



2021 South African Telecommunications Sentiment Index

1 JANUARY - 31 DECEMBER 2021

Deloitte.



Contents

1. Key insights	3
2. Foreword	4
3. Introduction	5
4. Sentiment overview	6
5. Customer value drivers	12
6. Customer service	18
7. Industry risk analysis	23
8. Market conduct	25
9. Methodology	30
10. Conclusion	35





Key insights



VOLUMES

1 829 552

social media posts about telcos

274 086

mentions analysed for sentiment by the DataEQ Crowd

126 733

mentions evaluated for topics



21 624

mentions verified for market conduct



BRAND PERFORMANCE

Vodacom

Largest share of voice:

47.2%

Telkom

Best operational Net Sentiment:

-57.0%

MTN

Highest Net Sentiment:

-6.7%



INDUSTRY INSIGHT

43.1%

of conversation about network providers warranted a response.

But 6 in 10 priority interactions went unanswered

79.8%

of telcos' financial services complaints contained a market conduct theme



-31.1%

Telecoms is SA's most negative industry



4.1%

Food retail is SA's most positive industry

Foreword



Despite considerable easing of lockdown restrictions, the heightened demands placed on South Africa's broadband infrastructure during the COVID-19 pandemic persisted throughout 2021. While the local telecoms sector worked towards augmenting its network capacity with additional fibre and wireless deployments, service operators faced a multitude of challenges and opportunities.

One uniquely South African challenge was load shedding, which continued to have a devastating effect on the industry. In addition to impacting services and impairing reception, load shedding increases operational costs for telcos whose margins are already under immense pressure.

With traffic demand continually increasing as device numbers and bandwidth speeds increase, the operator needs a network that can efficiently transport all this traffic. The battle for additional broadband spectrum was another long-lasting industry struggle that remained a key issue of contention in 2021, including legal action and objections to ICASA's planned withdrawal of temporary spectrum. The recent spectrum auction has provided operators with additional much needed spectrum, enabling increased data traffic and accelerating operator readiness for 5G service rollout and deployment.

The telecoms sector also saw greater cross-industry adoption in 2021, with the continued rise of telco-led mobile money services. From MTN's MoMo, to Telkom's Telkom Pay, to Vodacom's VodaPay, one thing is clear: South African telcos have their sights set on digitising cash and tapping into South Africa's large population of unbanked or underbanked people.

In a saturated market where many people already have multiple SIMs, coupled with the pressures of spectrum allocations, the shift by telcos into financial services is not unexpected. It will, however, be interesting to see how the Financial Sector Conduct Authority's (FSCA) focus on Treating Customers Fairly (TCF) plays out within the telecoms industry and whether service providers adapt accordingly. Beyond regulatory pressures, the results that follow here indicate a more negative net sentiment of telcos as compared with financial services. It will be important for telcos to seek to close these gaps if they are to grow their financial services businesses.

While emerging from most COVID restrictions to a new hybrid "next normal", there is no doubt that lines between physical and digital worlds have become inexorably blurred. In this hybrid phase, the household has emerged as the hub to meet work, retail, entertainment, education, health and security goals. Never before has connectivity and

the consumer's relationship with their telco provider been more multi-faceted, with the associated opportunities to capitalise on these consumer needs and wants.

Against this backdrop of rising regulatory, technological, and economic pressures – and consumer needs and preferences – the Index analyses online conversation to quantify the voice of the customer. It delivers first-hand insights into customer pain-points regarding service, network, and pricing, as well as drivers of significant operational, regulatory, or reputational risk.

As is evident from the results, a fairly sizeable differential in customer perceptions stems from reputational factors, highlighting the need for telcos to embrace and implement meaningful environmental, social and governance goals in their businesses.

For modern-day consumers, social media offers an affordable, accessible, and effective means of communicating with service providers and offering feedback. As such, social platforms have become increasingly utilised as customer service channels. Organisations would do well to operationalise this to improve their online service and enhance their overall customer experience.

Gill Hofmeyr, Africa TMT Industry Leader, Deloitte



Introduction

Deloitte has once again partnered with data analytics company, DataEQ (formerly BrandsEye), to benchmark online sentiment amongst South Africa's five largest network providers, namely Vodacom; MTN; Telkom; Cell C and rain.

