000 hours of load-shedding that hit South Africa in 2022, which represented an increase of over 200% when compared to 2021.

Meanwhile, customer service satisfaction remained stagnant and ripe for disruption, as the most widely discussed of the three customer value aspects.

Not all customers benefited from pricing relief

Pricing saw the most change among competitors in 2022, but only some providers' customers benefitted from more affordable prices.

Telcos continued to see little differentiation when it came to customer service, with less than five percentage points separating the highest and lowest score for this aspect. For network Net Sentiment, 8.5 percentage points separated the top and bottom performer.

Customer service

43.7%

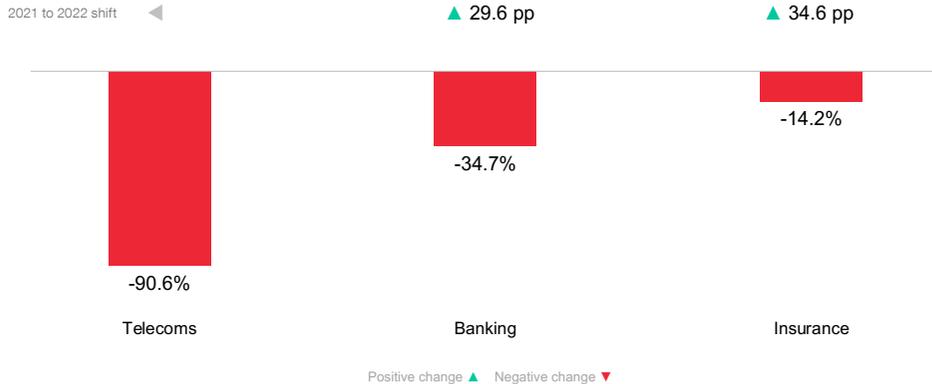
Proportion of conversation related to customer service

Customer Service accounted for 43.7% of industry conversation and approximately 95.1% of that conversation was negative.

Telcos were the worst-rated customer service industry

When compared to other industries⁵ in South Africa, telcos scored lowest in customer service Net Sentiment. This suggests that South African consumers experience generally worse customer service with their telcos than insurers and banks.

Cross-industry view: Customer service Net Sentiment



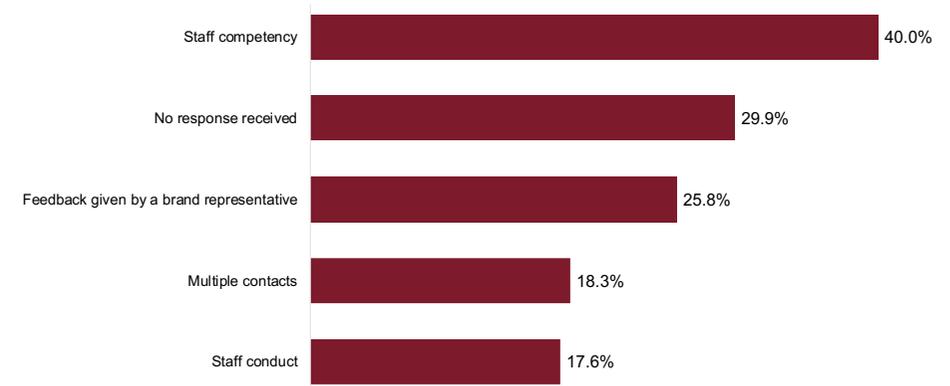
⁵ Average operational customer service Net Sentiment for the banking industry looks at conversation about eight South African banks over the 1 September 2021 - 31 August 2022 period.

Average operational customer service Net Sentiment for the insurance industry looks at conversation about fifteen South African insurers over the 1 April 2021 - 31 March 2022 period.

Staff competency presents a key opportunity for improving customer satisfaction

Staff behaviour emerged as a recurring theme throughout the drivers of customer service complaints. The most discussed topic here was staff competency, being referenced in four of every ten negative mentions. Issues around unresponsiveness, feedback and multiple contacts likely aggravated these complaints, signalling a potential failure in the structural and organisational setup supporting staff in the telco space.

Industry average: Drivers of customer service complaints



Customers often question employees' skills and knowledge when the provider could not provide swift resolution to customers' queries and issues. The pervasiveness of staff competency complaints underlines the value of employee training and upskilling. However, it also highlights an opportunity to reduce customer frustration through expectation management and timely communication, which is often dependent on sufficient resource and capacity management.

While customer service compliments were limited, they were typically driven by the very same factors that drove complaints - staff competency, turnaround time and staff conduct. This speaks to the fact that staff performance and support can make or break a customer's experience and should be viewed as low-hanging fruit for improving consumer sentiment.

PwC insights on the way forward

Addressing customer service complaints is a cost effective and quick way for telcos to achieve significant improvements in customer satisfaction.

Customer service centres need to be empowered to solve consumer problems in an integrated and seamless way. This will require reimagining the business architecture, how omnichannel fits into this and how technology and employee capabilities support the customer in multiple channels/interactions.

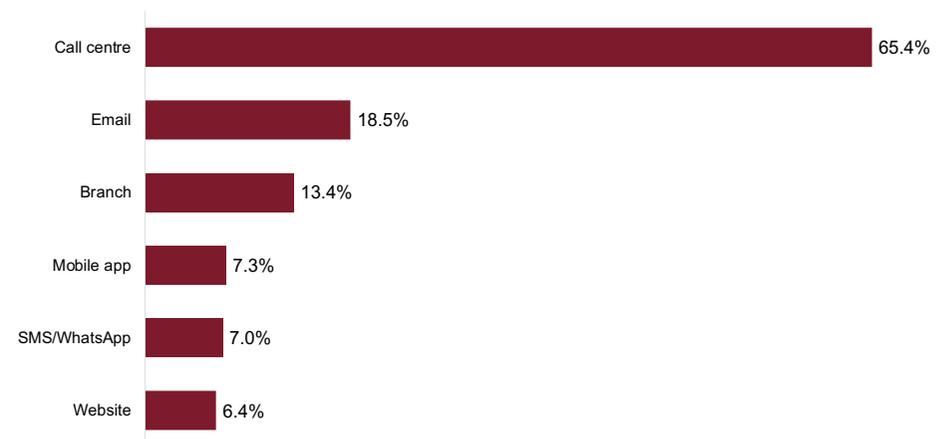
Key aspects to consider include:

- Digital vs. physical: we are constantly experiencing inroads into digital adoption, however consumers still want to engage with a human telephonically when urgent issue resolution is needed.
- Aligning staff training, service-level agreements (SLAs) and key performance indicators (KPIs) to a customer-centric culture will enable staff to more efficiently deal with customer queries and successfully resolve issues.
- Optimised customer experience starts at the top – leadership needs to drive a customer-centric culture.

Customers continued to rely heavily on telephonic support, with disappointing results

Call centres remained the most complained about channel on social media, further highlighting the importance of competent and well-resourced support teams. This suggests that, despite the growing availability of digital channels, telecoms customers continue to rely heavily on telephonic support, with often disappointing results.

Industry comparison: Channel complaints



PwC insights on the way forward

The transformed contact centre of the future uses solutions that are human-led and tech-powered to create seamless experiences for the customer.

As digital transformation progresses, an emphasis must be placed on consistency across all channel interactions and the balance between the consumer's digital and physical needs.

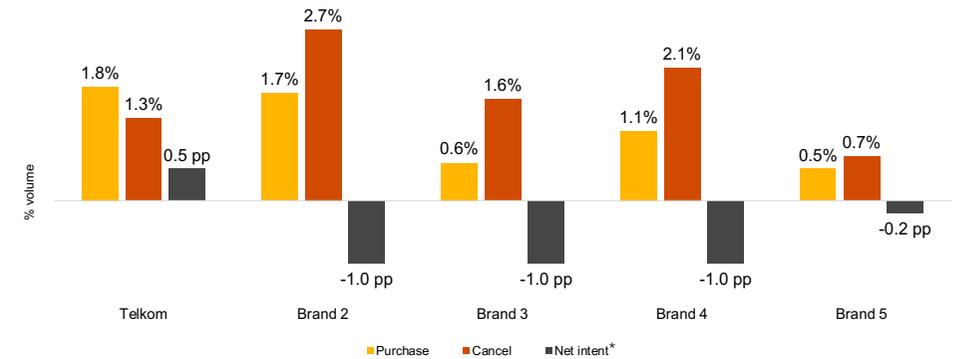
Key aspects to consider include:

- Whilst consumers want to resolve low-touch, routine tasks online, a key need is an empathetic organisational culture that delivers high-touch, human engagement when required.
- Creating real connections means making technology feel more human and giving employees what they need to create better customer experiences.

Cancellation threats overshadowed purchase inquiries across the industry

Telcos received an average of 50% more cancellation threats than purchase enquiries on social media in 2022. Consistent with previous findings, potential customers favoured smaller, more affordable providers over the larger industry players.

Industry comparison: Channel complaints



*Net intent = Purchase volume % - Cancel volume %

Telkom was the only competitor to see a higher proportion of conversation around the intent to purchase than intent to cancel, supported by interest in their contract phones. Additionally, the provider proactively reached out to consumers and competitors' customers on social media with offers, drawing further purchase interest.

