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**FACULTY OF ECONOMICS AND MANAGEMENT**



**ANALYSIS OF CUSTOMER CARE  
IN THE TELECOMS INDUSTRY**

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## **Declaration**

I declare that I have worked on my diploma thesis titled „Analysis of customer care in the telecoms industry“ by myself and I have used only the sources mentioned at the end of the thesis.

In Prague on

Alena Pokorná

## **Acknowledgement**

I would like to thank Richard Selby for his help with my thesis and my family for their support and patience. Thank you very much.

**ANALYSIS OF CUSTOMER CARE  
IN THE TELECOMS INDUSTRY**

**ANALÝZA PÉČE O ZÁKAZNÍKA  
V TELEKOMUNIKAČNÍM PRŮMYSLU**

## **Summary**

Diploma thesis is focused on analysis of customer care in telecoms industry. It compares and evaluates different approaches of customer care used by operating agencies and by AuditService4U s.r.o.

Theoretical part of this thesis contains two chapters. In the first part of literature overview the definitions of basic points of customer care are described. This chapter includes the opinions of marketing management specialists to different approaches of customer care. The second chapter includes the historical development and current operating agencies of the Czech telecommunication market.

Practical part contains two chapters. In the first one the principles of an AuditService4U customer care are identified. This approach is introduced on the real example of AuditService4U's customer and its development of cooperation during time is shown. This part includes also analysis of real data based on the objective improvement in the costs of telecommunication services after the beginning of cooperation with AuditService4U.

The second part takes in marketing research. This survey is focused on the opinions and feelings of the customers. It emphasises especially comparison of the customers' satisfaction before and after cooperation with AuditService4U and proposed recommendations from customers for improvements. This chapter is finished in SWOT analysis of AuditService4U's customer care approach.

The results of analyses are included in conclusions were all the findings and recommendations are evaluated and summarized.

## **Key Words**

Customer Care (Service), Czech Telecommunication Market, Telecommunication Services, Operating Agency (Operator), AuditService4U

## **Shrnutí**

Diplomová práce se zabývá analýzou péče o zákazníka v telekomunikačním průmyslu. Porovnává a hodnotí odlišné přístupy péče o zákazníka používané operátory a firmou AuditService4U s.r.o.

Teoretická část této práce obsahuje dvě kapitoly. V první části literární rešerše jsou popsány základní pojmy péče o zákazníka. Jsou zde zahrnuty názory specialistů marketingového managementu na různé přístupy v péči o zákazníka. Druhá kapitola obsahuje historický vývoj českého telekomunikačního trhu a současné operátory, kteří zde působí.

Praktická část je tvořena dvěma kapitolami. V první z nich jsou definovány principy péče o zákazníka u společnosti AuditService4U. Tento přístup je představen na skutečném příkladu zákazníka firmy AuditService4U a je zde ukázán vývoj spolupráce v průběhu času. Tato část obsahuje také analýzu reálných dat založenou na objektivním zlepšení nákladů za telekomunikaci po navázání spolupráce s AuditService4U.

Druhá část obsahuje marketingový průzkum. Tento výzkum se zaměřuje na názory a pocity zákazníků. Je orientován na porovnání spokojenosti zákazníků před a po navázání spolupráce s firmou AuditService4U a na navržená doporučení pro zlepšení. Tato kapitola je zakončena SWOT analýzou přístupu péče o zákazníka firmy AuditService4U.

Výsledky analýz jsou obsaženy v závěru, kde jsou všechna zjištění zhodnocena a shrnuta.

## **Klíčová slova**

Péče o zákazníka, Český telekomunikační trh, Telekomunikační služby, Operátor, AuditService4U

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# **1. Introduction**

Telecommunications are nowadays a part of everyday life. Almost anybody can imagine life without mobile phone or without the Internet. Telecommunications and its development are one of the key factors in economics and its growth. Every business from the sole traders and the smallest firms to the biggest international corporations is dependent on telecommunications.

This is a good position for entities that are providing telecommunication services. Operating agencies earn millions of profit every year. Few operators have millions of customers that are dependent on their services. Each operator emphasizes its strong focus on customer care and services. All of them say that they are on leading position in customer care on the Czech telecommunication market. But how does it work in reality? Do these companies provide appropriate services related to price? Are customers of operating agencies satisfied with their approach? If not, is it possible to improve this situation?

I have been cooperating for two years with AuditService4U s.r.o. company which applies a specific customer care approach on the Czech telecommunication market. This approach differentiates from traditional operator's ones. I decided to do my Diploma Thesis like a research for this company.

Is AuditService4U approach beneficial for all groups of customers? What is the target group of customers of AuditService4U? Is this customer care sufficient? Are customers of AuditService4U more satisfied? Is it possible to improve something by this approach? How do the objective facts of improvements in customer services compare to price differ from the customers subjective feelings?

Answers to these questions are the main aims of this thesis.

## **2. Objectives of Thesis and Methodology**

### **2.1. Objectives**

This thesis has several objectives. To identify principles on which AuditService4U customer care approach is based on is the aim of the first section.

The second section makes a goal to find out for which group of customers the AuditService4U approach works best. From the same research the target group of customers for AuditService4U is deduced.

In the third section of practical part a questionnaires are analysed. The goal of this section is to find out if clients feel the difference between operator's approach and AuditService4U approach and if they feel a difference, which of these approaches is better for them.

To summarize it, there can be said that to analyse AuditService4U approach and to compare satisfaction of the customers before and after cooperation with AuditService4U are the main objectives of this thesis.

## **2.2. Methodology**

To fulfil objectives and to analyse this approach there are used several methods.

On the first place gathering of information and documents study has to be mentioned. There are used especially company-specific resources and their study.

To find out opinion of customers and their feelings no matter the objective data are there are used questionnaires. Questionnaire is composed of 15 mainly semi-closed and closed questions. Just in one case there is used open question to get space to respondents for their own recommendations and comments.

These researches appear from several hypotheses:

- 1) More than half of customers are dissatisfied with services by operator.
- 2) The best advertising is satisfied customer – at least one quarter of current customers came to knowledge about AuditService4U from recommendation of known person.
- 3) Businesses with lower monthly expenses can achieve higher savings.
- 4) Clients feel the difference in both approaches.
- 5) More than three quarters of customers is satisfied with AuditService4U services.

These hypotheses are going to be confirmed or rejected.

To summarize all factors of AuditService4U approach a SWOT analysis is used. Internal strengths and weaknesses are identified together with external opportunities and threats.

## 3. Literature Overview

Customer care should play a significant role in every modern marketing strategy of a today's company. In the last decade there is given still more space to this marketing tool and its role is substantially increasing.

*“Only customer-centered companies are adept at building customers, not just products. They are skilled in market engineering, not just product engineering.”* (Kotler, 2001)

There are many marketing expert focused on the customer care, but Philip Kotler is the person one in marketing management. This is also the reason why the theoretical part is based mainly on his two bibles of management: A framework for Marketing Management (2001) and on the twelfth edition of Marketing Management (2006).

### 3.1. Customer Care

There are many definitions of **customer care or customer service**.

According to Jamier L. Scott, the customer service is: *“A series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.”*

On the official British government website for businesses, the Business Link, the customer care is defined as follows: *“Customer care involves putting systems in place to maximise your customers' satisfaction with your business. It should be a prime consideration for every business - your sales and profitability depends on keeping your customers happy.”*

All these definitions have common point: **a customer**. What is the customer? What meaning does it have for a company?

In different dictionaries there can be found general definitions of customer:

*“Customer is an entity that receives or consumes products (goods or services) and has the ability to choose between different products and suppliers.” (Business Dictionary)*

*“Customer is defined as a person, company, or other entity which buys goods and services produced by another person, company, or other entity.” (Investor Words)*

L.L.Bean defined customers and its importance for firm as follows:

*“Customer is the most important person ever in this office....in person or by mail.*

*A customer is not dependent on us...we are dependent on him.*

*A customer is not an interruption of our work...he is the purpose of it. We are not doing a favour by serving him...he is doing us a favour by giving us the opportunity to do so.*

*A customer is not someone to argue or match wits with. Nobody ever won an argument with a customer.*

*A customer is a person who brings us his wants. It is our job to handle them profitably to him and ourselves.”*

Furthermore, it is not necessarily the company's largest customers who are yielding the most profit. The largest customers demand considerable service and received the deepest discounts. The smallest customers pay full price and receive minimal service, but transaction costs reduce small customer's profitability. The midsize customers receive good service, pay nearly full price, and are often the most profitable. This is why many large firms are now invading the middle market.

*“A profitable customer is a person, household, or company that over time yields a revenue stream that exceeds by an acceptable amount the company's cost stream of*

*attracting, selling, and servicing that customer. The emphasis is on the lifetime stream of revenue and cost, not on one transaction's profitability."*

(Reinartz, W.J. & Kumar, J., 2003)

Note that the main goal of the customer-centered firm is not just to maximize customer satisfaction. If the company increases satisfaction by lowering its price or increasing its services, the result may be lower profits.

Ultimately, the company is aiming to deliver high customer satisfaction subject to delivering acceptable levels of satisfaction to other stakeholders within the constraints of its total resources.

A company should not try to pursue and satisfy all customers, because this would confuse the positioning of its products and services. Lanning and Phillips make this point well: *"Some organizations try to do anything and everything customers suggest... Yet, while customers often make many suggestions, they also suggest many courses of action that are unactionable or unprofitable. Randomly following these suggestions is fundamentally different from market-focus – making a disciplined choice of which customers to serve and which specific combination of benefits and price to deliver to them (and which to deny them).*

In general, the higher the **company's value-creation ability**, the more efficient its internal operations; and the greater its competitive advantage, the higher its profits will be. Competitive advantage is a company's ability to perform in one or more ways that competitors cannot or will not match. Companies that build a sustainable and meaningful customer advantages to deliver high customer value and satisfaction will enjoy high repeat purchases and, therefore, high company profitability.

There is a premise that customers will buy from the firm that perceive offers the highest customer delivered value. **Customer delivered value** is the difference between total customer value and total customer cost. Total customer value is the bundle of benefits that customer expect from a given product or service. It is consisted of product value, services value, personnel value and image value. Total customer cost is the package of

costs that customer expect to incur in evaluating, obtaining, using and disposing of the product or service. Total customer cost is composed of monetary cost, time cost, energy cost and psychic cost.

Michael Lanning, in *Delivering Profitable value*, says a firm must develop a competitively superior value proposition and a superior value-delivery system. A firm's value proposition is much more than its positioning on a single attribute; it is a statement about the resulting experience customers will have from the offering and their relationship with the supplier.

Simon Knox and Stan Maklan emphasize a similar theme in *Competing on Value*.

Too many companies fail to align brand value with customer value. Brand marketers try to distinguish their brand from others by a slogan, by a unique selling proposition, or by augmenting the basic offering with added services. But they are less successful in delivering customer value, primarily because their marketers are focused on brand development.

**Customer relationship management (CRM)** is a broadly recognized, widely-implemented strategy for managing and nurturing a company's interactions with customers and sales prospects. It involves using technology to organize, automate, and synchronize business processes - principally sales related activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new customers, nurture and retain those the company already has, entice former customers back into the fold, and reduce the costs of marketing and customer service.

The aim of customer relationship management is to produce **high customer equity**. *"Customer equity is the total of the discounted lifetime values of all of the firm's customers"*. (Blattberg, R.C. & Deighton, J., 1996)

Clearly, the more loyal the customers are, the higher the customer equity is.

Rust, Zeithaml, and Lemon distinguish three drivers of customer equity:



1. Value Equity

- the customer's objective assessment of the utility of an offering based on perceptions of its benefits relative to its costs

2. Brand Equity

- the customer's subjective and intangible assessment of the brand, above and beyond its objectively perceived value

3. Relationship Equity

- the customer's tendency to stick with the brand, above and beyond objective and subjective assessment of its worth

An alternative formulation to customer equity is provided by Blattberg, Getz, and Thomas. They view customer equity as driven by three components:

- Acquisition
  - affected by the number of prospects
- Retention
  - Influenced by the retention rate and retention spending level
- Add-on selling
  - A function of the efficiency of add-on selling, the number of add-on selling offers given to existing customers, and the response rate to new offers

Customer equity represents a promising approach to marketing management. Customer equity notions can be extended. Mohan Sawhney defines the relational equity of the firm as follows: "The relational equity is the cumulative value of the firm's network of relationships with its customers, partners, suppliers, employers, and investors."

Relational equity depends on the company's ability to attract and retain talent, customers, investors, and partners

Acquiring new customers can cost five times more than the cost of satisfying and retaining current customers. Customer acquisition requires substantial skills in lead generation, lead qualification and account conversion. The company can use web pages,

direct mail, telemarketing, and personal selling to generate leads and produce a list of suspects.