Having tracked close to two million social media posts, the South African Telecommunications Sentiment Index quantifies the voice of the consumer with specific focus on how telcos stack up in terms of their pricing and affordability, network quality and customer service.

Furthermore, the Index identifies which areas of social media conversation pose potential risk to the telcos, whether this be from an operational, legal, regulatory, or reputational perspective. There is also a dedicated analysis of the telcos' adherence to the Financial Sector Conduct Authority's (FSCA) Treating Customers Fairly (TCF) regulatory framework with regards to their financial services offerings.



1

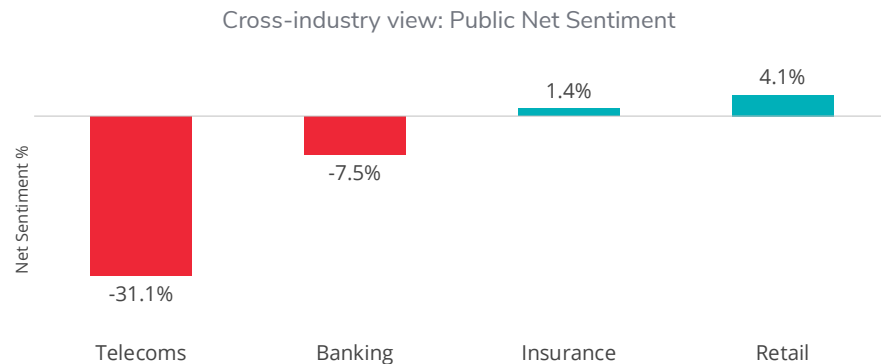
Sentiment overview



SENTIMENT OVERVIEW

While 2021 saw improved sentiment towards South African telcos, the industry still recorded a considerably lower average Net Sentiment when compared to the banking, insurance and food retail industries¹.

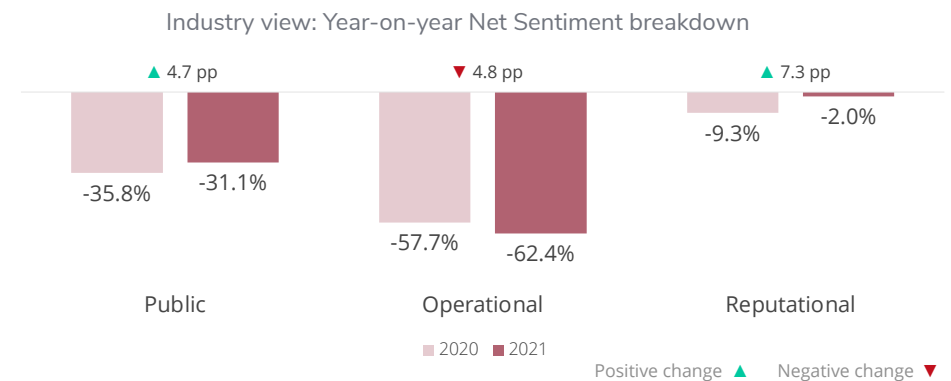
Cross-industry Net Sentiment comparison



The same trend is observed when looking exclusively at operational conversation, where the telecoms industry's average operational Net Sentiment sat at -62.4%, while the banking industry scored -33.1% and the insurance industry averaged at -29.8%. Operational conversation pertains to mentions from consumers in a customer journey with a network provider, from those looking to sign up or cancel, as well as current customers or ex-customers reflecting on their experiences. This suggests that South Africans had a generally poorer experience with their network providers than their banks, insurers or food retailers.

Of the improved sentiment from 2020 to 2021, much of the progress relied on reputational efforts. Customer experience remained a challenge for the industry, with consumer sentiment for this aspect not only sitting considerably below reputational Net Sentiment, but also worsening year on year.