Response analysis

As part of the analysis, the DataEQ Crowd identified the most valuable customer interactions via priority tags assigned to the data. These interactions should be considered for action by social customer care teams as they could warrant a response.

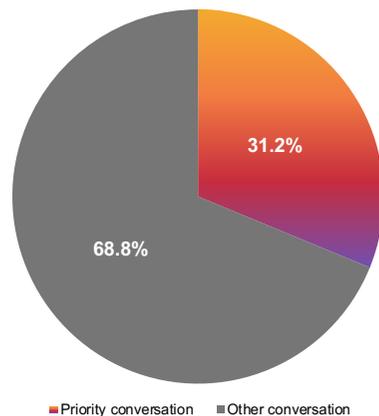
The four priority tags relate to:

- Reputational or operational risk (risk);
- Acquisition opportunities (purchase);
- Retention improvement or churn risk reduction (cancel);
- Customer service feedback and requests (service)

Actionable conversation has decreased, making it harder to surface amongst campaign noise

On average, actionable mentions accounted for less than a third (31.2%) of the total online conversation volume about network providers. This is a considerable year-on-year decline, down from over 40% last year.

Industry view: Proportion of actionable conversation



As evidenced earlier in the study, some telcos appeared to be placing greater emphasis on promotional efforts than last year. This resulted in larger volumes of reputational conversation, making it increasingly difficult for telcos' service agents to identify mentions that they should act on or reply to.

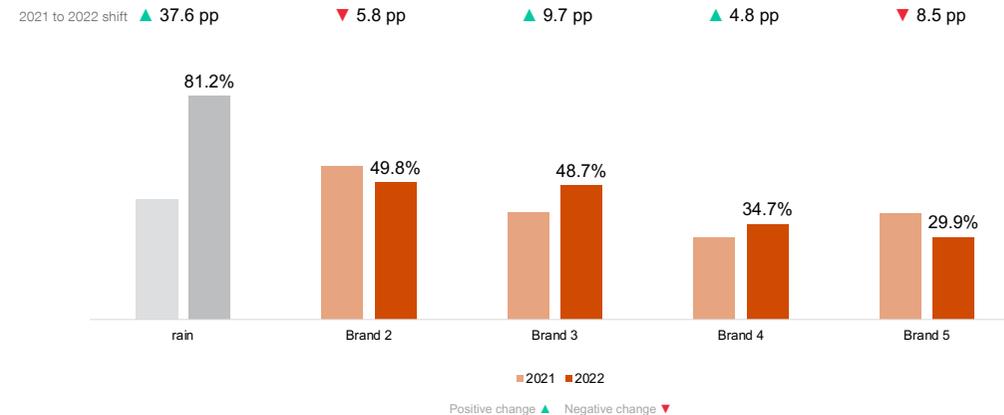
Half of all priority interactions went unanswered

The average response rate remained low at 48.9%. While this is up from last year's 41.3%, there's still significant room for improvement with half of all actionable interactions going unanswered by South African telcos.

rain was the most responsive on Twitter

The biggest gain in response rate came from rain, which led the way in this indicator in 2022 and was the sole provider who replied to public actionable interactions more often than not.

Competitor comparison: Year-on-year public Twitter response rate

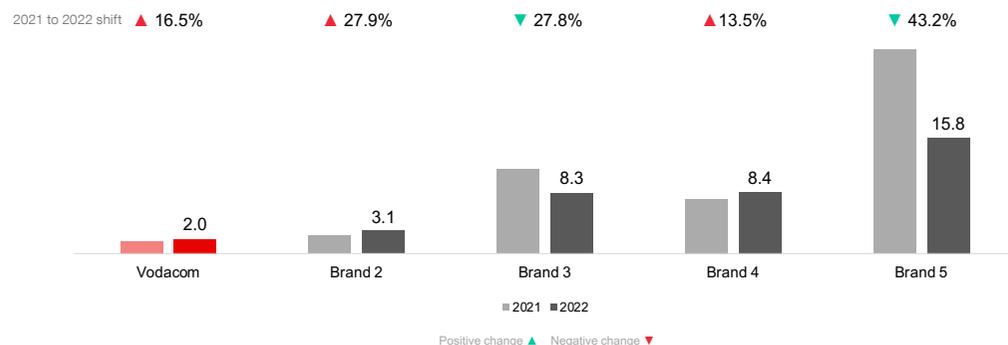




Vodacom remained the quickest to respond

The average response time across the industry improved by a quarter, moving from 10.2 hours in 2021 to 7.5 in 2022. Despite a 16.5% increase in response time, Vodacom remained the quickest responder.

Competitor comparison: Year-on-year public Twitter response time (in hours)

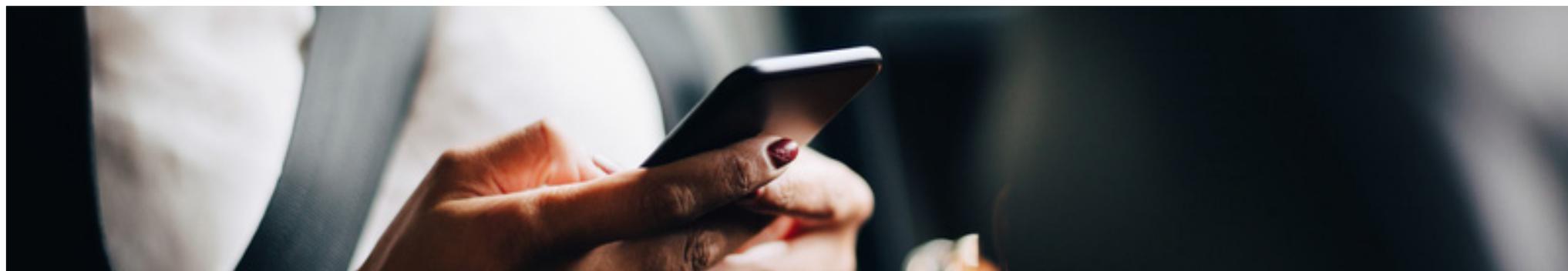


PwC insights on the way forward

Communication at every point in the journey is key - customers require their voices to be heard and need to feel valued in every interaction with the telco.

Visibility and communication in every part of the customer's journey remain the biggest pain point across multiple industries. Organisations that can create an operating model that considers the employee, the supporting tech and a customer-centred strategy will be differentiated.

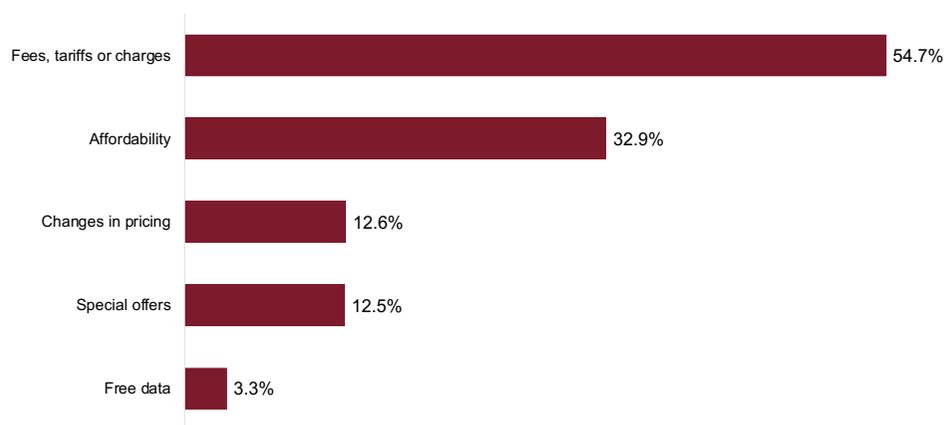
- It is important to have a 360-degree view of your customer across channels. This can be achieved through tech and omnichannel solutions, information technology (IT) architectures and sharing customer insights back into the business.
- In order to have a connected view of the customer, telco staff need to be equipped with integrated customer relationship management (CRM) and complaints management tools that better equip them to personalise service and meet the demands of increased omnichannel needs.



Pricing

Conversations about fees, tariffs, or charges drove the most pricing negativity for telcos (at 54.7%). Most of these complaints came from customers whose internet had been down or underperforming for extended periods and who felt it was not fair to have to pay the full monthly fee. Reports of overbilling also contributed to the topic.