*“Too many companies suffer from high customer churn – namely, they gain customers only to lose many of them. Today’s companies must pay closer attention to their customer defection rate.”* (Kotler, 2001)

Companies can take four steps to reduce defection:

1. The firm must define and measure its retention rate.
2. The company must distinguish the causes of customer attrition and identify those that can be managed better.
3. The company needs to estimate how much profit it loses when it loses customers.
4. The company needs to figure out how much it would cost to reduce the defection rate.

Unfortunately, most marketing theory and practice center on the art of attracting new customers rather than retaining existing ones. *“The emphasis traditionally has been on making sales rather than building relationships; on selling rather than caring for the customer afterwards. Some companies, however, have always cared passionately about customer loyalty and retention.”* (Reicheld, F.F., 1996)

Companies can strengthen customer retention in two ways:

- The first one is to erect high switching barriers. Customers are less inclined to switch to another supplier when this would involve high capital costs or the loss of loyal customer discounts.
- The second one and the better approach is to deliver high customer satisfaction. This makes it harder for competitors to overcome switching barriers by simply offering lower prices or switching inducements.

The task of creating strong customer loyalty is called **relationship marketing**. It is needed to distinguish five levels of investment in customer relationship building:

1. Basic marketing: Simply selling the product.
2. Reactive marketing: Selling the product and encouraging customers to offer questions, comments or complaints.
3. Accountable marketing: Following up after the sale to see whether the product meets expectations and to ask for improvement suggestions and any specific disappointments.
4. Proactive marketing: Contacting customers periodically with suggestions about improved product uses or helpful new products.
5. Partnership marketing: Working continuously with customers to find ways to perform better.

To improve relations with supply-chain partners, many companies are developing stronger bonds and loyalty with their ultimate customers. The challenge now, says Jefferey Gitomer, is not to produce satisfied customers, but to produce loyal customers.

What specific marketing tools can a company use to develop stronger customer bonding and satisfaction? Berry and Parasuraman have distinguished **three value building approaches**:

1. Adding financial benefits

There are two financial benefits that companies can offer:

- **Frequency Marketing Programs (FMPs)**  
FMPs reward customers who buy frequently and/or in substantial amounts. This acknowledges the fact that 20 percent of a company's customers might account for 80 percent of its business.
- **Club Marketing Programs**  
Many companies have created club membership programs to strengthen bonds with customers. Club membership can be open to everyone who purchases a product or service or it can be limited to an affinity group or to those who are willing to pay small fee.

2. Adding social benefits

In this value building technique, the company increases its social bonds with customers by individualizing and personalizing customer relationships. In essence, customers are turned into clients. Donnelly, Berry and Thompson draw this distinction: *“Customers may be nameless to the institution; clients cannot be nameless. Customers are served as part of the mass or as part of larger segments; clients are served on individual basis. Customers are served by anyone who happens to be available; clients are served by the professional assigned to them.”*

3. Adding structural ties

Another value building technique used by companies is to supply special equipment or computer linkages to help customers manage their orders, payroll, inventory, and so on. As an example there can be used providing proprietary software programs, marketing research, sales training, and sales leads to loyal customers. The goal of these structural ties is to add value and strengthen bonds with customers.

Companies are now moving away from wasteful mass marketing to more precision marketing designed to build strong customer relationships based on the **high level of customer’s satisfaction**.

*“Satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing product’s perceived performance (or outcome) in relation to his or her expectations. As this definition makes clear, satisfaction is a function of perceived performance and expectations.”*

(Kotler, 2006)

A number of methods exist to measure customer satisfaction. Periodic surveys can track customer satisfaction directly. Respondents can also be asked additional questions to measure repurchase intention and the likelihood or willingness to recommend the company and brand to others.

Some companies think they are getting a sense of customer satisfaction by tallying customer complaints. However, according to Technical Assistance Research Programs (TARP), 95% of dissatisfied customers do not complain; many just stop buying. Listening is not enough. As Albrecht and Zemke observe: *“The company must respond quickly and constructively to the complaints. Of the customers who register a complaint, between 54 and 70% will buy again if their complaint is resolved. The figure goes up to a staggering 95% if the customer feels the complaint was resolved quickly. And customers whose complaints were satisfactorily resolved tell an average of five people about the good treatment they received.”*

Thus a company would be wise to measure customer satisfaction regularly and try to exceed customer expectations, not merely meet them.

One of the major values that customers expect from suppliers is high product and service quality. Today’s executives therefore set the improvement of product and service quality as a top priority; adopt total quality management.

*“Total quality management (TQM) is an organizationwide approach to continuously improving the quality of all of the organization’s processes, products, and services. Market-leading firms see TQM as a key component of customer satisfaction, and ultimately, of profitability.”* (Kotler, 2006)

There is an intimate connection among product and service quality, customer satisfaction, and company profitability. Higher levels of quality result in higher levels of customer satisfaction while supporting higher prices and lower costs. Profit Impact of Market Strategy (PIMS) studies have shown a high correlation between relative product quality and company profitability.

Rust, Moorman, and Dickson studied managers seeking to increase their financial returns from quality improvements. They found that firms that adopted primarily a revenue expansion emphasis performed better as compared to firms that adopted

primarily cost-reduction emphasis or firms that attempted to adopt both emphases simultaneously.

According to the American Society for Quality Control's definition, quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.

*“Marketers who don't learn the language of quality improvement, manufacturing, and operations will become as obsolete as buggy whips. The days of functional marketing are gone. We can no longer afford to think of ourselves as market researchers, advertising people, direct marketers, strategists – we have to think of ourselves as customer satisfiers – customer advocates focused on whole processes.”* (Beckham, J.D., 1992)

Marketers actually play six roles in helping their company define and deliver high quality goods and services to target customers:

1. They bear the major responsibility for correctly identifying the customers' needs and requirements
2. They must communicate customer expectations properly to product designers
3. They must make sure that customers' orders are filled correctly and on time
4. They must check that customers have received proper instructions, training, and technical assistance in the product's use
5. They must stay in touch with customers after the sale to ensure that they are - and remain – satisfied
6. They must gather customer ideas for product and service improvements and convey them to the appropriate company departments

When marketers do all of this, they substantially contribute to total quality management and to customer satisfaction.

## **3.2. Czech Telecommunication Market**

### **3.2.1. Historical development**

Development of the Czech telecommunication market has started after the Velvet Revolution in 1989. Till this time there was just monopoly of one state provider of fixed lines. In 1990 the Eurotel gained an exclusive licence for providing public data services. In 1991 Eurotel triggered the first mobile net in the Czech Republic – the first generation analog network 450 MHz. The Czech Telecommunication Office was established in 1993, following amendment to a telecommunication act from 1992, which has prepared the Czech telecommunication market to liberalization and privatization. In 1994 government decided to resign exclusive providing of fixed line services to Eurotel till the year 2000. In 1999 this decision was confirmed and there was agreed an aim of full liberalization of the Czech telecommunication market from 1<sup>st</sup> January 2001.

In 1996, Eurotel and two months later also Radiomobil ran GSM nets in the zone of 900 MHz, which is changed to 1800 MHz zone GSM network in the middle of 2000. From the 1<sup>st</sup> March 2000 Český Mobil a.s. has began commercial functioning of GSM network.

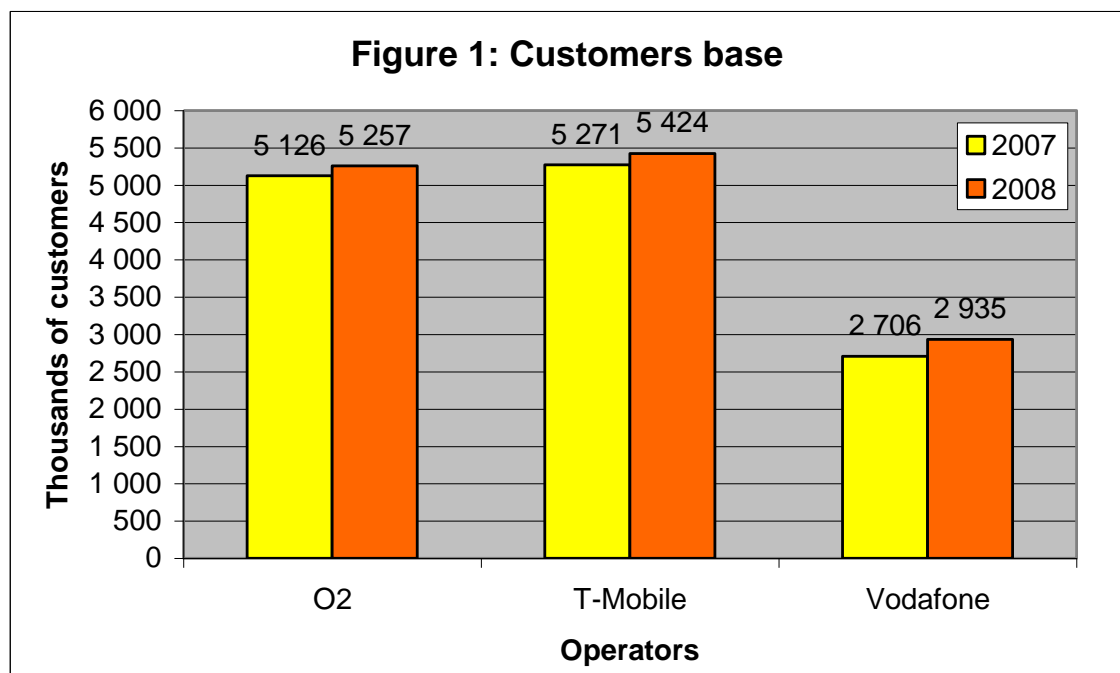
1<sup>st</sup> January 2001 the telecommunication market was opened. New operators can enter the market and operate on it. But there are some opinions that there were not equal chances for all operators on the Czech market, because there was not use “asymmetric regulation”, where there are lower demands for new, smaller operators compare to the strong and leading ones.

In 2002, all phone numbers were unified to the form of nine digits. Last significant event occurred in 2005. From this time customers can change operator and keep their current number across operating agencies.

### 3.2.2. Operating Agencies

Nowadays there are three main operators on the Czech telecommunication market – Telefónica O2, T-Mobile and Vodafone. The fourth one, U:fon, has entered market as late as in 2007 and unfortunately till today there are no available annual reports.

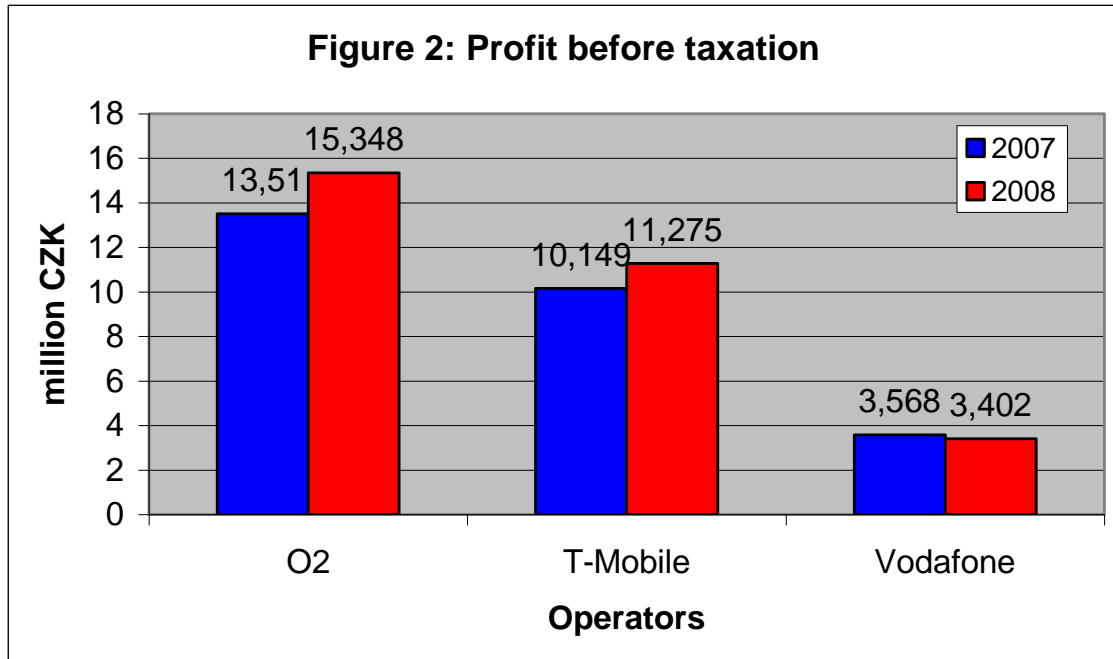
All three operators mentioned above lay stress on the customers, their care and satisfaction. All of them are proud of increase in their customer base. Information about the amount of customers by single operators is shown in the following graph:



Source: Annual reports O2 CR, T-mobile CR and Vodafone CR for years 2007 & 2008, own calculations

Together with the amount of customers, another indicator for measuring of performance of operators on the Czech telecommunication market is their financial situation. For a better overview of operator's success there is a graph with results of their income statements – profit before taxation in the year 2007 and 2008. As it is obvious, O2 and T-Mobile had and increased in 2008 their profits compare to 2007. By Vodafone there is a small decrease in profit in 2008 in spite of increase of customer base in this year.