Year-on-year industry Net Sentiment breakdown



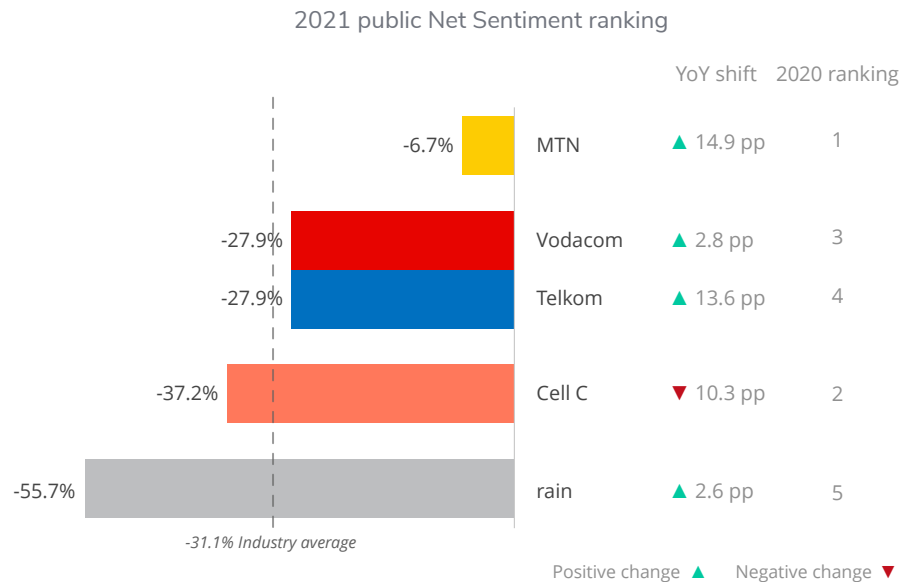
The results in operational Net Sentiment are unexpected, considering 2020 was a highly disruptive and challenging year when it came to service delivery. While 2021 was far from a return to normal, network providers had had the opportunity to adapt to the “new normal”. However, consumer sentiment suggests that providers’ efforts to adapt did not translate into an improved customer experience when compared to 2020.

¹ Average public Net Sentiment for the banking industry references results reported on the 2021 South African Banking Sentiment Index, which analysed conversation about eight banks over the 1 August 2020 - 30 September 2021 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 2020 - 30 March 2021 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 2021 period.

MTN strengthened Net Sentiment lead in 2021

When ranking the network providers by their public Net Sentiment score for 2021, only the middle positions shifted from 2020.

Net Sentiment ranking



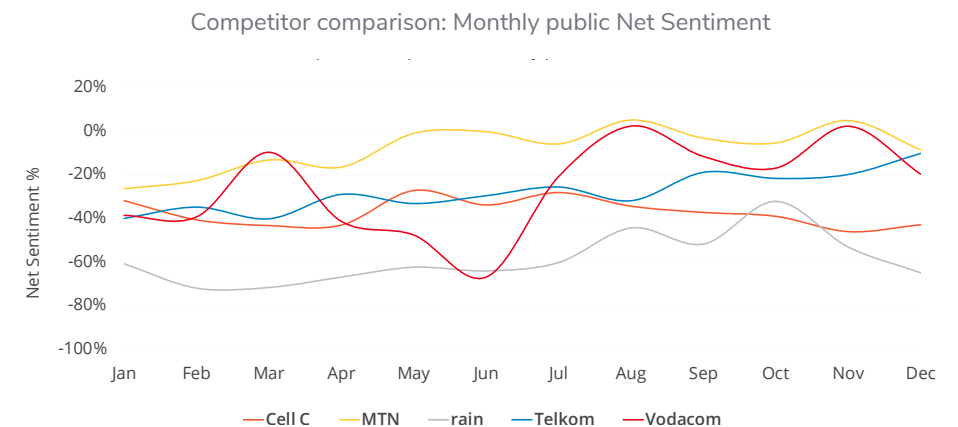
MTN extended its lead by producing the largest year-on-year Net Sentiment improvement, while rain's uptick was insufficient to move the competitor out of the bottom position. Both Vodacom and Telkom moved up after recording year-on-year increases and shared second place in 2021.

Bucking the trend, Cell C was the only provider whose Net Sentiment worsened in 2021, which saw the telco slide down one spot in the ranking.