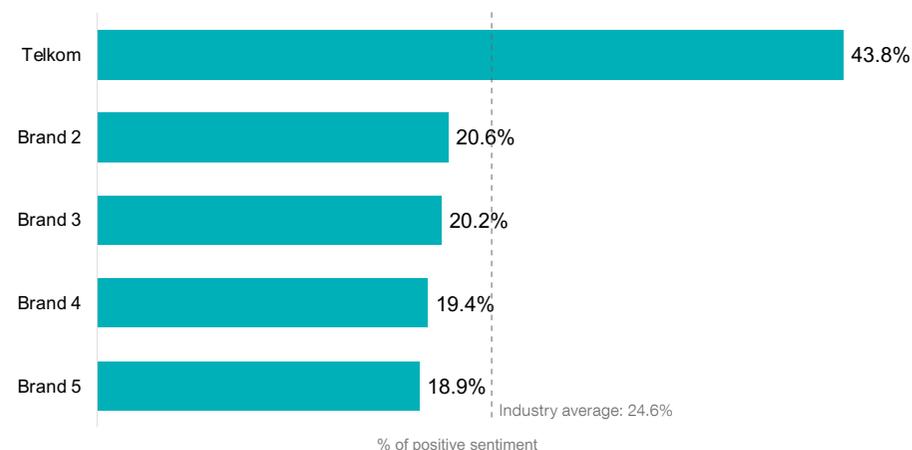
Industry comparison: Drivers of pricing complaints



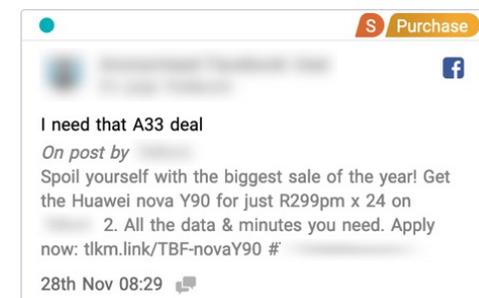
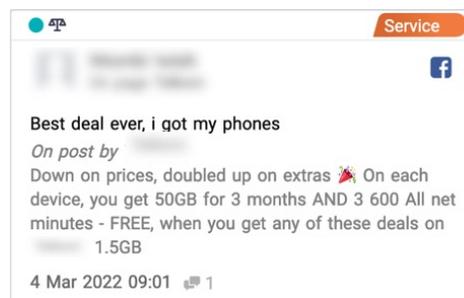
Telkom ranked first for pricing sentiment

On average, a quarter of all pricing conversations were positive. However, Telkom, who led in pricing Net Sentiment, saw almost twice as much praise about the topic.

Competitor comparison: Positive pricing sentiment in operational conversation



Purchase interest in Telkom's contract offers, particularly deals on devices and long-term evolution (LTE), was key to Telkom's results. Furthermore, influencer Aubrey Senyolo encouraged positive pricing feedback through various giveaways.



Network

Similar to customer service, the industry saw minimal differentiation in network Net Sentiment between providers, remaining a highly negative area in 2022.

Poor connection quality drove the bulk of network complaints

The overwhelming majority of network dissatisfaction among telco customers stemmed from the quality of their internet connection. This included instances of intermittent connectivity and network outages, affecting either mobile or fixed users. This was true for all service providers.

Competitor comparison: Drivers of network complaints



Load-shedding pressures service delivery across the industry

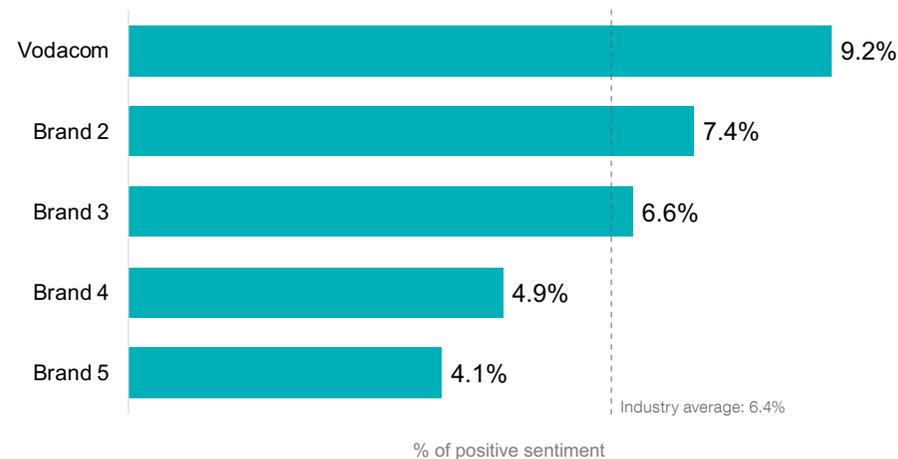
Load-shedding has become an everyday occurrence in South Africa - especially in the last six months when the nation has experienced record-high power outages.

Load-shedding conversations coincided with high volumes of network-related complaints for most service providers in 2022. Customers expressed their frustration with intermittent or unstable internet connectivity. Reliable signal was a problem during load-shedding throughout the industry, but the magnitude of complaints differed by service provider.

Reliability during load-shedding drove most network praise for Vodacom

Telcos saw limited praise for network experience, with just 6% of network-related mentions showing positive sentiment on average. However, Vodacom was an outlier here, with a proportion of positive sentiment over 40% higher than the industry average.

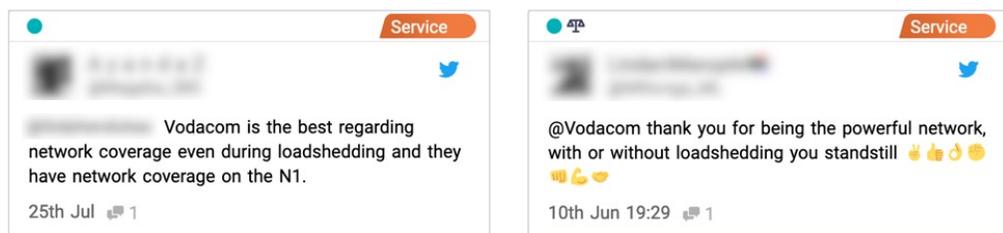
Competitor comparison: Positive network sentiment in operational conversation





The most prominent theme in positive operational conversations about Vodacom was load-shedding. This was driven by customers who took to social media to share that their network experience remained uncompromised during scheduled power outages.

Positive network sentiment in operational conversation: Vodacom examples



Positivity also came from load-shedding reliability comparisons. Consumers who used both Vodacom and a competitor network confirmed the former was more reliable and so did competitors' users.

Vodacom's investment in backup batteries yielded positive outcomes

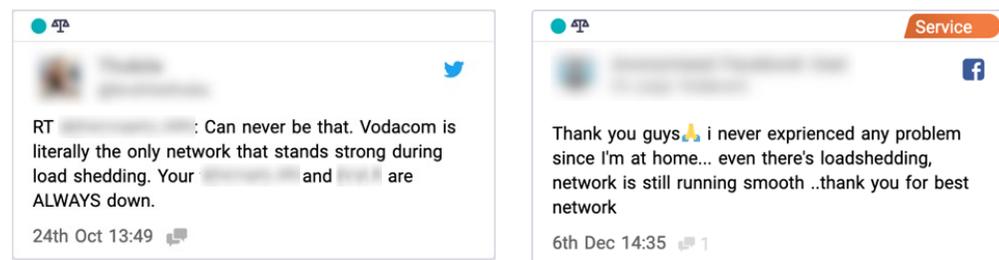
Over the past two years, Vodacom has spent up to R1.7b on batteries to serve as backup during load-shedding.

Towards the end of 2022, at the height of load-shedding, Vodacom's network performance was perceived positively while competitors struggled to meet customer expectations. This is an indication that the service provider's investment in batteries drove increased positive sentiment for Vodacom, especially over the last quarter of the year when outages were rife.

Vodacom consumers referred users of other networks to port to Vodacom because of uninterrupted network coverage resulting from load-shedding.

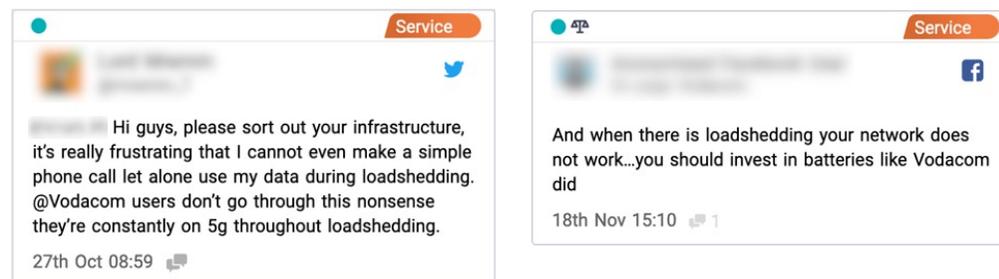
R1.7 billion

Vodacom has spent R1.7 billion on batteries in the past two years



20% spike

Stage 6 load-shedding sees a 20% spike in traffic on Vodacom's network in the Western Cape



PwC insights on the way forward

Network quality is key: Customers expect the basics to be done consistently to a high standard.

Load-shedding has a severe impact on operators' ability to provide reliable network connectivity. Addressing this comes at a huge cost and subsequent pressure on operating margins. However, there are tangible benefits in positive customer sentiment and customer retention for operators making significant investments in network backup infrastructure.

- Intent-to-purchase conversations demonstrated that customers are willing to switch to always-on networks with perceived better network quality.
- Acquiring new customers is more expensive than retaining your existing customer base and the right capabilities need to be there to grow.





04

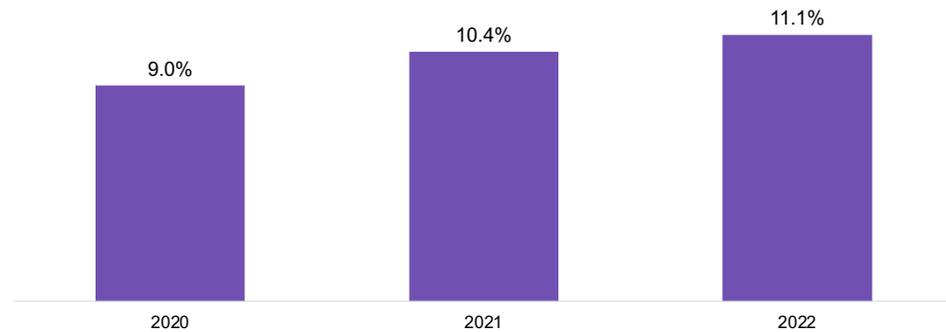
Industry risk analysis



Risk overview

The proportion of risk to the total conversation has been gaining year-on-year momentum since 2020. On average in 2022, one in every ten mentions about telcos posed either an operational or reputational risk to service providers.