Source: Annual reports O2 CR, T-mobile CR and Vodafone CR for years 2007 & 2008

### Telefónica O2 Czech Republic

Follower of Eurotel, the oldest operator on the Czech telecommunication market, is Telefónica O2. The importance of customer satisfaction for the company describe best words of the Salvador Anglada Gonzalez, chairman of the Board of Directors, from O2 annual report 2008:

*“I am glad that during the past year we confirmed our leadership of the Czech telecommunications market. Our successful offer of new and innovated services, which were well received by customers, asserted our reputation as innovator in the field of telecommunications and integrated business solutions.”*

*“As in previous years, our activities concentrated on the maximum satisfaction of customer needs. At the same time, they followed the trends of the fiercely competitive market in the Czech Republic.”*

*“The stronger competitive pressures on the mobile market became in 2008 even intense. Telefónica O2 recorded a year-on year increase of 2.6% in the number of customers, and reached 5.257 million, which represents a 39% share of the market.”*

Also the outlook of the Board of directors for the next year accentuate to customers:

*“With regard to current challenging environment, the Group’s strategy in 2009 will continue to focus closely on the customers and their needs, while staying firmly centred on its strategic goals.”*

O2 has on its web pages special link called Customer Care<sup>1</sup> where following possibilities are offered:

#### Support and service

Customer can contact O2 Customer care centre by email or by phone 24 hours a day. There is possible to find also instructions and settings, coverage map or the nearest O2 shop.

#### Documents and forms

On this page you can find the most frequently requested documents (business conditions, codes, pricelists, service specifications, contracts, etc.) and forms that you can download directly onto your computer.

#### Online applications

- O2 eShop
- My account
- O2 E-bill

---

<sup>1</sup> (<http://www.cz.o2.com/osobni/en/customer-care/>)

### International dialing

There is a list of regional phone prefixes in the Czech Republic as well as international dialing codes.

### New customers

Information for new or potential customers how to join O2 and keep your current number are available in this link.

### O2 extra

*“Extra services, extra experiences, extra shopping for O2 customers as well as customers of other operators. To become a member of the O2 Extra program, simply register at [www.o2extra.cz](http://www.o2extra.cz) (in Czech only). It's free, easy, and gives you great stuff!”*

There are three types of O2 Extra program membership:

- Silver member
- VIP member
- Blue member

Once you have registered, you can start using all your benefits immediately. The benefits you get depend on which type of membership you have.

### Billing and claims

You can find there all about billing for mobile and fixed services, the amount on your invoice and the information about discounts for the disabled and underprivileged.

### FAQ

The answers to the questions asked most frequently are available on the web sites.

## **T-Mobile Czech Republic**

On 14 March 1996 the CMobil consortium became the winner of the tender for an international partner of Czech Radiocommunication announced by the Ministry of Economics. Eleven days later - on 25 March 1996 the Licences to Operate a GSM

Mobile Network were ceremonially handed over. On 23 June 1996 a new company called RadioMobil was registered with the Commercial Court and started to operate the Paegas mobile network on 30 September 1996. In the year 2002 the Paegas moved to T-Mobile and in 2003 the name of company was changed to T-Mobile Czech Republic. T-Mobile gave a big space to customers in its 2008 annual report. In the foreword from the chairman of the Board of Directors, Michael Günther, he mentioned following:

*“Our company has been operating in the Czech market for twelve years already, and I am very pleased to say that we managed to gain maintain the leading position in terms of the number of SIM cards throughout 2008. In a mobile market as saturated as the Czech Republic’s, we managed to not only increase our customer base but also to increase our revenues.”*

*“In 2008 our focus on customer satisfaction was at the centre of everything we did. Our new motto, life is for sharing”, best reflects the fact that mobile communications as a whole, and mobile internet and mobile services in particular, permeate our lives.”*

In T-Mobile Annual report there is a special chapter dedicated to customers:

*“Customers are the alpha and omega of everything we do. They are at the centre of our attention and the factor that determines the development of all our services and the manner in which these services are provided. In such a competitive environment as the Czech market, it is very important to stay a step ahead of the competition and to anticipate the needs and wishes of customers.”*

*“Last year, we therefore introduced a resigned T-Mobile Bonus customer loyalty program that can be used by all customers, both prepaid and contract. Program members can choose the benefit that best suits their needs.”*

*“T-Mobile also strives to permanently improve the communication channels used by customers for configuration of their services. Customers who called our Customer*

*Centre in 2008 waited 23 seconds on average for their call to be answered by an assistant.”*

T-Mobile has also a link Care and support<sup>2</sup> dedicated to customer care:

#### Self Care

Customers have a possibility to manage their T-mobile accounts, activate new services, and check invoices alone.

#### Documents to download

Important forms and documents are available to download there.

#### Billing and claims

There is possible to check all customers' claims and payments online.

#### Benefits for the disabled and underprivileged

Underprivileged and disabled people can inform here which benefits they can get by T-Mobile.

#### Loyalty programmes

- Top Program
- T-Mobile Bonus Program

These programmes are determined to T-mobile customers and are based on advantages resulted from signed contracts or from collecting points for spent money. Points can be used for buying new mobile phones or other goods and services.

#### FAQ

Before writing his own question, customer can look at the answers to most frequently asked questions

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<sup>2</sup> <http://www.t-mobile.cz/web/cz/residential/peceapodpora/>

Contact us

Customers can ask their questions through an email or by phone call.

**Vodafone Czech Republic a.s.**

Český Mobil a.s. became the first dual-band (GSM 900/1800) network operator in the Czech Republic after being granted its license in October 1999. It launched commercial operations of its leading edge GSM network under the brand name Oskar. Oskar launched commercial operations on March 1, 2000 and stormed into the market as the third and fastest growing mobile telecommunications network in the Czech Republic.

Oskar is credited with bringing about radical changes to the mobile communication market in the Czech Republic, primarily through its positioning of the mobile phone as a consumer product made affordable to everyone. Oskar entered the market with a clear-cut, innovative "Direct business and marketing" strategy, which has been a cornerstone of the company's success to date. On June 1, 2005, Oskar became a member of the Vodafone family and in 2006 Oskar Mobil a.s. became Vodafone Czech Republic a.s.

Chief executive officer of Vodafone Czech Republic has the similar opinion on the role of customers and the importance of their support as her competitors. She expressed an attitude of Vodafone to customers and their needs like this:

*“The relationship between customers and mobile operators has gone through fundamentals changes over the past year. An increasing percentage of customers expect more than basic services like calling and text from their provider. Using a mobile for Internet is increasing dramatically and companies expect from their operator complex solutions that converge mobile and fixed as well as voice and data services. How operators conduct themselves in their environment and with their employees is also increasing, and I’m glad that Vodafone has done very well as a leader in this area”*

*“Throughout the last financial year, from April 2008 until March 2009, Vodafone very successfully attracted new customers in an every more penetrated market and, at the same time, deepened its relations with existing customers. As of March 2009, 2.9 million customers in the Czech Republic used Vodafone’s services, representing a year-on-year growth of 7.8% in our customer base. Success in the corporate client market was and is one of the main goals of Vodafone. I’m pleased that we had considerable success on this area over the past year.”*

*“Vodafone always wants to act as a customer advocate, lend a helping hand and return part of the profit to the community that helped generated those profits. For that reason as well, Vodafone services are used by one out of the four Czech businesses and the number of our corporate clients reached half a million.”*

On the web sites of Vodafone customers can find under the heading Customer services<sup>3</sup> similar items as by the previous two operators:

#### Online shopping

You can shop quickly and easily 24 hours a day right on our website. Securely and with a satisfaction guarantee.

- Free delivery throughout the entire Czech Republic applies to all orders
- You only pay once you collect the package
- Possibility to exchange or return goods and services within 30 days

#### Self Care

Customers have a possibility to manage their Vodafone accounts, activate new services, check invoices and more - all using the internet or mobile phone and without operator assistance.

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<sup>3</sup> [http://www.vodafone.cz/en/customer\\_service/index.htm](http://www.vodafone.cz/en/customer_service/index.htm)

### Payments and billing

There are available online advices for customers how to deal with invoices, payments and calling limits and call deposits.

### FAQ

The answers to the questions asked most frequently are available on the web sites.

### Vodafone Care Centre

There is a possibility to send an email with question or to ask a question by a call anytime.

### **U:fon**

MobilKom, a.s., is a mobile operator in the Czech Republic offering fast and cheap mobile internet and voice services under its U:fon brand launched in May 2007.

Unfortunately, there are no available annual reports or any other documents where the number of customers, main goals and other information can be found. U:fon offers usual services for customers like an E-shop, forms possible to download and online help. What differs is the usage of Facebook web page<sup>4</sup>. There are special people prepared to answer your questions or to help you through the Facebook.

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<sup>4</sup> <http://www.facebook.com/Ufoni>



## 4. Survey of Customers

### 4.1. AuditService4U s.r.o.

The AuditService4U s.r.o. came into existence after more than ten years experiences of its founder on telecommunication market. One of the main impulses for its founding was a fact that the Czech Republic belongs to the group of four most expensive countries within the Organization for Economic Cooperation and Development (OECD)<sup>5</sup> in providing telecommunication services.

The AuditService4U is not additional operating agency. It provides a full range of telecommunication services, but it does not have its own mobile net. This company just cooperates with all existing operators. These enable to AuditService4U providing independent consultancy on the field of telecommunications.

*“Declaration: We are not dealers of any operator. We call our customer’s attention to hidden dealers of telecommunication services offering seemingly similar product. We distance form the activities of this companies.”*  
([http://www.auditservice4u.com/firma\\_index.htm](http://www.auditservice4u.com/firma_index.htm))

The main aim of this company is to decrease costs and improve services provided by operators. AuditService4U wants to achieve prices and services provided by operators comparable to other countries in European Union. The AuditService4U is concerned with lowering costs for telecommunication. It is focused on businesses’ customers and national institutions, not individuals.

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<sup>5</sup> OECD Communications Outlook 2007

Czech telecommunication market is full of offers from individual operators. There is a plenty of different tariffs, tender offers as well as that non-public offers, different types of contracts and other information. Customer has a very little chance to be well acquainted with all these information. AuditService4U helps to find the solution which best fit the requirements of single businesses - customers.

AuditService4U consists of two departments – the business department and the analysis department. In the business department there are businessmen which are in the direct contact with customers. They are more consultants than sellers. They bring to customers information and results processed by people in analysis department. Analysis department also monitors and process situation on the Czech telecommunication market, changes in tariffs and all public and non-public offers development.

AuditService4U is capable to stand by the selection procedure or to implement it alone. It makes orientation in all the offers – public and non-public easier and helps customers to choose useful and optimal configuration of telecommunication services.

#### **4.1.1. Products**

##### **Optimum4U**

Optimum4U is a basic product. It is a first, initial step in cooperation with AuditService4U. It is concerned with all telecommunication services that are provided by existing operator. Its aim is to decrease costs or improve services provided by operator. In some cases it is possible gain both.

Optimum4U is based on analysis of monthly expenditures for telecommunication. The highest and lowest invoice for the last twelve months or one average invoice from operator is considered. The reason for the average one is that for different businesses the volume of calls can differ seasonally. With average expenditures and also average

volume of used telecommunication services the AuditService4U avoids promising unreal savings or better services for existing costs.

Optimum4U includes following items:

#### Analysis

Detailed analysis of all mobile as well as fix numbers and the Internet. Each phone number is taken into account and help to create overview of phone calls – if there is most of calls inside the Czech network or if there are many international phone calls or if these numbers prefer sending SMS or calling. These analyses enable to gain the complete picture of really used services.

#### Optimalization

According to previous analysis there is proposed an alternative solution of optimizing tariffs by current operator. This optimalization is possible through additional benefits which result from current contracts but are not used by customer and other public and non-public offers.

#### Disadvantages of contracts

Especially by written long-term contracts there are usually some disadvantages that customer can not find at first sight but that make some changes to preferential terms impossible. Analysts draw the attention to these disadvantages and in case that it is possible they propose their solution.

#### Simulation

In the case of terminate contract with operator, there is possible to simulate situation by other operators. Customer can choose if he wants to stay by current operator or if he consider preferable to switch operating agency.