MTN and Telkom delivered the steadiest sentiment improvement over 2021

Telcos' monthly Net Sentiment

While public Net Sentiment for most providers, bar Cell C, followed an upward trend over the year, MTN and Telkom saw the most consistent progress. rain followed a similar upward path from February to October, however, Net Sentiment dropped over the festive period - similar to MTN and Vodacom.



Breaking down conversation into two categories, operational and reputational, provides an initial insight into what drove each provider's overall performance.

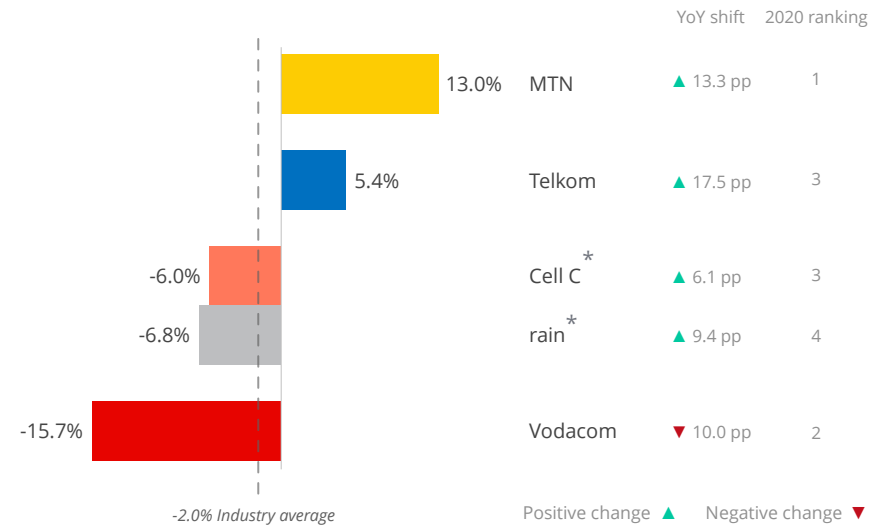
Operational and reputational Net Sentiment breakdown across telcos

Competitor comparison: Public, operational and reputational Net Sentiment and volume split

	NET SENTIMENT			VOLUME %	
	PUBLIC	OPERATIONAL	REPUTATIONAL	OPERATIONAL	REPUTATIONAL
MTN	-6.7%	-64.5%	13.0%	23.9%	73.8%
Vodacom	-27.9%	-60.1%	-15.7%	26.1%	71.8%
Telkom	-27.9%	-57.0%	5.4%	49.0%	46.6%
Cell C	-37.2%	-61.2%	-6.0%	54.0%	43.6%
rain	-55.7%	-69.4%	-6.8%	74.6%	22.3%

Operationally, South African telcos performed fairly evenly. The same cannot be said for reputational conversation, which accounted for close to three quarters of MTN and Vodacom’s share of voice. As a result, their public scores were largely dictated by reputational Net Sentiment. Conversely, rain’s conversation was predominantly operational, which resulted in a highly negative public score.

2021 reputational Net Sentiment ranking



Vodacom was the only provider whose reputational Net Sentiment declined year-on-year - a negative shift that was largely tied to a rise in reputational negativity related to Vodacom’s pursuit of a telecoms licence in Ethiopia.

* The difference between Cell C and rain’s reputational Net Sentiment fell within the margin of error. Therefore, their ranking was treated as a tie.

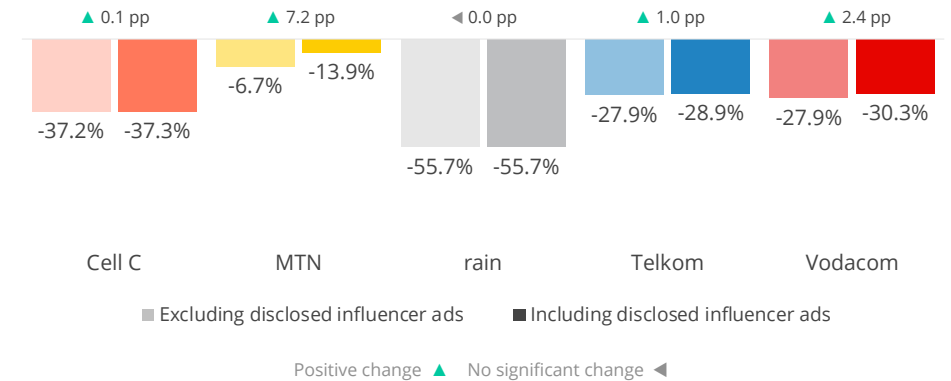
Disclosed influencer ads had the largest impact on MTN's Net Sentiment

MTN saw a rise in reputational Net Sentiment, which was tied to an increase in positive campaign conversation when compared to 2020. Influencers were key to the success of MTN's campaigns, as 41.7% of the provider's positive reputational conversation was authored by or engaged with influencers who explicitly noted having been contracted for the promotion.