Industry view: Year-on-year contribution of risk to overall conversation



Downtime risk on the rise for South African telcos

Across the industry, risk conversation was primarily operational in nature, driven largely by downtime. While lower than previous years, the risk associated with accusations of unethical behaviour is still significant at 33.4%. All other factors have been on a gradual decline, having played a marginal role in driving risk in 2022.

The year-on-year increase in conversation around downtime translated into incremental growth in risk related to this topic. Approximately six out of ten risk mentions related to downtime in 2022, an increase of 20.5% relative to 2021.

Industry view: Year-on-year contribution to risk conversation per risk driver

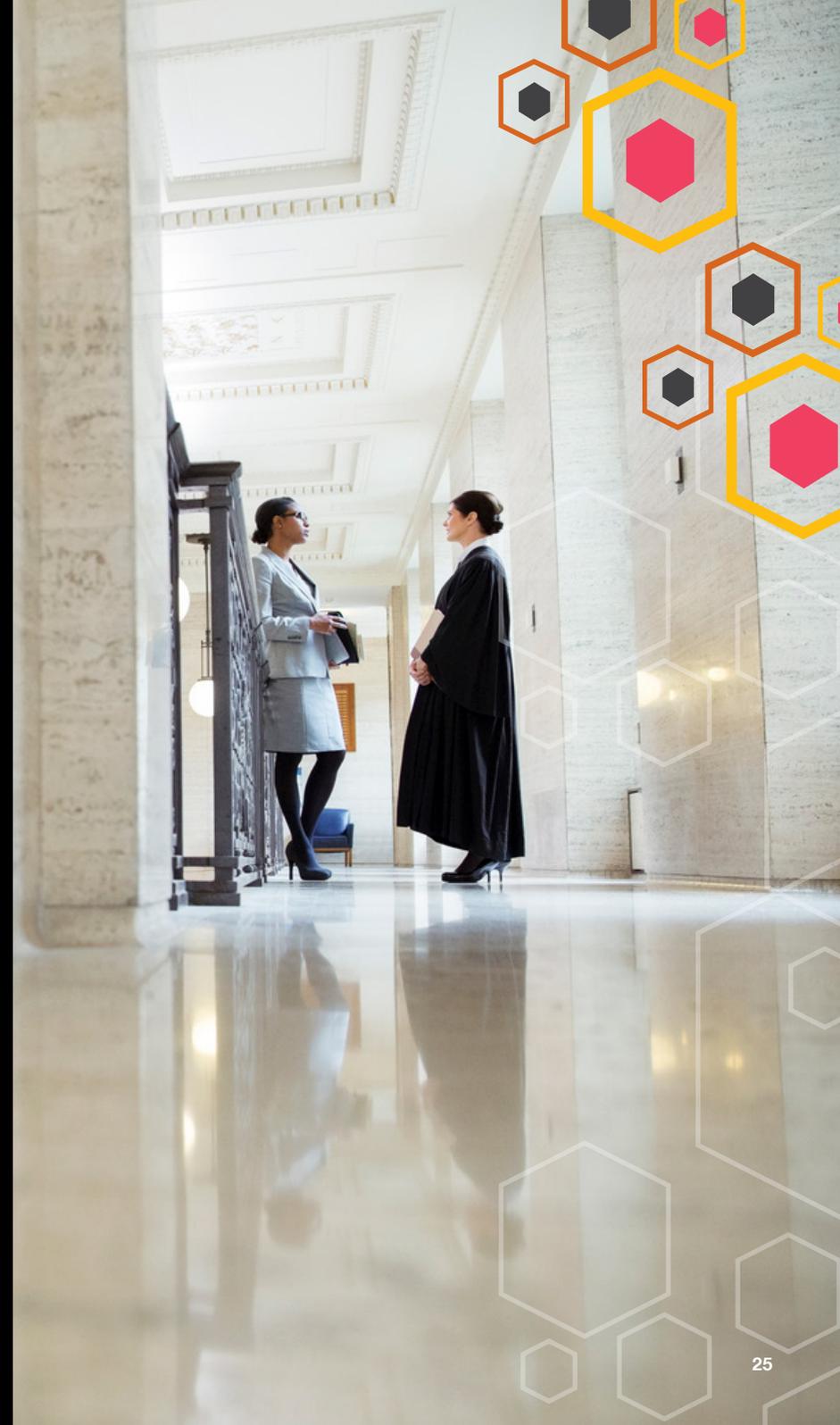


This is likely an indicator of the importance and the reliance on connectivity for personal and business purposes. Consumers continue to expect a seamless connectivity experience however this continues to be undermined by continued instances of downtime. Downtime brought into question the issue of value for money as consumers across the industry questioned why they were paying for services they were not receiving.



05

Market conduct



Market conduct overview

As telcos continue the fight to differentiate their product offerings in a saturated market, many have their sights set on financial services as their next growth opportunity. This space, however, is far more regulated in terms of customer protection, which raises the question of whether telcos have the complaints management processes in place to ensure compliance with frameworks like the Financial Sector Conduct Authority's (FSCA formerly known as the FSB) Treating Customers Fairly (TCF).

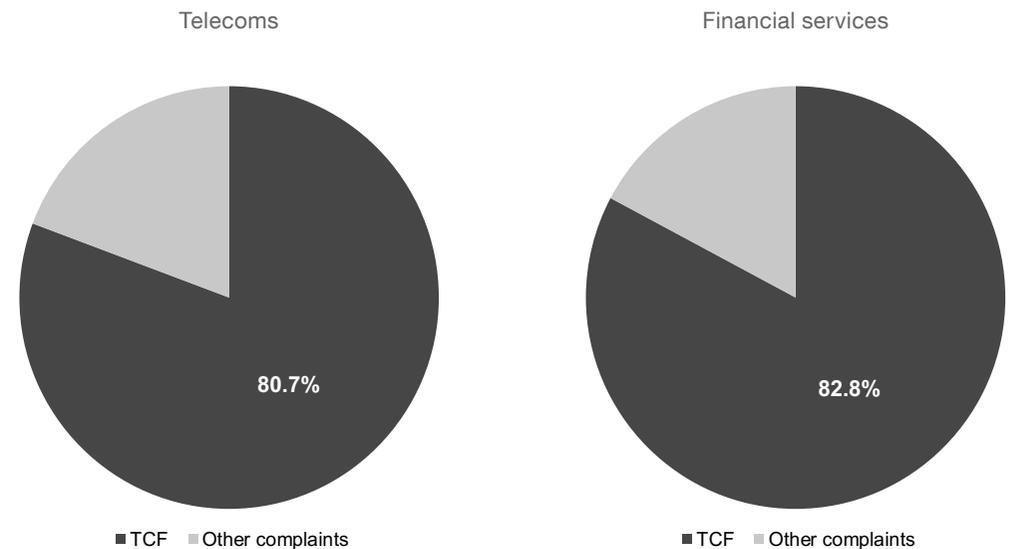
As such, special focus has been applied to the market conduct performance of South African telcos that currently offer a product that would traditionally have come from a financial services provider. Specifically, public mentions about the financial services offering of four South African network providers, namely Cell C, MTN, Telkom and Vodacom, were analysed to ascertain how well these telcos are adhering to the TCF regulatory framework.



TCF framework is equally relevant to telcos' main offering and financial services

A comparison of complaints pertaining to these providers' telecoms offering and financial services suggests these companies' operational shortcomings affect their fairness to customers in both segments equally.

Industry view: Proportion of TCF-relevant mentions in complaints

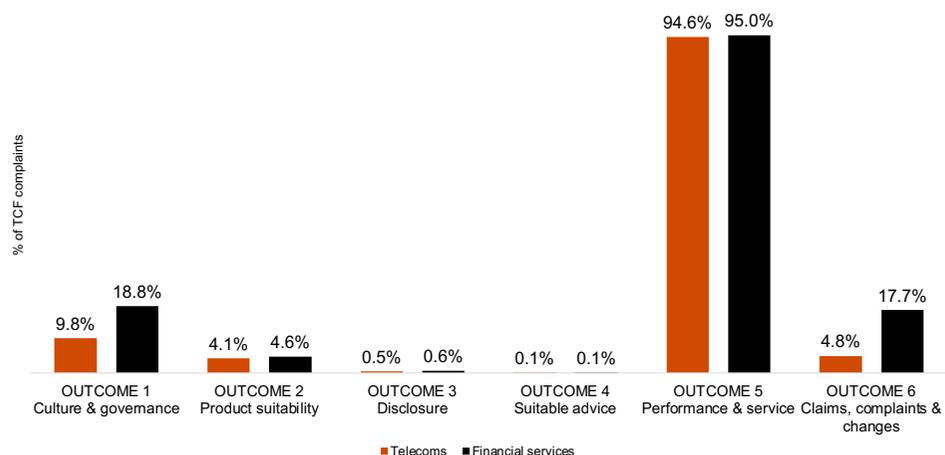


Eight out of ten complaints directed at network providers spoke to unfairness against the customer, regardless of whether it came from a telecoms or financial services customer.