After all these steps there are proposed complete solutions to improve ratio of services to costs. This is just proposal and customer can decide if he wants to implement that suggested changes. If he decides carry out these changes he pays to AuditService4U

35% of saved amount computed for a one year period. If till the end of this year the customer has not achieved promised savings the money he had paid are refunded.

**Advantages:**

- All changes are made within the framework of current contract.
- Customer does not have to change an operator.
- Price of the Optimum4U is computed from the saved amount of money.
- There is one year guarantee for money-back in case that the saved sum was not completely acquired.
- If a customer agree all changes and negotiation with operator are made by AuditService4U.

**Disadvantages**

- Proposed improvements are limited by current contract and given conditions.
- It is solution with limited flexibility.
- Saving are computed from an average invoices, but if there is a big change in the volume of used services between current year and previous year it is difficult to control if the savings are really as high as it was computed.

**Contract4U**

Contract4U is the second step after Optimum4U. It is also possible to start right with Contract4U without previous optimalization. Contract4U is focused on building-up a long-term relationship with customer. In this case s customer has its own seller - consultant and he can always ask him for advice. In addition to this consultant he has assigned analyst that pursue situation on telecommunication market and compare offers to choose the best for the client. These people looks after all client's telecommunication needs.

Compare to Optimum4U, Contract4U is more flexible. AuditService4U follows customer's wants and needs and they are focused on problems according to priority

given to single items by customer. The optimization period duration depends on settlement with customer. During this time, people from analytical department try to fulfil client's requirements.

Each customer has his own subject card where all requirements and date when they were reported. In response to these claims there are reported all steps made to fulfil it and when it was done.

Price for Contract4U is established at a flat rate for one phone number to a given optimization period. There is recommended to establish optimization periods after six months.

#### Advantages

- High level of flexibility.
- It is thought out what customer considers as important.
- Different requirements are solved according to priority given by customer.
- Length of optimizing periods is determined by customer.
- Long-term – it enables closer cooperation.

#### Disadvantages

- There is no guarantee of savings and pay-back of money.
- Fixed cost no matter how high savings are.
- Long-term cooperation – it is not possible to stop it immediately.

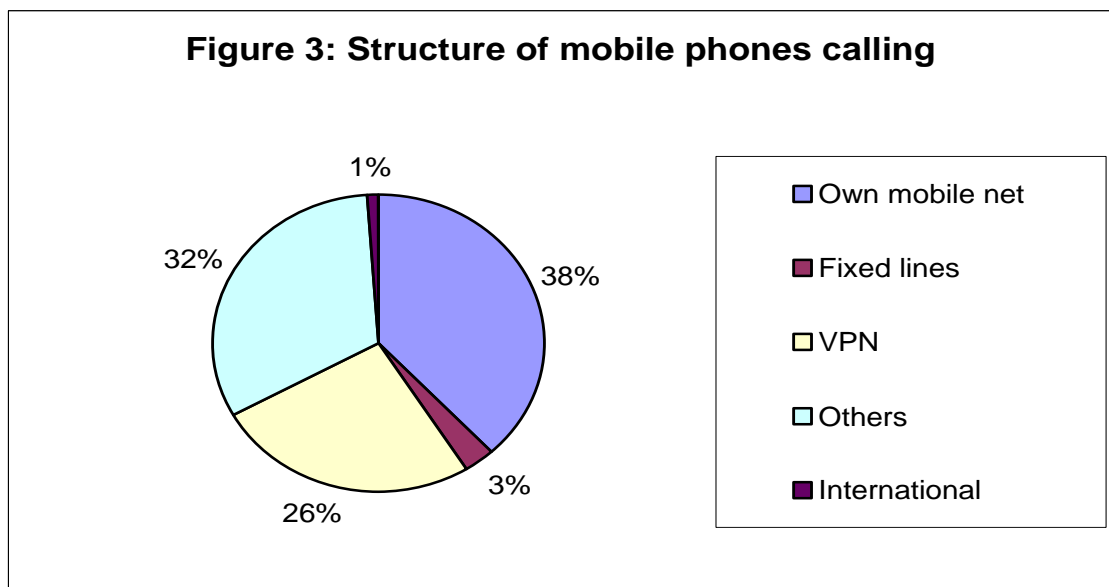
#### **CallContract4U**

CallContract4U is the last and final step in product hierarchy. During the longer cooperation there is usually possible to gain an across-the-board percentage reduction in price. This discount is for each monthly invoice from operator and can reach for 70 percent from original amount. In this case the cost of CallContract4U is based on a flat rate price for one phone number per one month.

### 4.1.2. Practice

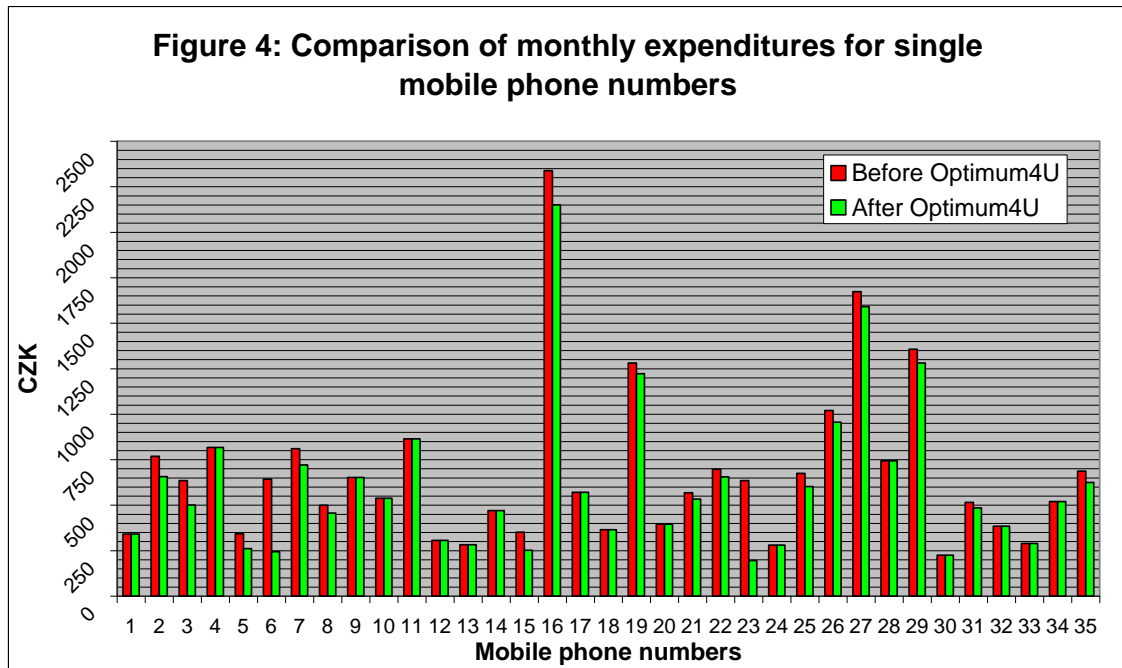
How does it work in practice? This is a real example, but according to Consumer's Act it is not possible to use a name and other specifications of given firm. So this company is called Firm A for this purpose. It is extremely difficult to demonstrate or measure improvement in services. AuditService4U has a principle that proposed changes must keep at least the same level and quality of provided services but for a better price, so especially financial gains are shown in this part.

At a meeting of a businessman from AuditService4U and executive head of Firm A it is decided that as a first step in cooperation Optimum4U will be processed until ten days. Firm A has thirty-five mobile phone numbers and eleven fixed lines. First of all, analytics make an analysis of calling of single phone numbers based on an average monthly invoice provided by Firm A. They start with mobile phone numbers structure.



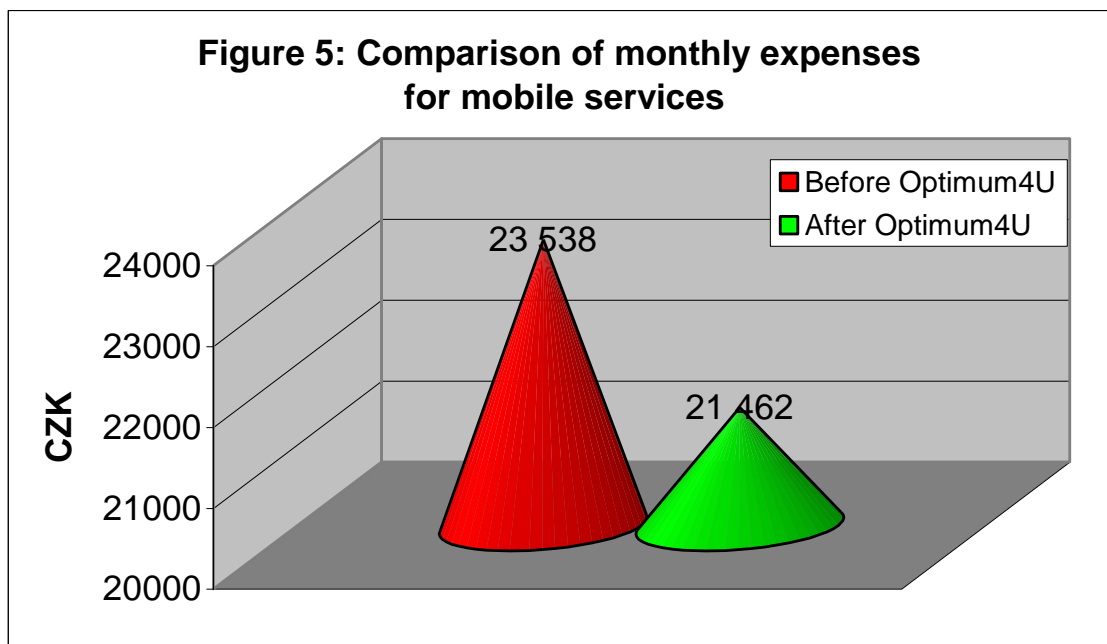
Source: AuditService4U – company-specific resources, own computation

Based on this structure every single phone number is analysed and there is a proposed change. For a clear comparison of original situation and that after proposed changes for individual mobile numbers there is use a following figure:



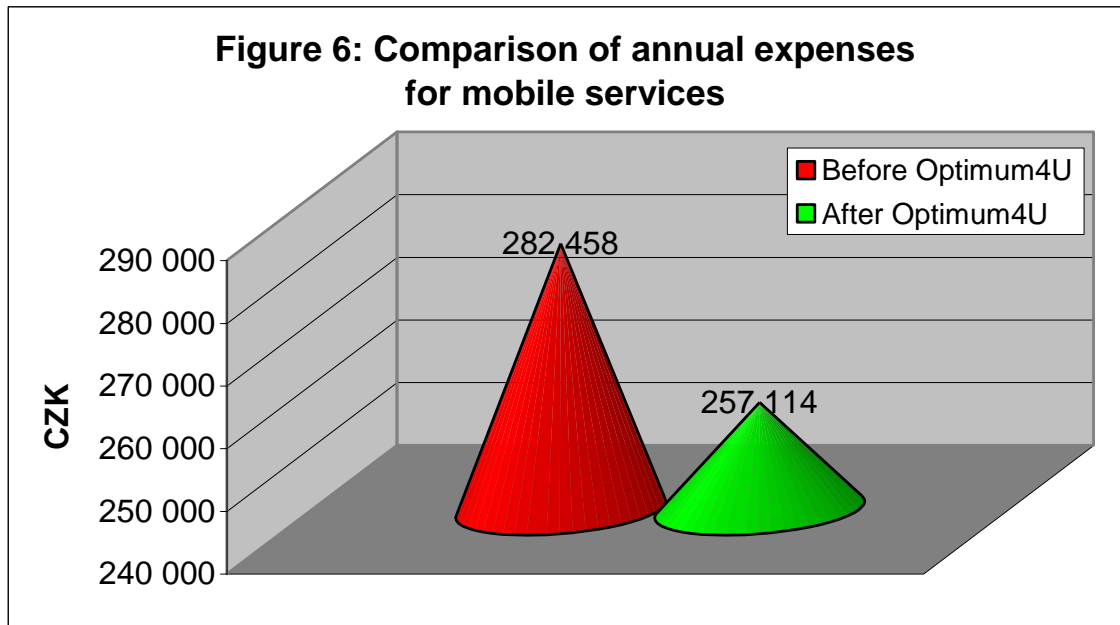
Source: AuditService4U – company-specific resources, own computation

But client is interested especially in overall effect of these proposed changes and how does saving display on his monthly invoices from operator.



Source: AuditService4U – company-specific resources, own computation

For better orientation there are also displayed changes in annual expenses for mobile phone services.