This accounts for all conversation that clearly stated being a commissioned advert through the use of hashtags like #Ad or other similar identifiers. However, this practice is relatively new, and despite being regulated by the Advertising Regulatory Board, not all influencer advertisements promoting network providers on social media disclosed this information. This means that influencer promotion could have had a larger impact on providers' Net Sentiment than what is indicated here.

Impact of disclosed influencer ads on public Net Sentiment

Competitor comparison: Impact of disclosed influencer ads on public Net Sentiment



Influencer ads were surfaced through keyword matches of the terms #ad*, ad #sponsored, and #affiliated. Therefore, numbers shown here can represent a portion of the total volume of ads.

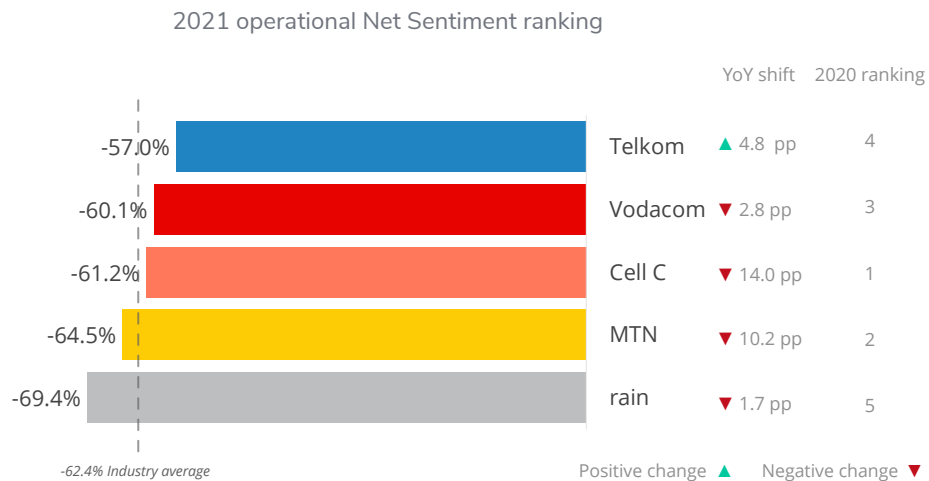
Telkom sees biggest improvement in reputational and operational Net Sentiment

Telkom recorded the largest year-on-year improvement in reputational Net Sentiment thanks to both a decrease in reputational negativity and a rise in positive reputational sentiment. The partly state-owned telco faced reputational backlash in 2020 from its decision to retrench 3 000 employees, while network reliability was questioned and drew negative comparisons to Eskom.

SENTIMENT OVERVIEW

Amid a declining trend in operational Net Sentiment across the industry, Telkom was also the only operator to record an improvement in this indicator. This saw them climb three positions in the operational ranking to hold first place in 2021. Growing interest in Telkom's contract phone deals was key to the operator's improved operational sentiment, cementing a positive consumer perception of Telkom's affordability.

Operational Net Sentiment ranking



Negative operational sentiment increased to varying degrees for all Telkom competitors.

Cell C's operational Net Sentiment deteriorated the most from 2020. The operator saw five major spikes in operational complaints throughout the year, all related to network downtime.

MTN and rain also saw increased negativity around their networks, with network quality complaints doubling in their contribution to both operators' negative operational conversation year-on-year.

Vodacom saw multiple flares in operational complaints over the year. These complaints were largely linked to the competitor's ShakeOff puzzles - with users claiming they were impossible to complete - as well as reports of network downtime.