Financial service customers are more concerned with overall culture and governance than telco customers.

Industry view: Contribution to TCF complaints per TCF outcome



Most TCF complaints about telcos spoke to outcome 5: Performance and service. This applied to both the telecoms and financial services segments. Outcomes 2, 3 and 4 also saw very similar results when the two segments were compared. The biggest difference between the two segments were seen in outcome 1 and 6.

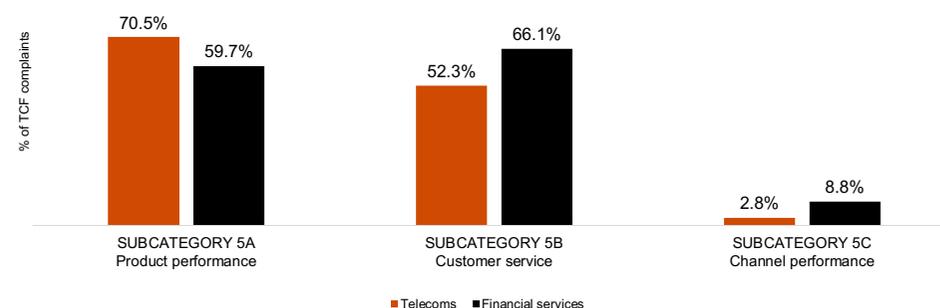
Outcome 1, which speaks to customers' perception that TCF is at the core of business practices, contributed twice as much to complaints about financial services than about telecoms. This suggests that while telecoms and financial services customers face similar difficulties when it comes to product performance and customer service, financial services customers are more likely to feel that their right to fair treatment has been infringed. This could be tied to the repercussions of a negative customer experience related to financial products like funeral cover and loans, compared to the impact of, for example, a poor network experience.

Complaints about outcome 6 were almost four times as frequent in financial services conversations than when related to telecoms. On average, about 60% of financial services complaints regarding this outcome dealt specifically with subcategory 6a, which deals with the claims experience. This discrepancy is therefore to be expected, considering telecom products don't involve a claims process.

Telco customers are more concerned with product performance than customer service

Dissecting outcome 5 complaints into its three subcategories also revealed some differences in the experience of telecoms and financial services customers. While telecoms customers most frequently complained about product performance, financial services complaints focused more on customer service. When compared to the insurance industry we see the trend follows the financial service offering, although even more exaggerated.

Industry view: Contribution to outcome 5 complaints per subcategory



Comparatively, channel performance impaired the financial service experience three times as often as it impacted telecoms customers. However, this is in stark contrast to the banking sector's customers who rely heavily on app performance and complain readily when these channels are not performing as expected.



Telcos' product performance complaints are often linked to network quality

On average, 55% of complaints about product performance dealt with network quality. Customers reported that the connection they expected to have was unreliable or non-existent, often for extended periods of time.

TCF outcome 5b example mentions

Risk

app stopped working. It's been giving me technical error the entire month

20th Sep 06:41 1

Risk

My network is down since yesterday and support department is not supporting at all, we have to beg for the poor service we're getting from !!! (1 star)

28th Apr 08:30

Risk

Your reply was that my tower was down in the area. Your India Support Agent said the same, but other towers were supposedly still working. You give me no time-frame when matter will be resolved. All replies are limited. When will internet be up again?

12th Dec 2

Risk

Yohhh what the is this shit? If my contract ended then I should be paying nothing. You can't just say it ended then increase the price because it ended. you sincerely bro.

t.co/XE619dXpNK

4 Feb 2022 08:10 2

Customer service drives two-thirds of TCF complaints about telcos' financial services

On average, close to two-thirds of TCF complaints discussing telcos' financial services were about customer service. Customers complained about the lengthy claims process, which often stalled waiting for the telecoms team to provide the information requested by the insurance team, such as a blacklist confirmation number. Customers also reported that they went without their devices for extended periods while the phones were being repaired, yet they continued to have to pay the insurance premium and contract fees.

TCF outcome 5a example mentions

Risk

I am at wits end with ! My little brother was mugged two weeks ago and they refuse to blacklist the phone. We need the ITC number for the insurance claim and they just keep sending us back and forth. I requested a call from a manager on last week...

1 Apr 2022 13:53

Service

I have insurance with Finrite . I lost my phone beginning of this month , submitted all the required documents bt i hv not gotten any Response. My email in ***** (1 star)

25th Oct

Service

is the worse service provider, I requested ITC number on saturday last week till today, I have been doing follow up the whole week because the insurance can not replace the phone I lost without me giving the ITC number

27th Aug 12:40

Service

hi , I've been contacting your insurance million times no one is unswering calls and the the customer care don't allow me to speak to the consultant, can I please have the telephone number because I've been paying I need to claim , thanks

14th Nov 1



06

Environmental, Social and Governance (ESG)



ESG overview

Set out by the United Nations, the 17 Sustainable Development Goals (SDGs) - otherwise known as the Global Goals - serve as a blueprint for countries to achieve a more sustainable future.

Bridging these macroeconomic goals and aspirations to individual corporate entities, the environmental, social and corporate governance (ESG) framework is used to assess an organisation's business practices and performances according to a range of sustainability-related risks and opportunities.

Sustainable development goals and ESG



Given the global need for corporate entities to understand and report on ESG-related concerns, DataEQ has developed an ESG lens for social rhetoric to support client-facing businesses to report on their public sentiment around ESG.

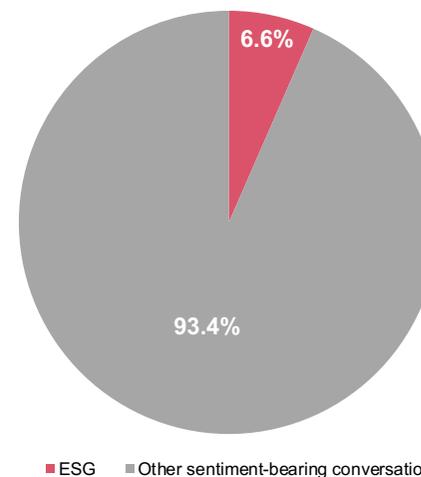
Telcos in South Africa are increasingly supporting ESG strategies to attract investors and grow their appeal to customers and employees alike. While it is important to measure the strategies initiated by the telcos themselves, this study has only taken a lens on public perception of ESG-related issues in contrast to the broader conversation.

Social responsibility and governance are leading ESG concerns

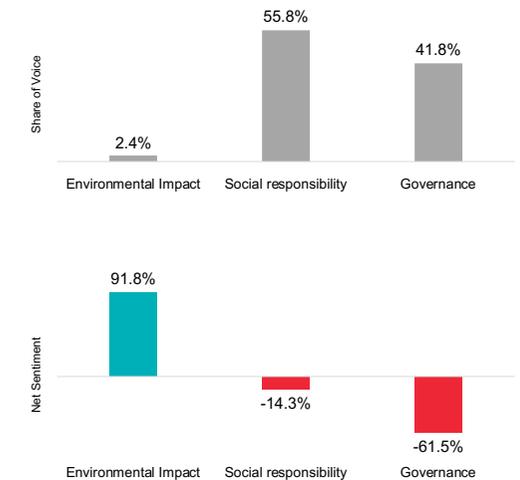
Despite a growing emphasis on ESG practises across the industry, less than 7% of the overall conversation about telcos on social media is related to ESG themes (refer to methodology for defined ESG segments). This suggests there is a disconnect between the public interest in telco-related ESG issues and the efforts and investments being made by telcos in the ESG space. Telcos therefore, have an opportunity to drive greater public awareness around initiatives and strategies in the sector.

The vast majority of ESG conversations dealt with social responsibility and governance, with many consumers raising concerns over consumer protection, unfair staff treatment, executive decisions and the impact these had on financial performance and share price.

Industry view: Proportion of ESG conversation



Industry ESG conversation and Net Sentiment





Very few consumers spoke about environmental issues and their impact. In fact, only 2.4% of the conversation centred around this topic, the majority of which was driven by corporate initiatives, resulting in a very positive sentiment.

By adopting a data-driven approach, telcos will be able to better understand the extent and nature of these complaints, while investors will be able to identify patterns at both an individual telco and sector-wide level.

Connectivity crucial to consumers' livelihood

As load-shedding remains a major issue across South Africa, connectivity emerged as a key concern for consumers. As much as 12% of all operational conversations addressed issues with working from home or a lack of reliability on the network for their livelihoods.

