

Consumers rate Vodacom tops

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According to Synovate's SAS Index™ results released this week, Vodacom has again been conclusively named as number one in service excellence for customers in the telecommunications market.

More than half (56%) of Vodacom's consumers rate its overall service delivery as Excellent - no small feat in any industry in times of very sophisticated and demanding customers.

All four of the participants suffered a decrease in their ratings, with Telkom's being the most marked decline. In fact, satisfaction with Telkom fell to levels below those recorded in 2001. This year, the gap between the cellular service providers and the fixed line operator stands at its highest.

While this is cause for concern, it could be argued that cellular suppliers are perhaps not direct competitors for Telkom. Comparisons aside though, it is the waning satisfaction amongst Telkom customers that is likely to see enough migration to the Second National Operator (SNO) to make unhappy customers an expensive problem for Telkom.

Looking at differences from last years results, satisfaction with staff saw the greatest deterioration - mostly due to the declines in satisfaction levels with Telkom staff, although Cell C's staff may also need some increased attention from the cellular provider.

Vodacom and MTN have retained their rankings in first and second position respectively for all four readings. While the gap between them is tiny, it has remained unchanged, showing no significant action on either's part to mark its ground as the leader in the industry. Similarly, Cell C has mirrored the ups and downs of Vodacom and MTN and has failed to close the gap between its score and those of the top two performers.

Customers are most dissatisfied with the perceived value offered in the industry, and current media coverage of increasing costs for ADSL and the "excessive" profits of telecommunications companies will do nothing to change this view. Unless the government or industry task team look at reducing costs to the consumer, this area is likely to restrict industry players from making any significant progress on current satisfaction levels.

Of the four chief factors contributing to satisfaction, the most satisfactory was reported as Products and Services, which measures the quality of billing systems, communication regarding products and corporate communication. But given the fact that the difference between these and the remaining factors is marginal, it appears that one cannot pinpoint just one significant weakness for the industry as a whole.

Expectations in the telecommunications industry are lower than in any of the other industries / sectors measured in SAS Index™, which may explain the high satisfaction levels in comparison with the other industries: customers with lower expectations are easier to please. But it must be noted that expectations will escalate, taking into account the advent of new products and services, as well as number portability coming into play next year. Customers will expect their cellular providers to try and retain them.

Vodacom showed few weaknesses amongst the cellular providers, although improvements in signal strength and the quality of product information would be valuable in retaining top spot. MTN performed very well in the convenience aspect of the whole ownership experience and it could be in this area where MTN finds a gap to improve its overall score and outrank Vodacom in the next reading. Cell C's score could be featured higher in the rankings with an increased focus on network coverage and an effort to improve the quality of staff back to its originally high ratings.

With Telkom's ratings lagging behind all three cellular suppliers, staff motivation and attitude especially need more attention. Telkom also needs to address the efficiency of staff, the quality of product information and look more closely at customer needs in terms of its tariff packages. Just ahead of the SNO launch, this is a crucial time for Telkom and anything it can do to limit the damage to its market share needs a priority focus.

Last year, results were extremely positive for the industry as a whole, with each participant exceeding previous scores by substantial amounts. The most notable achievement last year was Telkom's, which proved that it was capable of keeping up with the historically high satisfaction scores enjoyed by cellular providers. This year however, the news is not quite as cheerful for the Telecoms sector and the improvements seen in 2004 have not been sustained.

Levels of customer satisfaction in the South African Telecommunications environment are still much higher than those in the American Telecommunications industry, and even with the argument that expectations might differ, South African consumers are considerably happier than their American counterparts.

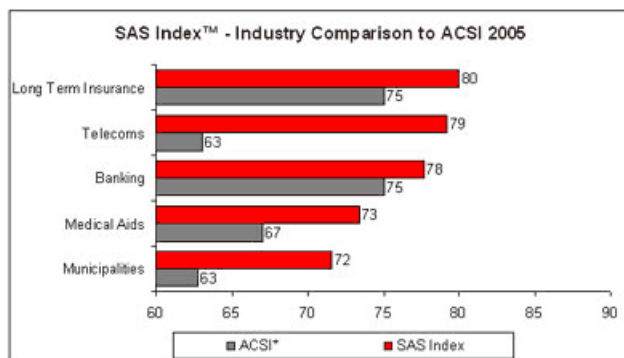
SAS Index™ was developed by Synovate to address the lack of transparency about what service levels are really like in South Africa. It gives us a public and common measurement of service levels in various industries, including telecommunications, municipalities, short and long term insurance, medical aids and banks. The measurement has been developed using scientific principles and is aligned with similar measures in Europe and America, which means that both local and global comparisons can be made.

The South African Satisfaction Index™ telecommunications study has been carried out by Synovate and endorsed by the Department of Trade and Industry for four years. The study measures customer satisfaction levels with cellular service providers, Vodacom, MTN and Cell C and fixed line operator, Telkom.

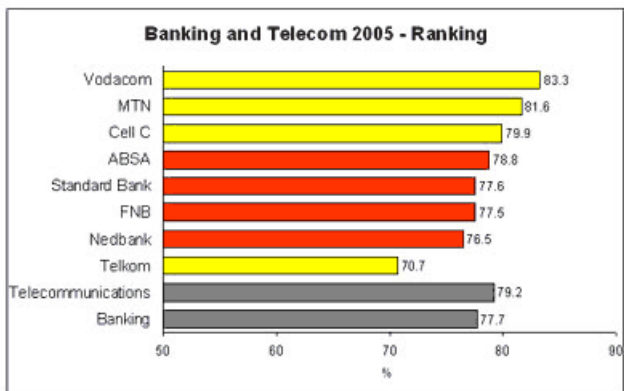
This study comprised a total of 1 669 interviews, telephonically conducted nationally from July to August in 2005.

For comments on these results, please contact Jon Salters on 011 709 7800.

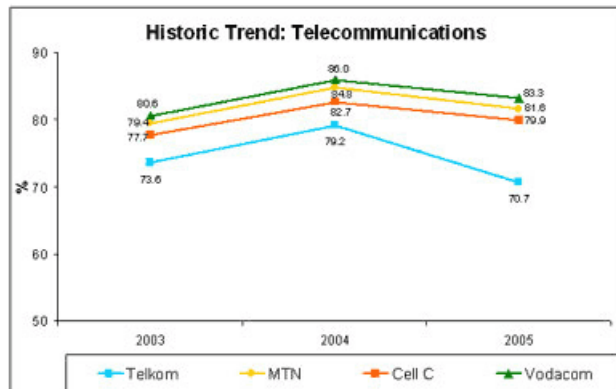
More information can be found at www.sas-index.co.za, or contact San-Marie:



South African Satisfaction levels are much higher in every industry measured by the SAS Index™ in comparison to the same measurement conducted in America – the American Customer Satisfaction Index (ACSI).



Aside from Telkom, companies in the telecommunications industry are far more effective at satisfying their customers than those in the banking industry.
To see the banking results press release, go to www.synovate.co.za



All four participants have dropped from the high satisfaction scores achieved last year. The most notable drop is Telkom's.

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