Source: AuditService4U – company-specific resources, own computation

The same procedure is repeated for the fixed lines and for the Internet. On this place usually follow a chapter with underlining disadvantages of contract. Because these data are sensitive it is not possible to use concrete example. Generally it is possible to mention following:

- It is necessary to repudiate an agreement to an exact date with all required record otherwise the agreement is automatically prolonged for the next 24 months. In this case it is really difficult to keep current advantages and benefits or to get better conditions for a new contract.
- Benefits guaranteed by the general agreement are not maximum benefits that can be provided by operator.
- Too high monthly settlement defined by general contract can cause the situation when the change for better (cheaper) tariffs is not advantageous for a client because after this change he would have to pay off the difference of his real costs and the established minimal payment.



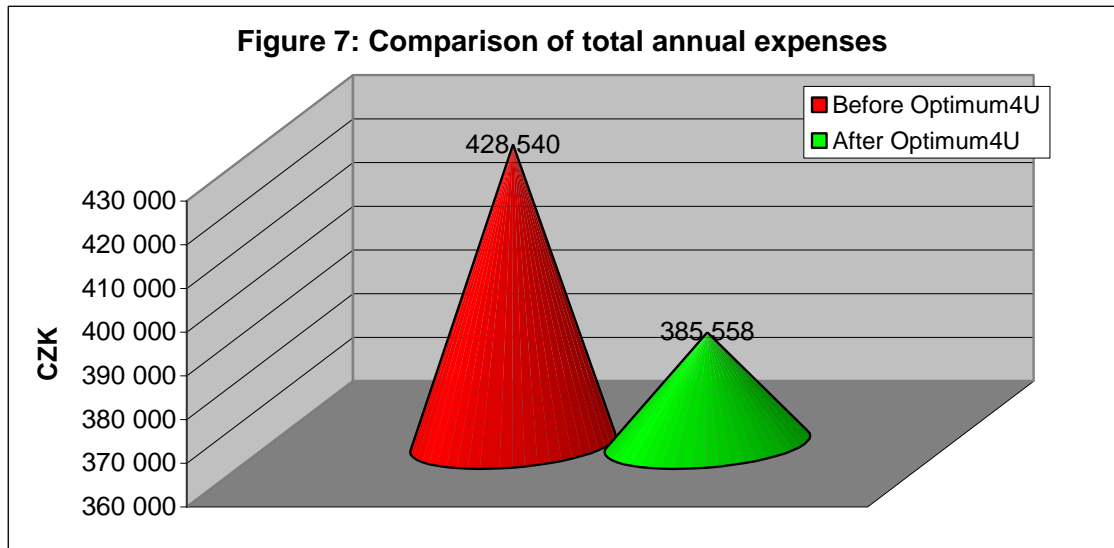
Final step of Optimum4U is a summary. All partial results for mobile phones, fixed lines and for the Internet are brought together. To sum up all significant numbers there is used following table:

**Table 1: Summary**

<b>Mobile Services</b>	
<b>Current Expenditures</b>	<b>23 538,20 CZK</b>
<b>After Optimizing</b>	<b>21 426,18 CZK</b>
<b>Monthly Savings</b>	<b>2 112,02 CZK</b>
<b>Annual Savings</b>	<b>25 344,24 CZK</b>
<b>Fixed Lines</b>	
<b>Current Expenditures</b>	<b>11 990,13 CZK</b>
<b>After Optimizing</b>	<b>10 520,30 CZK</b>
<b>Monthly Savings</b>	<b>1 469,83 CZK</b>
<b>Annual Savings</b>	<b>17 637,96 CZK</b>
<b>Internet</b>	
<b>Current Expenditures</b>	<b>2 200,00 CZK</b>
<b>After Optimizing</b>	<b>2 200,00 CZK</b>
<b>Monthly Savings</b>	<b>0,00 CZK</b>
<b>Annual Savings</b>	<b>0,00 CZK</b>
<b>Total Annual Expenses before Optimum4U</b>	<b>428 539,96 CZK</b>
<b>Total Annual Expenses after Optimum4U</b>	<b>385 557,76 CZK</b>
<b>Total Annual Savings</b>	<b>42 982,20 CZK</b>

Source: AuditService4U – company-specific resources, own computation

For client's better idea of possible changes there is used graph comparing overall annual expenditures.



Source: AuditService4U – company-specific resources, own computation

As it was already mentioned, from total annual savings is computed the price of Optimum4U. If there was no better solution and savings found or if Firm A decided to pass an offer, the processing of Optimum4U is free of cost. But Firm A decided to implement changes proposed in Optimum4U. This means that they will pay 35% from their calculated annual savings after optimizing of tariffs and using other proposed changes.

**Table 2: Price of Optimum4U**

<b>Total Annual Savings</b>	<b>42 982,20 CZK</b>
<b>Price (35% from total savings) without VAT</b>	<b>15 044,00 CZK</b>
<b>VAT 19%</b>	<b>2 858,00 CZK</b>
<b>Total Price</b>	<b>17 902,00 CZK</b>

Source: AuditService4U – company-specific resources, own computation

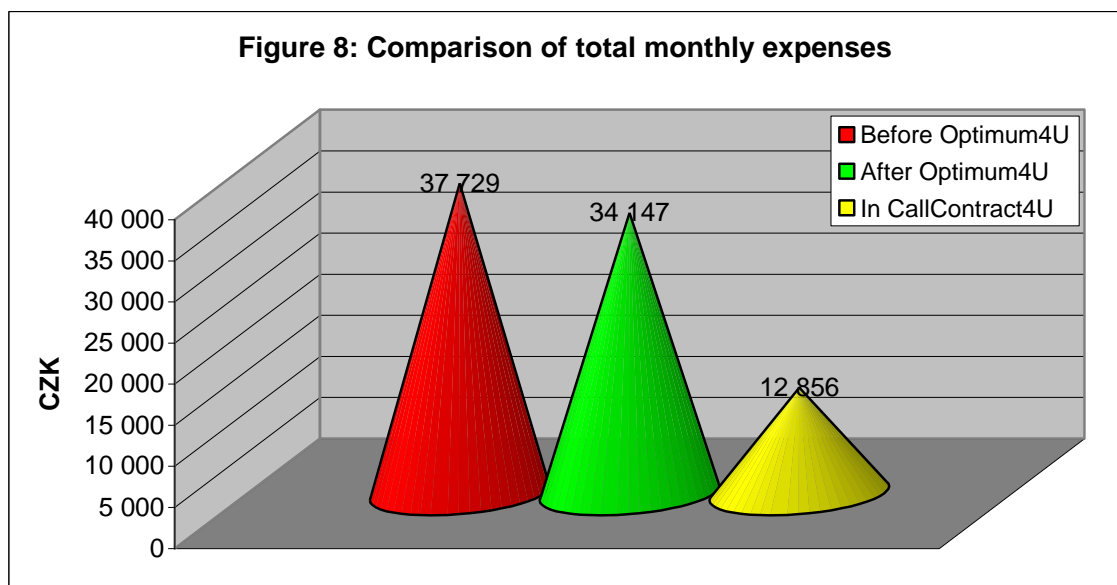
Executive officer from Firm A decided to sign an agreement for Contract4U directly by handing over the Optimum4U. He also laid his first claims. These claims were recorded by his consultant. After few days analysts from AuditService4U prepared a card for

Firm A. Until ten days customer has his own card where all requirements and how they were solved is continuously filled in as it can be seen in the next table:

Table 3: Contract4U					
Date		Client's Requirements	Date		Solution of Requirement
21.3.09	1	To implement changes from O4U	21.3.09	1	Changes were realized
10.8.09	2	To decrease min. monthly costs	12.8.09	2	Necessary to wait for new g. agr.
10.8.09	3	To gain maximum benefits	12.8.09	3	Necessary to wait for new g. agr.
20.9.09	4	To get 10 new mobile phones	15.11.09	4	New gen. agreement was signed
			20.11.09	5	New mobile phones received
			20.11.09	6	Waiting for first billing

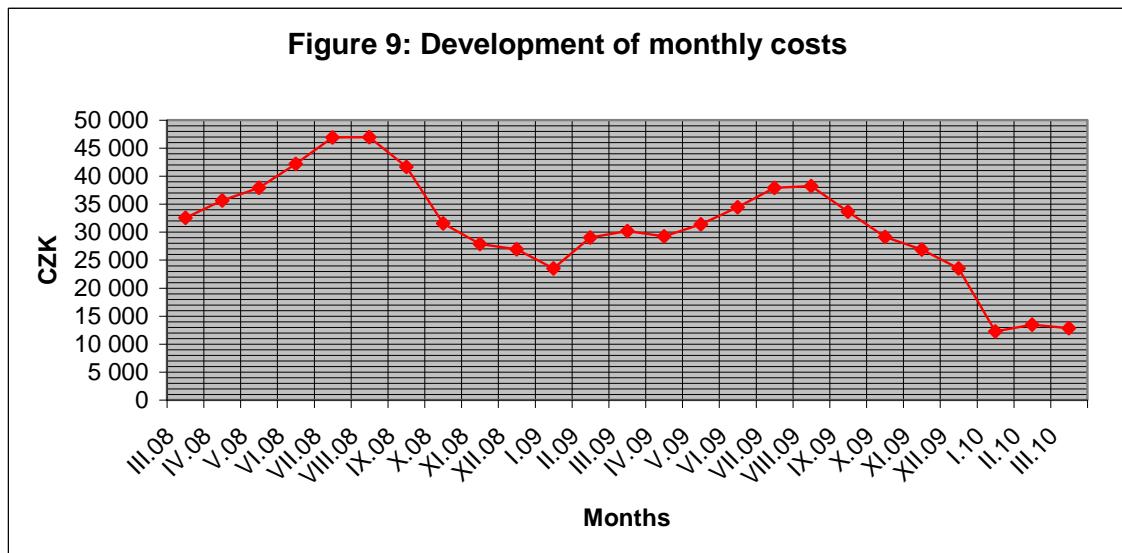
Source: AuditService4U – company-specific resources, own computation

Contract4U can be final step of cooperation, but usually this a way how to attain CallContract4U. Before achieving CallContract4U each customer has to be justified to fulfil certain conditions. In Contract4U there are fulfilled requirements from customer but it is formatted for CallContract4U. In this phase there is also obvious what real CallContract4U target costs are.



Source: AuditService4U – company-specific resources, own computation

Development of Firm A monthly expenses from original situation, current situation after optimum4U and the target costs in CallContract4U are displayed in following figure:



Source: AuditService4U – company-specific resources, own computation

In the period from March 2008 till February 2009 there are displayed original monthly expenses. As it is obvious there are seasonal changes in monthly costs during the year. These differences are caused by different volume of using telecommunication services in summer time and in winter time because of specialization of firm A. The average invoice was calculated from these twelve months and it made 37 729 CZK.

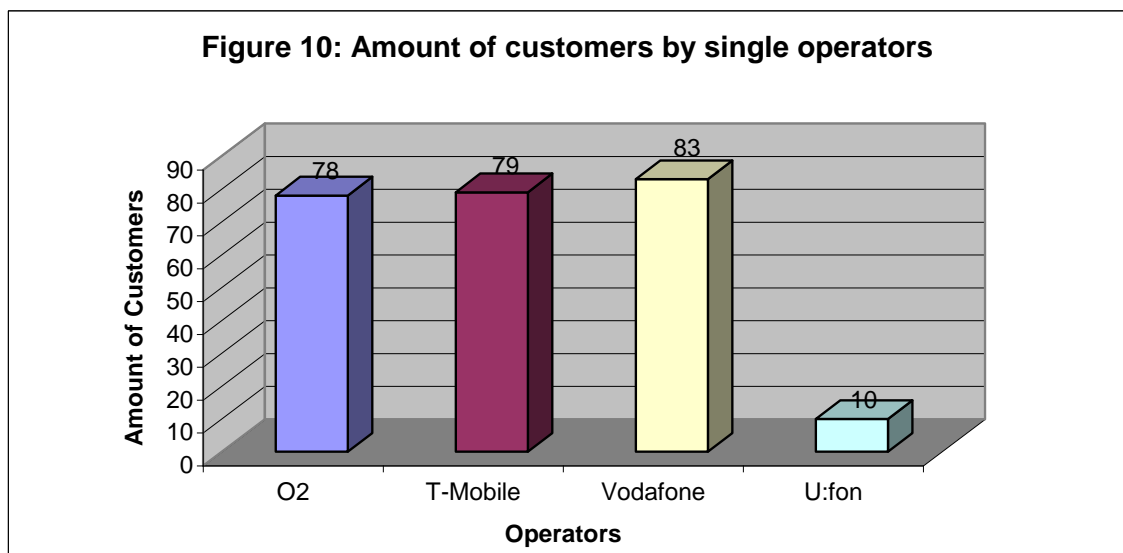
In March 2009 there was processed and implemented Optimum4U. In following Half year there are evident seasonal changes as in previous year but on the lowest level of costs. In this period the changes from Optimum 4U came to light. In the next four months there were made some additional changes that decreased costs slightly and there was possible to fulfil requirements from Contract4U.