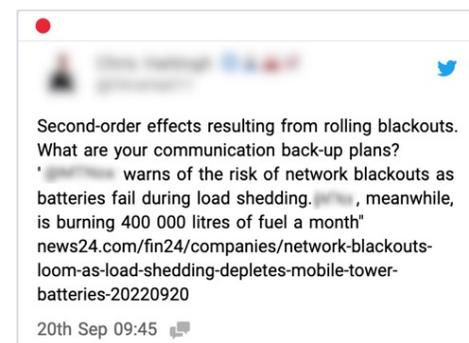
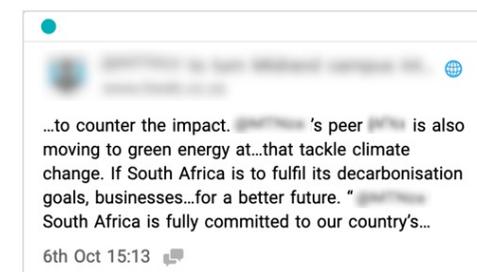
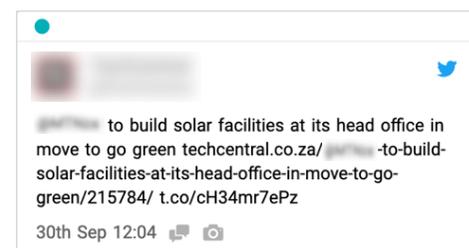
12% of operational conversation spoke about working or studying from home.



Sustainable power supply, independent of Eskom, is preferred

While the level of environmental concern was low, when consumers spoke about power supplies and issues around load-shedding and Eskom, there was evidence of concern for the environment coming through with more positive engagement around sustainable solutions and negativity towards the less sustainable options.

Example mentions

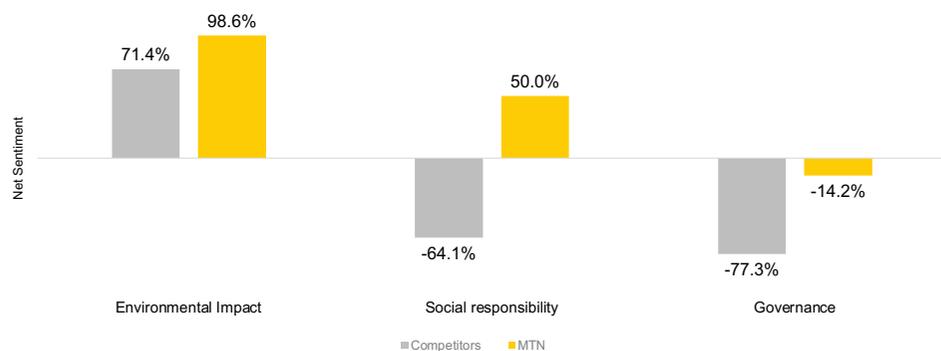




MTN outperformed competitors in all three ESG categories

Social responsibility accounted for three-quarters of MTN's positive ESG conversation, exceeding the industry average by over 20 percentage points.

Sentiment performance on key ESG themes

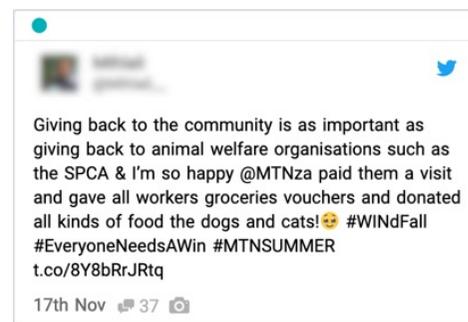


Most of MTN's positive ESG conversation spoke to its Corporate social investment (CSI) initiatives via the #MTNSummer and #BigUpYourLocal. The first highlighted a host of donations made to children's homes, schools, animal shelters, and communities in need. The second initiative encouraged consumers to nominate small businesses which could then win cash prizes. Both campaigns appeared to be largely promoted and engaged with by influential authors.

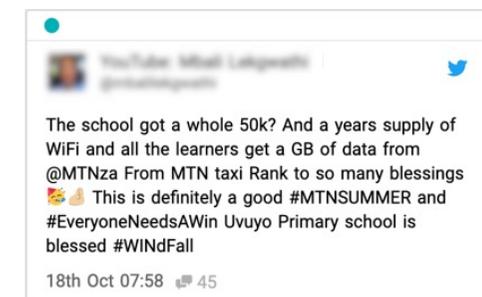
MTN's support of the Societies for the Prevention of Cruelty to Animals (SPCA) as part of its summer campaign also resulted in a relatively high percentage of positive conversations about environmental considerations. Some comments reporting that MTN burned 400 000 litres of fuel a month to keep generators going further contributed to this aspect.

Example mentions

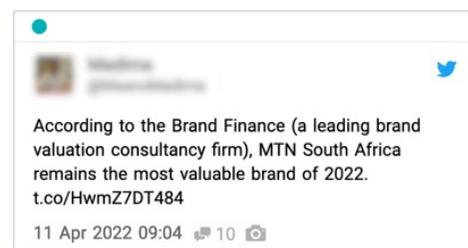
Environmental



Social responsibility



Governance



PwC insights on the way forward

Focused ESG campaigns and messaging can turn existing ESG efforts into differentiators. ESG awareness is growing and there is increased pressure on corporate South Africa to address these issues in their customers' ecosystems.

Purpose-driven companies leverage ESG strategies to create value and build trust. Telco operators will therefore be able to improve the experience of their customers by using ESG to create customer value and build trust with consumers. This can be done by implementing a more holistic approach to ESG and communicating and reporting progress more effectively. ¹

- For example, campaigns and initiatives addressing societal needs resonated with insurance consumers and led to reputational sentiment gains and lasting impact in the insurance industry. ²
- Telcos can expect more pressure from stakeholders in future around their social impact; digital and financial inclusion; child safety; Small, Medium and Micro Enterprise (SMME) development; as well as governance.
- Telcos need to monitor ESG-related threats and seize ESG opportunities. To capitalise on these opportunities, improved communications campaigns are essential.

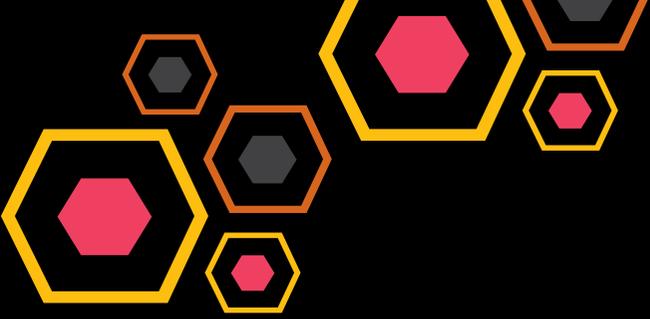
¹ PwC Africa Business Agenda: ESG Perspective 2023

² PwC and DataEQ South African Insurance Sentiment Index 2022



“Companies have never been subject to as much scrutiny from society as they are now. In the context of global climate and societal challenges, businesses need to demonstrate their ability to create value, build trust and contribute to solving important problems.”

– Lullu Krugel - PwC ESG Africa Platform Leader



07

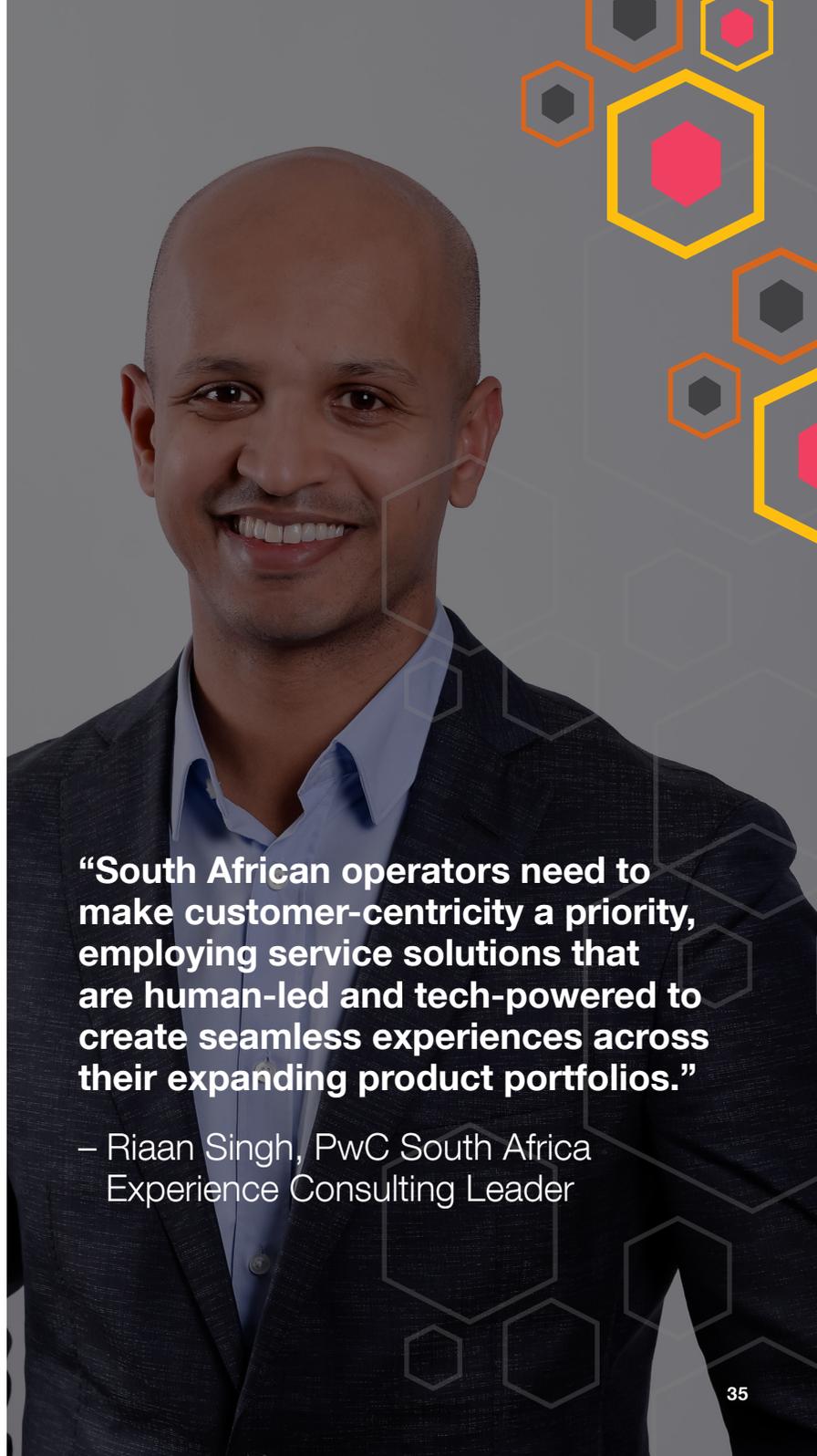
Conclusion



The way forward

From the above it is clear that in order to remain competitive and respond to the rapidly evolving needs and preferences of consumers, South African telecommunications operators need to be aware of the following:

1. Telcos who want to delight their customers should benchmark their customer sentiment against leading companies in other industries.
2. While telco business models are changing rapidly and telcos are investing in differentiated service lines, customers still expect the basics to be done consistently to a high standard. Network quality remains key.
3. Addressing customer service complaints is a cost-effective and quick way for telcos to achieve significant improvements in customer satisfaction.
4. Communication at every point in the journey is key - customers expect to be heard and feel valued in every interaction.
5. The transformed contact centre of the future will use a combination of technology and high-touch human engagement to create better experiences for the customer across all channel interactions.
6. Telcos that drive effective communications campaigns around ESG will be differentiated. Operators will lead by finding ways of using ESG to create customer value.



“South African operators need to make customer-centricity a priority, employing service solutions that are human-led and tech-powered to create seamless experiences across their expanding product portfolios.”

– Riaan Singh, PwC South Africa
Experience Consulting Leader

Contacts



Riaan Singh

*SA Digital
Transformation Leader*
PwC

riaan.singh@pwc.com



Courtney Tuck

*Manager: Experience,
Data Insights &
Technology*

PwC

courtney.tuck@pwc.com



Elmo Hildebrand

*Africa Technology, Media and
Telecommunications Leader*

PwC

elmo.hildebrand@pwc.com



Jaco Kotze

*Senior Manager: Africa
Technology, Media and
Telecommunications*

PwC

jaco.kotze@pwc.com



Melanie Malherbe

*Managing Director
DataEQ*

melanie.malherbe@dataeq.com



Liska Kloppers

*Telecoms Lead
DataEQ*

liska.kloppers@dataeq.com



Lara Sierra-Rubia

*Head of Analytics
DataEQ*

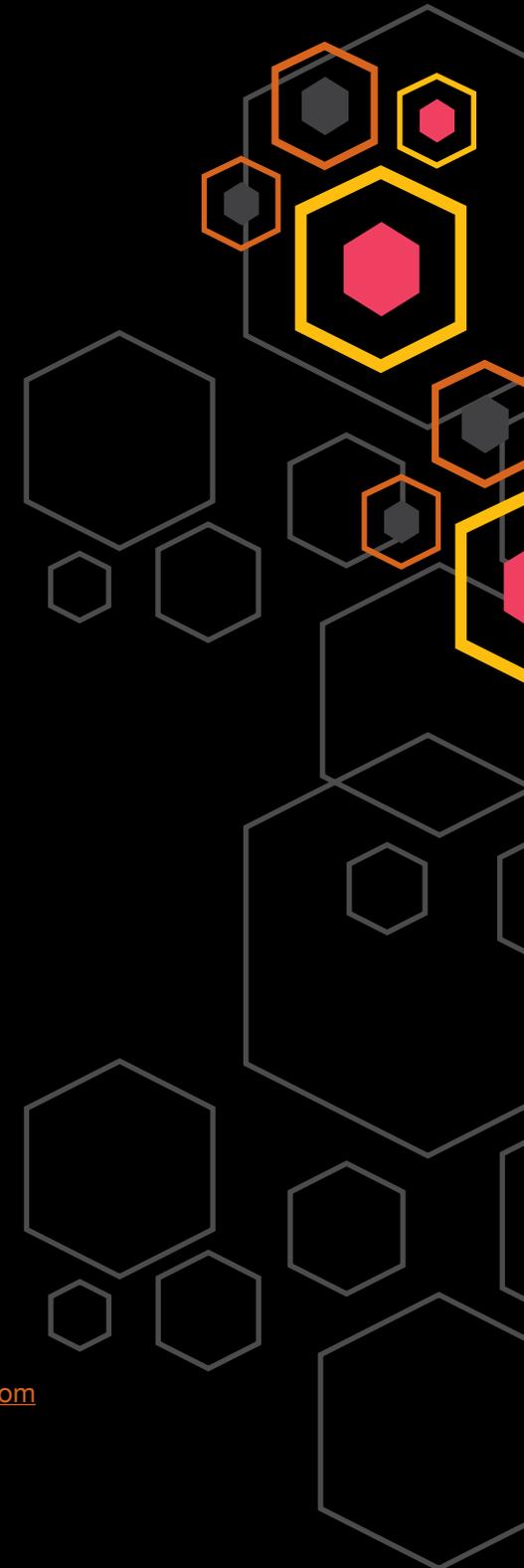
lara.sierrarubia@dataeq.com

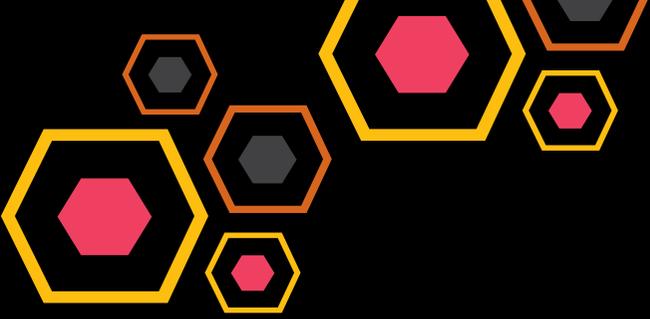


Diana Miguel

*Insights Analyst
DataEQ*

diana.miguel@dataeq.com





08

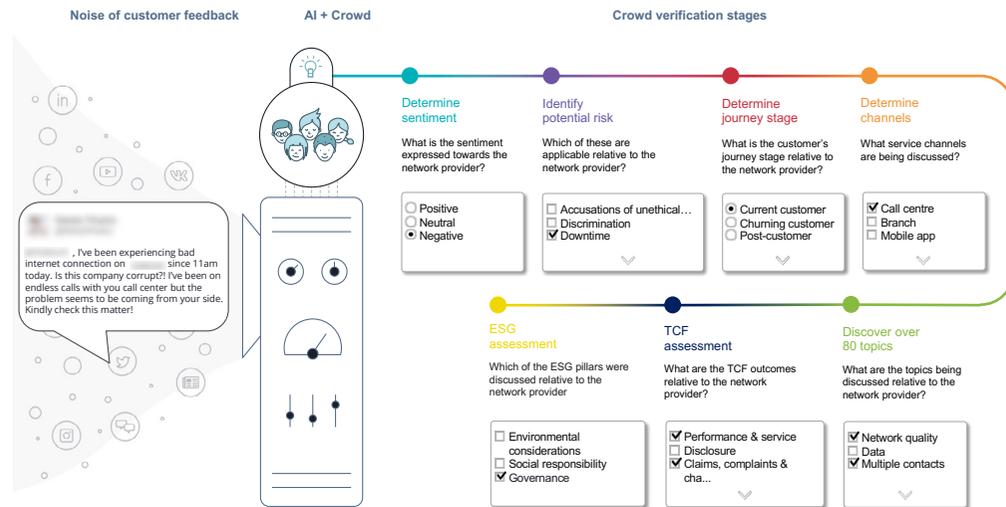
Methodology



Methodology overview

DataEQ tracked 2 042 720 public mentions about Cell C, MTN, rain, Telkom and Vodacom from 1 January 2022 to 31 Dec 2022. Data sources were mainly Twitter and Facebook, but also included multiple other online sources.

Industry comparison: Drivers of pricing complaints



Sampling

All volumes shown here exclude mentions posted by the network providers in review to avoid skewing results.

Industry comparison: Drivers of pricing complaints

	TOTAL MENTIONS	VERIFIED FOR SENTIMENT	VERIFIED FOR TOPICS	MARGIN OF ERROR ON PUBLIC NET SENTIMENT
Cell C	109 848	48 232	24 127	±0.3 pp
MTN	435 330	87 904	46 722	±0.3 pp
rain	278 833	101 008	49 855	±0.2 pp
Telkom	346 552	69 852	35 298	±0.3 pp
Vodacom	872 157	104 757	31 902	±0.3 pp
Total	2 042 720	411 753	187 904	±0.3 pp

Sentiment methodology

To carry out sentiment analysis with a 95% confidence level and a margin of error of up to ±0.3 percentage points on public Net Sentiment, a random, representative sample of consumer and press mentions were processed through DataEQ's Crowd of human contributors for evaluation and verification. The Crowd assigns these mentions with positive, negative or neutral sentiment tags.