2

Customer value drivers



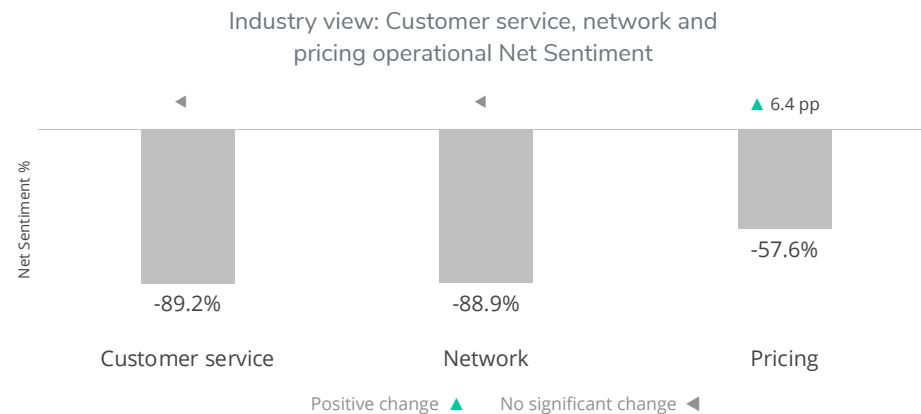
CUSTOMER VALUE DRIVERS

Pricing; network quality; and customer service are three major aspects through which network providers can offer value to consumers.

Customer service and network remained highly negative areas in 2021, with no significant change in these indicators when compared to 2020. This suggests industry efforts to improve operationally in these areas have yet to result in a meaningful improvement in customers' experience.

Conversely, pricing sentiment across the industry was up 6.4 percentage points from 2020, suggesting the industry is reacting in-line with consumer expectations.

Industry Net Sentiment for customer service, network and pricing



Pricing

In 2021, Cell C, MTN and Vodacom all decreased the price of their 1GB, 30-day data bundle to R85, while Telkom reduced their equivalent offering to R79. This was likely a driving factor behind the progress seen by the industry in terms of pricing sentiment.

Pricing Net Sentiment

Competitor comparison: Pricing operational Net Sentiment

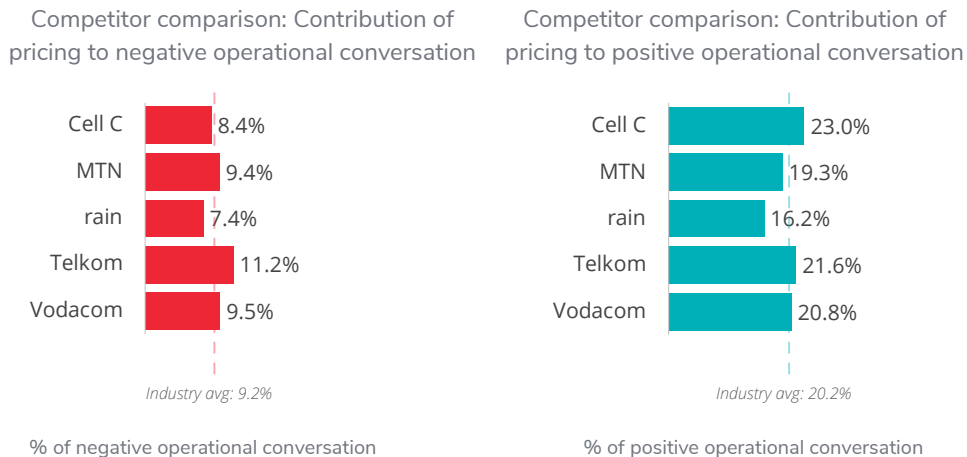
	PRICING NET SENTIMENT	YOY SHIFT
Cell C	-49.6%	▲ 5.6 pp
MTN	-68.5%	◀
rain	-59.0%	▼ 8.9 pp
Telkom	-50.8%	▲ 14.8 pp
Vodacom	-60.1%	▲ 20.0 pp