In December 2009 Firm A started to use Call Contract. Their monthly expenditures decreased rapidly. If the original monthly expenses are compared to current there can be seen that current CallContract4U costs are on the level of one third of that original ones.

## 4.2. Research on customers

Optimum4U is usually the first step in cooperation. Company's profit is derived from the size of savings. So target group of AuditService4U should be focused on customers for which is this approach most favourable. How to find the target group of customers? Customers of AuditService4U are companies of different size, location and specialization. How to divide these businesses? And how to find out for which group of customers is this approach the best? These questions are solved in this part.

For this research 250 processed Optimum4U of currently cooperating customers were used. The business for which were analysed by this way differs in many items. These 250 businesses cover all operators that are operating on the Czech telecommunication market. The smallest amount of customers use U:fon services. U: fon has just 10 out of 250 customers. In the rest of customers there were very small differences among amounts of customers by O2, T-Mobile and Vodafone. These big operators have around one third of customers each.



Source: AuditService4U – company-specific resources, own computation

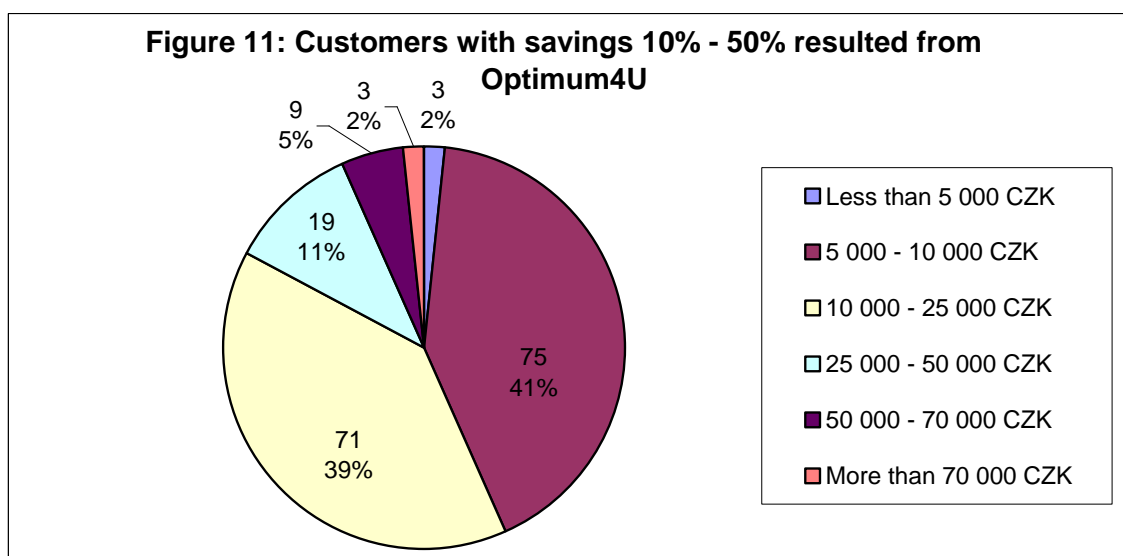
Aim of this research is to find out which group of businesses is optimal for Optimum4U. Optimality is considered from the customer's view as well as from view of

AuditService4U. For this purpose customers were divided into six groups according to their original monthly expenses for telecommunications. Structure of customers and gained savings are shown in the following table:

<b>Table 4: Savings from Optimum4U</b>						
<b>Groups of businesses</b>	<b>Amount of c.</b>	<b>Savings in %</b>				<b>c. saving 10% - 50%</b>
		<b>&lt; 10</b>	<b>10 - 25</b>	<b>25 - 50</b>	<b>&gt; 50</b>	
<b>Less than 5 000 CZK</b>	<b>14</b>	<b>11</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>21%</b>
<b>5 000 - 10 000 CZK</b>	<b>93</b>	<b>15</b>	<b>42</b>	<b>33</b>	<b>3</b>	<b>81%</b>
<b>10 000 - 25 000 CZK</b>	<b>102</b>	<b>19</b>	<b>39</b>	<b>32</b>	<b>12</b>	<b>69%</b>
<b>25 000 - 50 000 CZK</b>	<b>25</b>	<b>4</b>	<b>16</b>	<b>3</b>	<b>2</b>	<b>76%</b>
<b>50 000 - 70 000 CZK</b>	<b>12</b>	<b>2</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>75%</b>
<b>More than 70 000 CZK</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>75%</b>

Source: AuditService4U – company-specific resources, own computation

In the last column percentage of customers that gained from ten to fifty percent reduction in costs is displayed for each category separately. To summarize it there can be used graph illustrating structure of businesses that achieved already mentioned interval of savings.



Source: AuditService4U – company-specific resources, own computation

From the previous figure it is obvious that the biggest part of customers that gained from 10% to 50% reduction represent two groups. Businesses with monthly costs from 5 000 to 10 000 CZK represent as well as the group with expenditures from 10 000 to 25 000 CZK approximately 40%. Customer with costs from 5 000 to 25 000 compose together 80% from all business which achieved 10% - 50% savings.

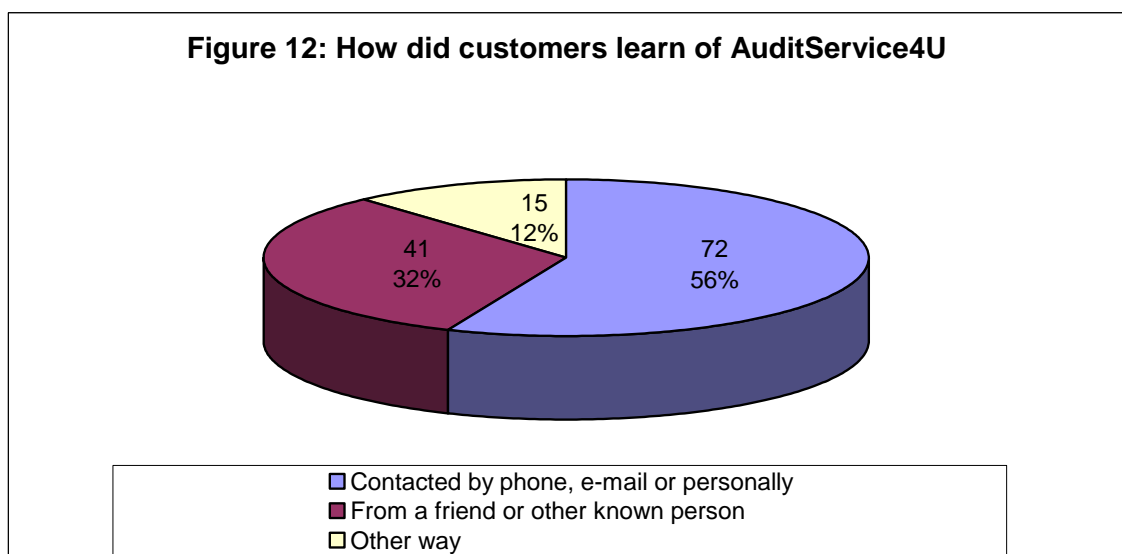
To conclude this part it can be said that the target group for AuditService4U approach are companies with lower to medium size of monthly expenditures bordered by 5 000 to 25 000 CZK. This size of expenditures also enables quite a big savings for the most of businesses. This can be caused by different positions of different sized companies. AuditService4U represents hundreds of businesses so it has better bargaining position and can achieve better conditions.

## 5. Analysis of Results, Observations and Recommendations

### 5.1. Questionnaire Results

In spite of some objective facts, the most important thing is the opinion of customer. For this purpose a questionnaire was prepared. This questionnaire is composed of 15 questions and respondent can choose from several possibilities. This questionnaire was sent by e-mail to 250 currently cooperating customers of AuditService4U. From these 250 questionnaires came back 128 filled forms. These respondents are businesses of different size and various specializations inhere in different phases of cooperation with AuditService4U.

The first question asked was to find out what way customers came to know about AuditService4U.

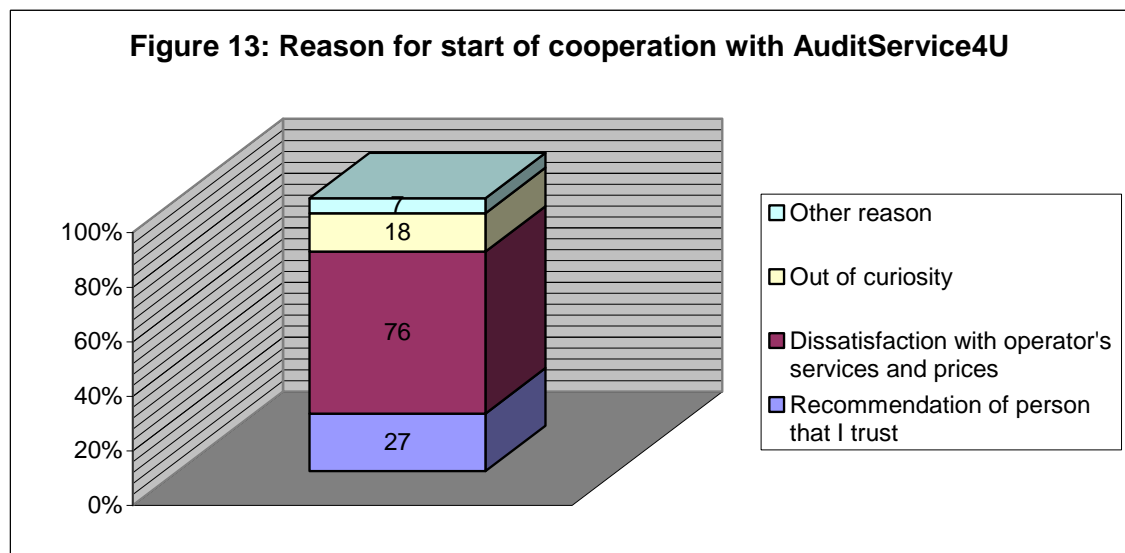


Source: own research, own computation



Most of respondents answered that they were contacted by phone, e-mail or personally with someone from AuditService4U. This confirms that AuditService4U choose the right strategy for attracting new customers. One third of current clients were informed about AuditService4U by friend or another known person. The rest, 12% of respondents came to knowledge by other way.

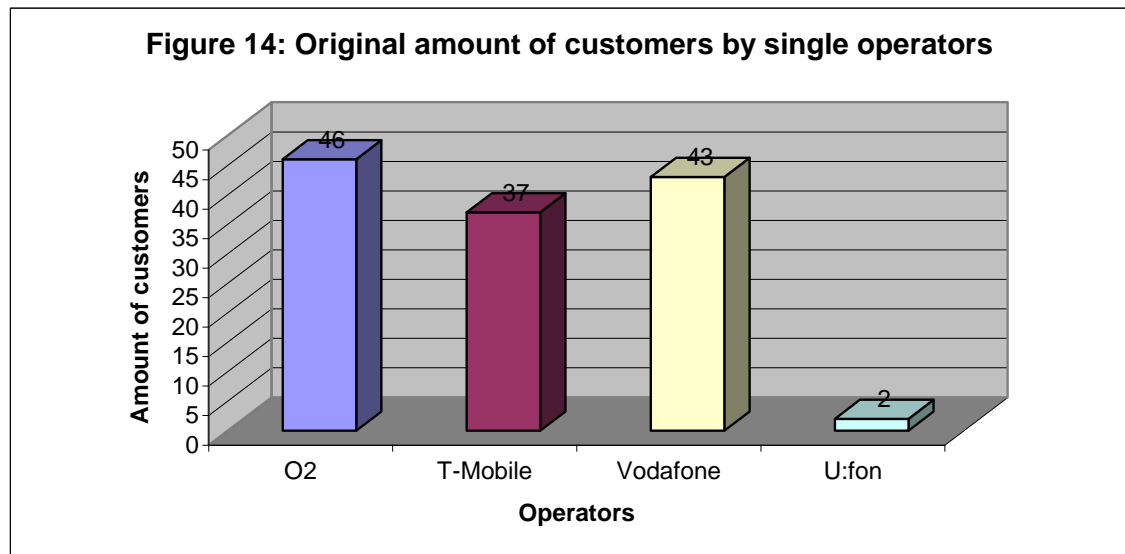
The second question was focused on reasons why businesses decided to cooperate with AuditService4U.



Source: own research, own computation

As it can be seen in previous graph, the biggest figures verify both hypotheses of AuditServices4U. The first one was that operating agencies' customers are dissatisfied and they want to change situation of the Czech telecommunication market. From this questionnaire imply that 76 out of 128 respondents decided for AuditService4U because they were dissatisfied with operator's services and prices. The second hypothesis was that the satisfied clients are the best advertising. Significant part of 21% of customers followed recommendation from person they trust in.