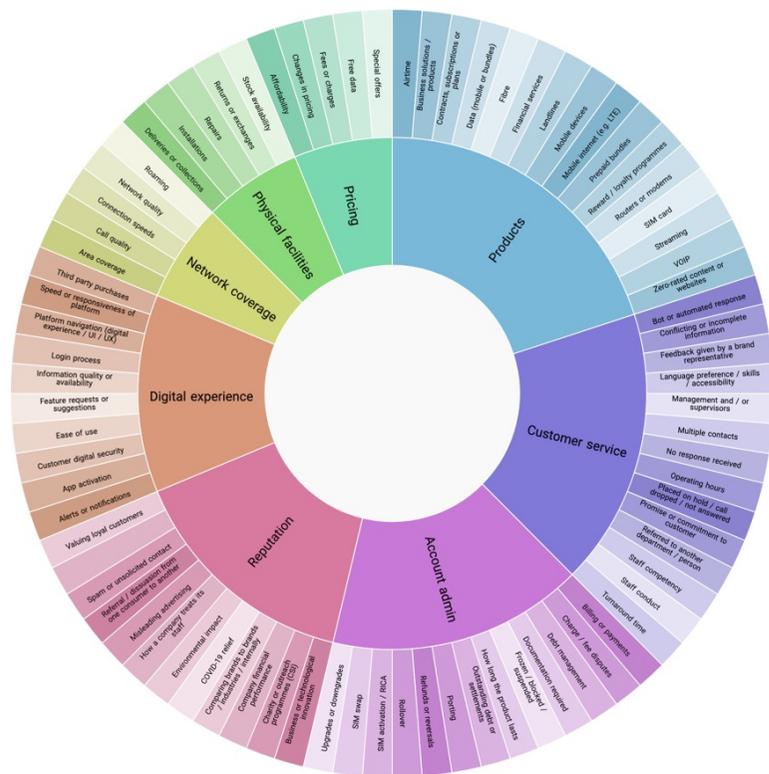


Topics methodology

Topic analysis enables a granular understanding of the specific themes driving consumer sentiment. A representative sample of sentiment-bearing (i.e. positive and negative only) mentions was sent to the Crowd for topic assignment.

Eight broad themes encompass a total of 80 topics. The themes are Customer service; Products; Reputation; Account admin; Network coverage; Pricing; Digital experience; and Physical facilities.

Telecoms topic wheel



Market conduct methodology

A sample of public mentions about the financial services offering of four South African network providers, namely Cell C, MTN, Telkom and Vodacom, was retrieved for the 1 January – 31 December 2022 period. The data was obtained from Twitter and multiple other online sources; however, Facebook was excluded from the analysis.

In order to enable us to carry out sentiment analysis with a 95% confidence level and a margin of error of up to ± 1.0 percentage points on public Net Sentiment, a random, representative sample of consumer and press mentions were processed through DataEQ's Crowd of human contributors for evaluation and verification.

Verification excluded mentions posted by the network providers in review to avoid skewing results.

Market conduct methodology

OUTCOME	OUTCOME DEFINITION
Outcome 1: Culture & governance	Customers must feel confident that they are dealing with an institution where TCF is at the core of their culture.
Outcome 2: Product suitability	Products and services in the retail market which are sold and marketed are designed according to the needs of the customers identified and targeted accordingly.
Outcome 3: Disclosure	Customers are provided with clear information and kept appropriately informed before, during and after point of sale.
Outcome 4: Suitable advice	Advice is suitable and according to the customer's circumstances.
Outcome 5: Performance & service	Service is of an acceptable standard and products perform as customers have been led to expect.
Outcome 6: Claims, complaints & changes	Customers do not face unreasonable post-sale barriers when they want to change a product, switch providers or make a complaint.

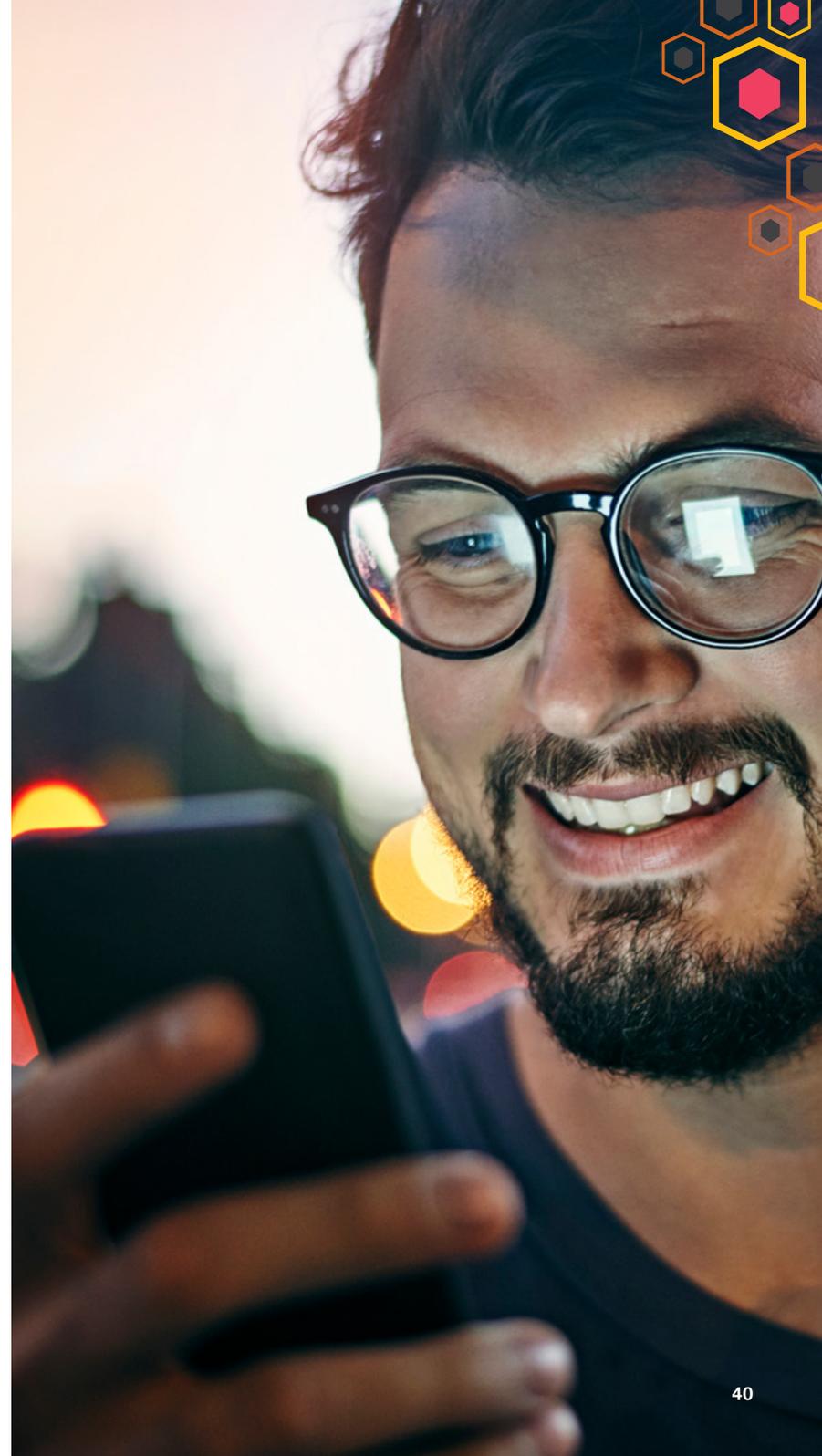
ESG methodology

A sample of over 188 000 consumer mentions was processed to ascertain the prevalence of environmental, social and governance (ESG) factors in the telecoms industry, as well as understand public perceptions of how telcos are performing in this area.

DataEQ's Crowd of human contributors coded these mentions with one or more of the eight defined segments related to ESG.

ESG methodology

SEGMENT	SUB-SEGMENT	DEFINITION
Environmental Impact	Environmental considerations	The brand is mentioned in connection with the environment and related issues
	Social responsibility	The brand is mentioned in connection with social responsibility, human rights or community outreach
Social Impact	Staff treatment, hiring practices or employment	References to how staff are treated by their employer/company (the brand) and its hiring practices/treatment of potential staff
	Consumer protection	The brand is mentioned in connection with practices of safeguarding buyers of goods and service
	Societal impact due to products/services	The brand is mentioned in connection with the social or societal impact of its product/services features
Governance	Governance	Mentions about how the company is run by its leadership



About



© 2023 PwC. All rights reserved. Not for further distribution without the permission of PwC. “PwC” refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm’s professional judgment or bind another member firm or PwCIL in any way.



DataEQ, formerly known as BrandsEye, specialises in providing large organisations with high-quality, actionable data from unstructured customer and public feedback. Using a unique blend of AI and human intelligence, the company offers various tailored solutions that range from customer service and experience, to market conduct and risk management. Founded in South Africa in 2007 and headquartered in London, DataEQ continues to expand internationally. Today, the company supports enterprise clients across four continents covering a range of business sectors, including financial services, telecommunications, automotive and retail.