Positive change ▲ Negative change ▼ No significant change ◀

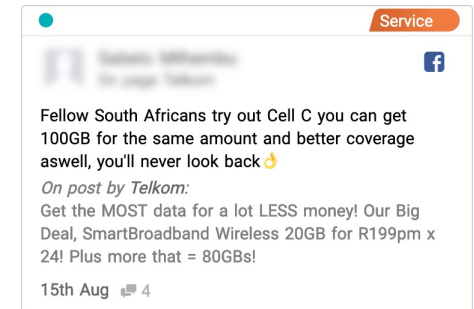
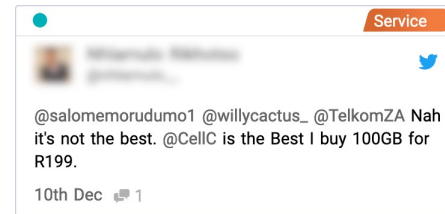
Pricing drove a fifth of the industry's operational praise

On average, 9.2% of the industry's operational complaints were related to pricing, while one in five mentions of positive operational feedback were tied to pricing.

Contribution of pricing to operational conversation



Cell C's data prices were often a point of positive brand comparisons and referrals, with customers praising the Home Connecta 100GB deal for its affordability. This suggests that Cell C's turnaround strategy, which includes network cost reductions through roaming agreements with MTN and Vodacom, has allowed them to offer attractively-priced bundles.



Telkom shared the lead in pricing Net Sentiment; most consumer praise came in the form of purchase interest including pricing queries. Nevertheless, Telkom's pricing conversation also had an above-average contribution to operational complaints. Complaints in this regard often came from users being unable to use data purchases due to network issues, as well those discussing Telkom's Mo'Nice data prices.

Vodacom recorded the largest pricing Net Sentiment increase in the industry. Vodacom implemented further data price cuts in 2021, which likely contributed to the improved sentiment performance in this area.

Meanwhile, rain's 2021 pricing score depreciated the most among the providers in review. rain saw higher levels of pricing positivity in 2020 thanks to its unlimited 4G deal for R250. While the deal is still available, the decreased positive sentiment could point at its pricing not being as competitive, considering other providers' pricing adjustments.

Data affordability largest industry driver of pricing complaints

The biggest industry driver of pricing operational complaints was affordability, particularly in relation to data.

Drivers of pricing complaints

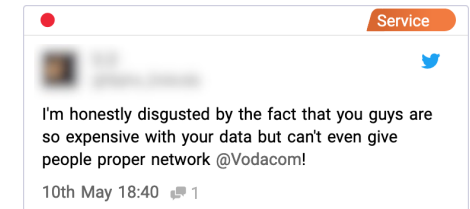
Competitor comparison: Drivers of pricing complaints

	AFFORDABILITY	FEES OR CHARGES	SPECIAL OFFERS	CHANGES IN PRICING	FREE DATA
Industry avg	36.5%	25.6%	13.7%	8.5%	4.1%
Cell C	35.1%	26.7%	8.7%	10.8%	5.7%
MTN	36.6%	25.5%	12.7%	11.3%	7.2%
rain	23.7%	39.1%	3.8%	3.8%	0.4%
Telkom	37.3%	18.0%	33.9%	9.0%	2.3%
Vodacom	49.8%	18.5%	9.4%	7.7%	4.8%

Despite their improvement in pricing sentiment, Vodacom saw a relatively high proportion of affordability complaints. In line with the previous index findings, negative conversation about data prices often co-occurred with network complaints, suggesting the provider's data prices upped customers' network expectations.

rain's high proportion of complaints about fees or charges often came from customers struggling with network issues, who noted it was unfair to pay for a service they had not received. "...Users also complained about being billed more than what they signed up for being billed after cancellation, suggesting rain's pricing structure and cancellation policies were unclear to some.

Telkom's personalised Mo'Nice data offers continued to drive above-average negativity for the provider. Some users reported being unable to use their Mo'Nice data purchases. However, most complaints dealt with the price of the offers. It appeared users initially received affordable offers, with prices increasing in line with use.



Network

The negativity around network quality seen in the 2020 index continued in 2021, making up a third of all operational complaints across the industry.