Other thing that was observed is amount of customers by single operators.



Source: own research, own computation

Amounts of customers by the three biggest operators in the Czech Republic were approximately the same. By O2, T-Mobile and Vodafone was around one third of all customers. There were just 2 out of 128 respondents by U:fon. U:fon is the youngest operating agency on the Czech telecommunication market and it probably hasn't got such a strong position by business' customers as its older competitors.

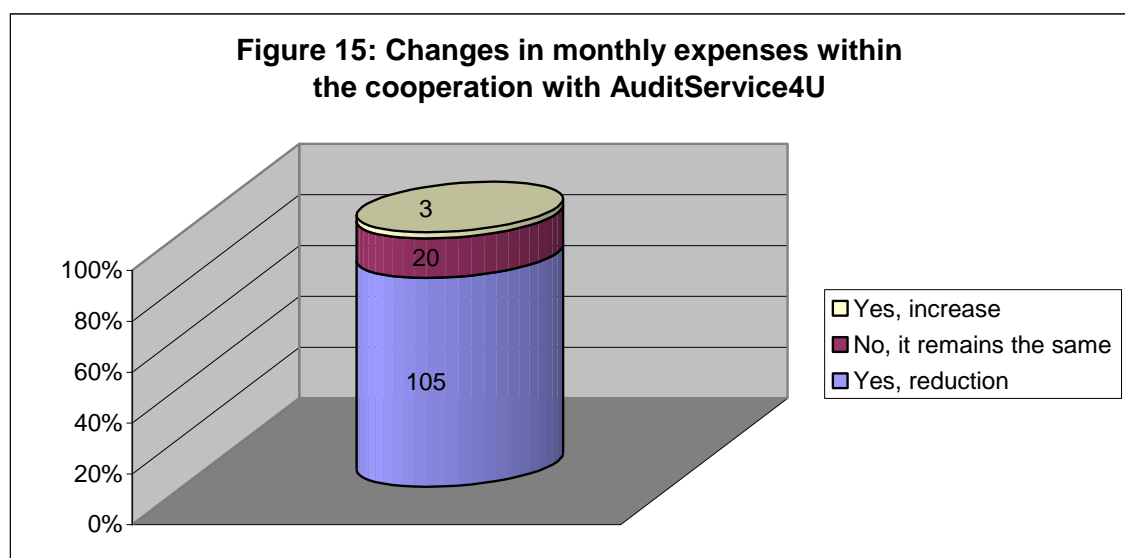
By question 4 customers were asked for selection of groups according to their original monthly expenses for telecommunication.

<b>Table 5: Original monthly expenses</b>		
	<b>Customers</b>	<b>%</b>
<b>Less than 5 000 CZK</b>	<b>12</b>	<b>9</b>
<b>5 000 - 10 000 CZK</b>	<b>55</b>	<b>43</b>
<b>10 000 - 25 000 CZK</b>	<b>36</b>	<b>28</b>
<b>25 000 - 50 000 CZK</b>	<b>17</b>	<b>14</b>
<b>50 000 - 70 000 CZK</b>	<b>5</b>	<b>4</b>
<b>More than 70 000 CZK</b>	<b>3</b>	<b>2</b>

Source: own research, own computation

From this answers the structure of clients was derived as well as in previous research. In this case there were more than 70% of companies in costs interval from 5 000 to 25 000 CZK per month too.

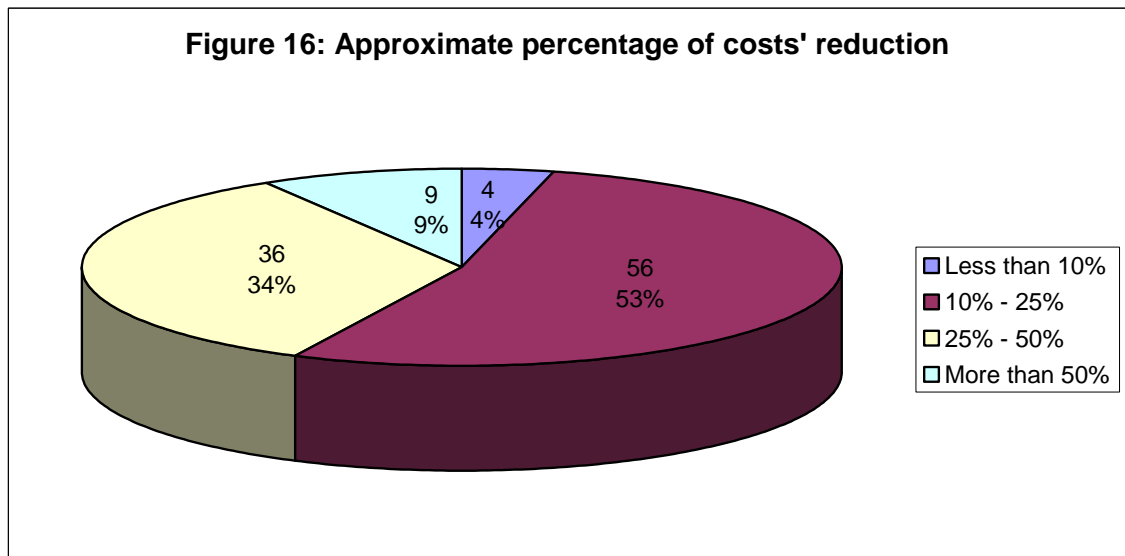
Next questions are aimed at changes in monthly expenditures for telecommunications during cooperation with AuditService4U. In the next figure the percentage of customers that felt a difference in level o costs and that did not feel the change is displayed.



Source: own research, own computation

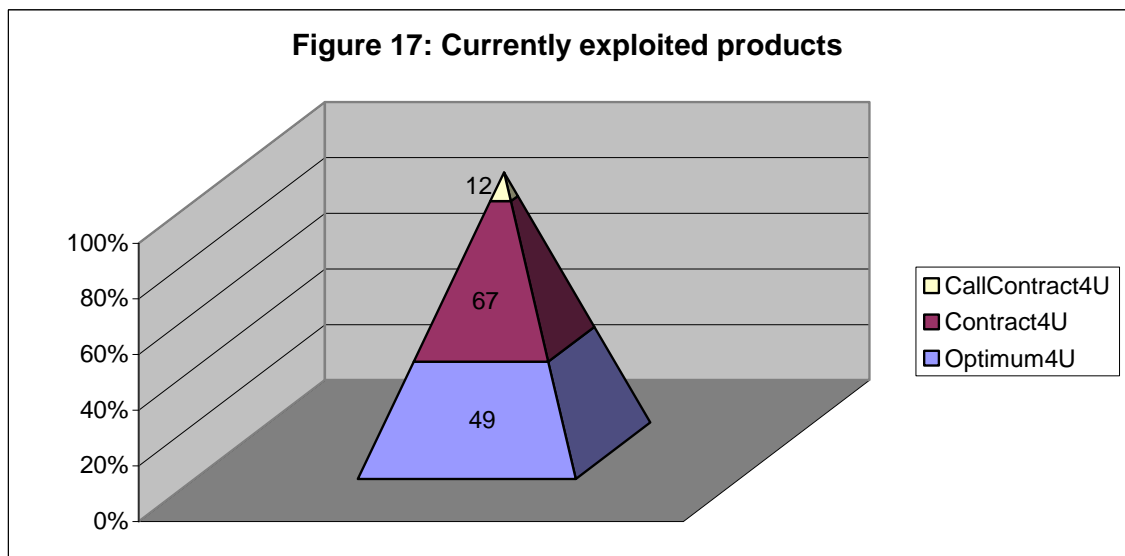
There are 20 businesses that did not register any changes and by three clients there was an increase in monthly costs. These cases can be caused by the initial phase of cooperation or by a big change in volume of used services. For sure there is also a possibility that approach of AuditService4U is not beneficial to these few businesses. But there are 105 clients that felt decrease in monthly expenditures for telecommunications.

How big the reduction in monthly costs was illustrates Figure 16. Nearly 90% of respondents felt decrease of about ten to fifty percent and more than half of all customers gained savings from 10% to 25% of costs. Only 4% from 128 customers felt decrease less than 10% and just 9 clients achieved savings higher than 50%.



Source: own research, own computation

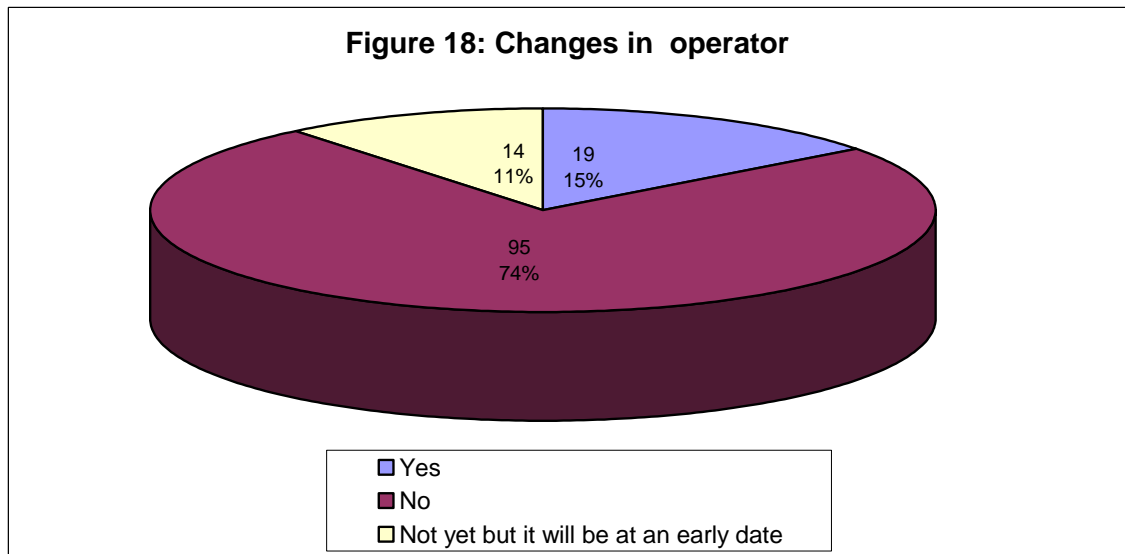
What products of AuditService4U customers currently use? To find out answer to this question is aim of seventh question.



Source: own research, own computation

On this pyramid it is obvious that during two years of AuditService4U operating there are still less than 10% of clients that already achieved CallContract4U. More than 50% of businesses use Contract4U and Around 40% of customers are in the first phase of cooperation, Optimum4U.

Companies that offer seemingly similar products are usually just dealers which want to pull over customers from one operator to another. How many of AuditService4U customers switched an operator?

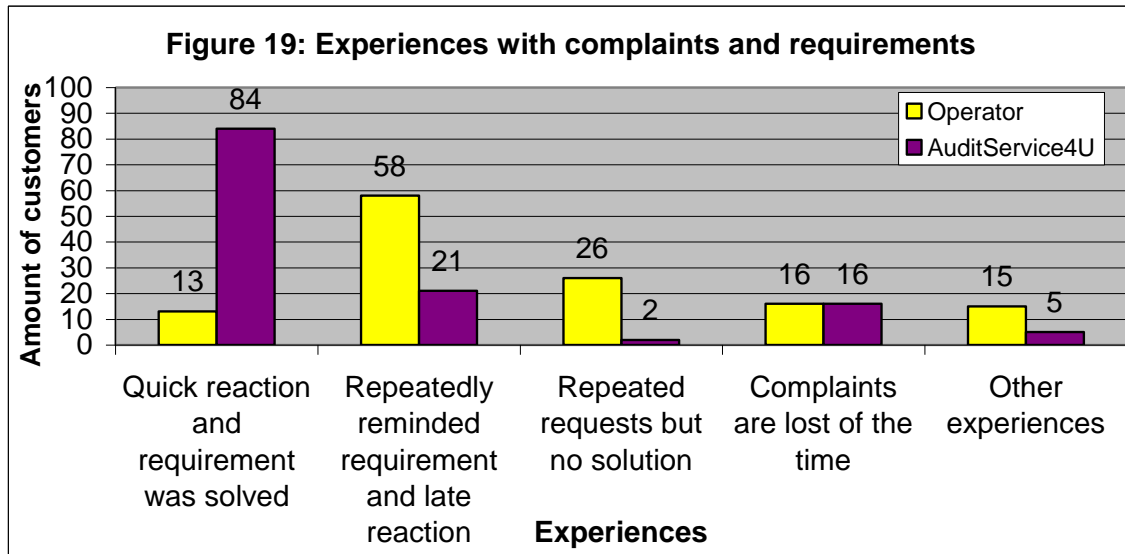


Source: own research, own computation

There are 19 customers out of 128 that already changed operating agency and 14 that are going to change operator soon. These businesses had probably ending agreements and their change of operator was based on selection procedure. The majority of clients, almost 75% of them, remained by their original provider. This number is so high that there can be no more discussions and doubts about dealing of AuditService4U.

Next few questions are focused on comparison of operator and AuditService4U. There were asked for the same question twice with the difference of object that was inquired.

In the first event respondents were asked on their experiences with complaints, requirements and comments. In the first case respondents fulfil their experiences by operator, in the second case by AuditService4U. To summarize it there is a following graph:



Source: own research, own computation

AuditService4U leads in observance of complaints and other claims for sure. Two cases in which it was not reacted according to ideas of customers can mean two possibilities: requirement was not feasible or company was not able to fulfil it.

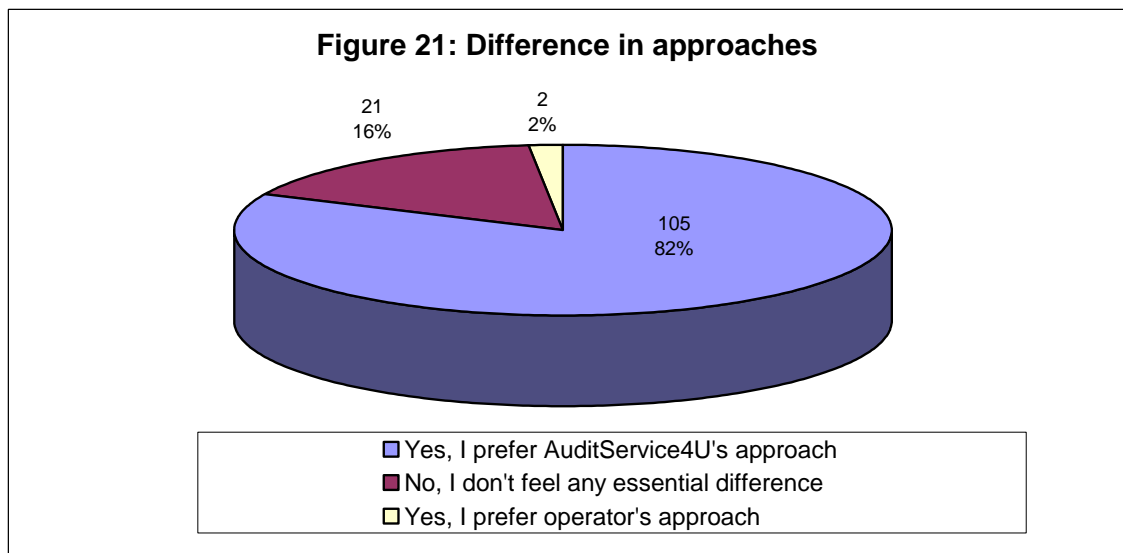
Two following questions focused on satisfaction of customers with services provided by operator and by AuditService4U.



Source: own research, own computation

Method of grading similar to that in school was used there - a scale from 1 to 5. The number one means that customer is completely satisfied with provided services and on the opposite side there is number five that means complete dissatisfaction. On this figure can observed changes in different levels of satisfaction.

Last two comparisons of AuditService4U and operator indicate that customers are more satisfied with AuditService4U approach. Is it really so? Do clients feel any difference between operator's approach and that provided by AuditService4U? And which of these two ways is better for them?

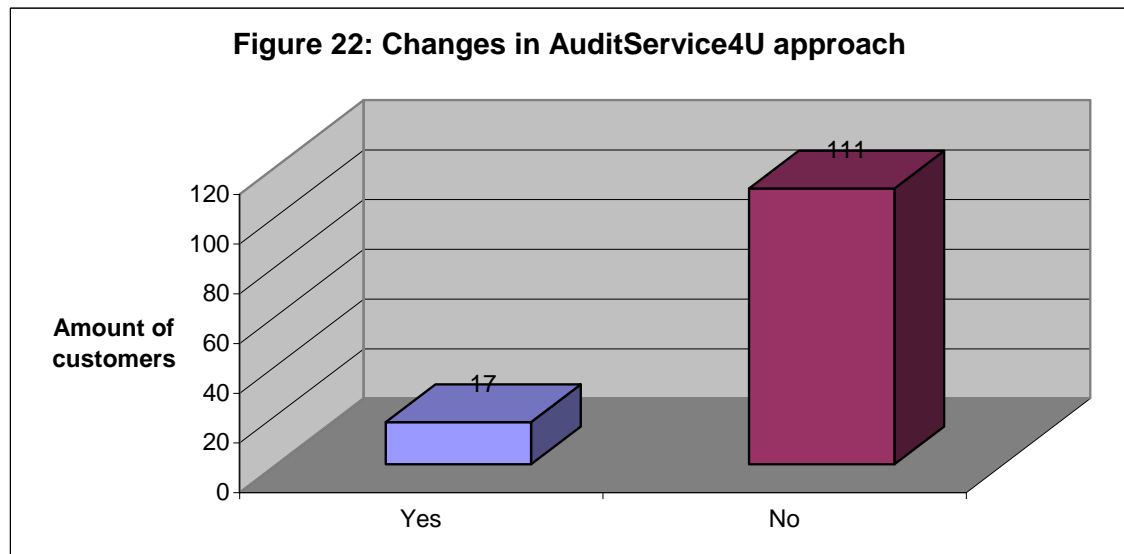


Source: own research, own computation

Almost 85% of clients feel a difference and 98% of them feel more comfortable with approach provided by AuditService4U.

These results are really good for AuditService4U. It confirms that the chosen way of marketing management as well as customer care is good. The overwhelming majority of clients are highly satisfied.

But it is really important always try to innovate and improve. Is it a wish of customers to change something? How many of them want to improve something?



Source: own research, own computation

There are only 13% of respondents that would like to change something. What do clients want to improve? These 17 customers made following suggestions:

- To get regularly information about new offers and other possibilities.
- To have more frequent situation overview, one proposal was for monthly sent review.
- To have periodic feed back with suggestions from customers.
- To improve communication between operator and AuditService4U. In the case of Contract4U, 2 respondents would like to discard of telecommunications at all. They would like to let whole responsibility on AuditService4U.

These suggestions will be proposed to AuditService4U executive officer and hopefully implemented into reality.



## **5.2. SWOT Analysis**

Strategic advantages and disadvantages have been representing by SWOT analysis. Information gained from the previous chapters have been considering in SWOT analysis to complete analysis of results, observations and recommendations.

### **Strengths**

- New approach
- Satisfied customers
- Good division of work inside company
- Focused mainly on long-term cooperation

### **Weaknesses**

- Small company
- Limited possibilities to change something
- Quite short time of functioning
- Small financial background

### **Opportunities**

- Dissatisfied customers of operators
- Quickly developing company
- No direct competition
- Crisis – companies want to decrease expenditures

## **Threats**

- Dependence on cooperation with operators
- Distrust of people in small company
- Crisis – companies do not risk with new services
- Rapid changes on Czech telecommunication market

Facts implied from SWOT analysis are further considered in the conclusions.

## 6. Conclusions

There is no doubt that customer care is one of the most important factors in company's marketing management. More and more experts in marketing management emphasize its significance which is still continuously increasing. Just businesses that understand creation of customer value and satisfaction can be successful in retaining their customers.

*“Customers are value - maximizers. They will buy from the firm they perceive offers the highest customer delivered value. Companies that reach their customer value and satisfaction goals are high-performance businesses.”* (Kotler, 2001)

All three big operating agencies that create the overwhelming majority of the Czech telecommunication market behave like they have the best customer care ever. In their annual reports there are a lot about customer care. But reality is quite different. More than half of customers were dissatisfied or rather dissatisfied with services provided by operator and its ratio to price for them that confirms the first hypothesis of this thesis.

AuditService4U lays stress on customer's needs and wants. Customers actively participate on the form of provided customer services and importance of customers for company. If both approaches – the operator's one and AuditService4U were compared, more than 80% of client said, that they feel difference between these two approaches and that they are more satisfied with AuditService4U. This comparison confirms fourth and fifth hypotheses about customers' feelings and preferences.

There is a unity of documents study results and questionnaire results. It is really good because it proves that objective results are the same as customers feeling.

From document study implied that the target group of customers for AuditService4U should be businesses with lower and medium sized monthly expenses. These smaller

subjects can better use benefits from cooperation with AuditService4U and they can achieve higher savings. It can be caused by better bargaining position of AuditService4U, company that represent hundreds of business, compare to position of one relative small company. So the third hypothesis is also confirmed.

Questionnaire brought very interesting findings. More than 30% of current customers came to knowledge about AuditService4U from their friend or other known person and 21% of respondents answered that they decided for cooperation with AuditService4U right because of recommendation from person they trust in. These confirm the last hypothesis that was established. Satisfied customers do often better job than expensive advertising.

Customers also had the place for recommendations and comments to AuditService4U approach. Almost 90% of customers do not want to change anything in this approach. Rest of respondents proposed following changes:

- To get regularly information about new offers and other possibilities.
- To have more frequent situation overview, one proposal was for monthly sent review.
- To have periodic feed back with suggestions from customers.
- To improve communication between operator and AuditService4U. In the case of Contract4U, 2 respondents would like to discard of telecommunications at all. They would like to let whole responsibility on AuditService4U.

From my point of view, first suggestions are good and can be easily implemented. But the last one is a little bit complicated. It is possible to take partial responsibility for administration, preparing and negotiating contracts but the last step should be made by client. He should confirm by his signature that he agree with new conditions by general or preferential agreements. This responsibility should remain to executive officer of every single company.

These proposals for changes are going to be suggested to executive officer of AuditService4U and he decides about their implementation into AuditService4U approach.

To conclude, AuditService4U has specific customer service approach that is successful by customers. Many customers were dissatisfied with services compare to prices provided by operators and AuditService4U offers possibility how to change it.

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## **8. Supplements**

### **8.1. Supplement 1: Questionnaire**

#### **1. How did you learn of AuditService4U?**

- a) They contacted me by phone, e-mail or personally
- b) From a friend or other known person
- c) Other way

#### **2. What was the reason to start cooperation with AuditService4U?**

- a) Recommendation of person that I trust
- b) Dissatisfaction with operator's services and prices
- c) Out of curiosity
- d) Other reason

#### **3. Which operator have you used before cooperation with AuditService4U?**

- a) O2
- b) T-Mobile
- c) U:fon
- d) Vodafone

#### **4. How high were your original monthly expenses for telecommunication services?**

- a) Less than 5 000 CZK
- b) 5 000 – 10 000 CZK
- c) 10 000 – 25 000 CZK
- d) 25 000 – 50 000 CZK
- e) 50 000 – 70 000 CZK
- f) More than 70 000 CZK

**5. Have you recognized some changes in monthly expenses for telecommunication after the start of cooperation with AuditService4U?**

- a) Yes, increase
- b) Yes, decrease
- c) No, it is the same

**6. If your monthly expenses decreased, how many percent was it approximately about?**

- a) Less than 10%
- b) 10% - 25%
- c) 25% - 50%
- d) More than 50%

**7. Which product of AuditService4U do you currently exploit?**

- a) Optimum4U
- b) Contract4U
- c) CallContract4U

**8. Have you changed the operating agency during the cooperation with AuditService4U?**

- a) Yes
- b) No
- c) Not yet, but we are going to change it

**9. What experiences with complaints an requirement do you have by operator?**

- a) Quick reaction and the requirement was solved
- b) It was necessary to remind requirement repeatedly, late reaction
- c) Repeated requests but no solution
- d) Complaints are lost of the time
- e) Other experiences

**10. What experiences with complaints an requirement do you have by AuditService4U?**

- f) Quick reaction and the requirement was solved
- g) It was necessary to remind requirement repeatedly, late reaction
- h) Repeated requests but no solution
- i) Complaints are lost of the time
- j) Other experiences

**11. What was the level of your satisfaction with services provided by operator before the cooperation with AuditService4U?**

**(1 = completely satisfied, 5 = completely dissatisfied)**

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5

**12. What is the level of your satisfaction with services provided by AuditService4U?**

**(1 = completely satisfied, 5 = completely dissatisfied)**

- f) 1
- g) 2
- h) 3
- i) 4
- j) 5

**13. Do you feel a difference in operator's approach and AuditService4U's approach?**

- a) Yes, I prefer Audit Service4U's approach
- b) No, I don't feel any essential difference
- c) Yes, I prefer operator's approach

**14. Would you like to change something in AuditService4U approach?**

- a) Yes
- b) No

**15. If your answer to question number 14 was yes, what would you like to change?**

**Please, write your suggestions:**