Network Net Sentiment

Competitor comparison: Network operational Net Sentiment

	NETWORK NET SENTIMENT	YOY SHIFT
Cell C	-88.6%	◀
MTN	-91.5%	▼ 7.2 pp
rain	-87.3%	◀
Telkom	-88.4%	◀
Vodacom	-88.8%	◀

Negative change ▼ No significant change ◀

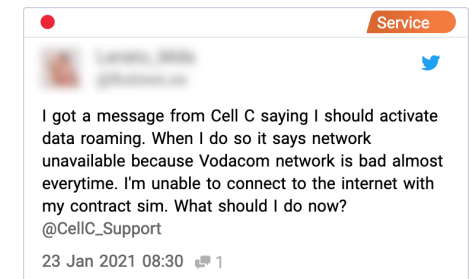
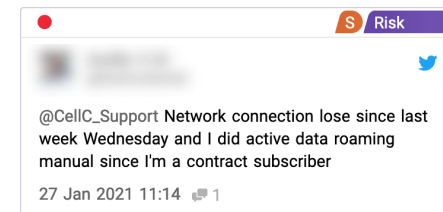
MTN’s network score declined year-on-year. Network complaints were more prevalent for MTN in 2021, which presents a risk for a provider that has historically distinguished itself by its network quality and coverage.

Interestingly, rain received both the highest proportion of complaints and compliments about network. Positivity largely stemmed from rain’s 5G offering, while network complaints discussing 5G constituted double those mentioning 4G with consumers noting that being within the coverage area was key to a positive experience.

Cell C’s customer migration to MTN and Vodacom drove complaints

In 2021, Cell C began a phased migration of its customers onto “partner networks” MTN and Vodacom. The decline in MTN’s network sentiment could point at increased pressure on the provider’s network, as they try to accommodate the roaming agreement.

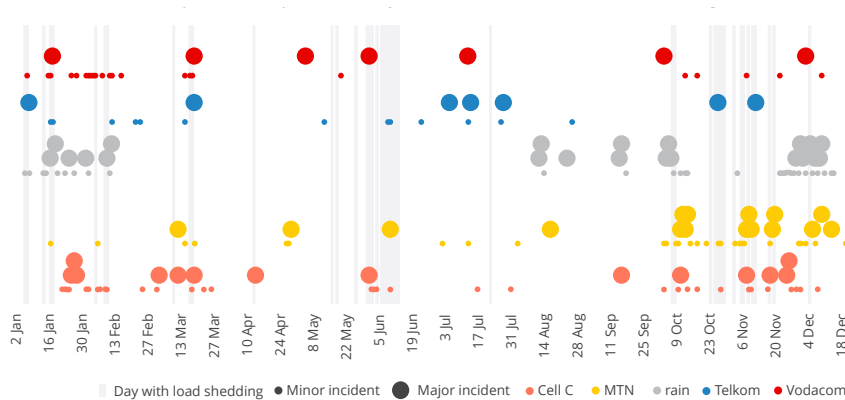
During the migration to Vodacom, customers - except those with Apple devices - were required to manually activate ‘data roaming’ on their phones. However, customers struggling with roaming issues often noted having no connectivity despite having done so, suggesting the transition process compromised users’ experience.



Load shedding compounded network stress across the industry

2021 saw unprecedented levels of load shedding, with the Council for Scientific and Industrial Research (CSIR) finding record levels both in terms of the duration of the outages and the amount of energy shed². According to data provided by EskomSePush, load shedding was implemented in a total of 45 days in 2021.

Competitor comparison: Daily network incidents and load shedding



Evidencing the negative impact that load shedding has on telcos, over half of all days where load shedding took place also saw unusual volumes of network complaints from at least one provider. This suggests telcos have yet to put the necessary systems in place to ensure their networks are load shedding-proof and could partially explain the increased downtime risk seen by the industry in 2021.

Spectrum allocation drove nearly 3 000 mentions in 2021

Online mentions discussing spectrum in the telecommunications industry neared 3 000 in volume in 2021. Press coverage largely drove this conversation, with 72.6% of all headposts (not a reshare or reply) mentioning spectrum being authored by press sources. MyBroadband was a major contributor to the conversation, having authored 16.4% of all press mentions.

² <https://www.csir.co.za/sites/default/files/Documents/Loadshedding%20plot.pdf>

3

Customer service



CUSTOMER SERVICE

Similar to network, the industry saw minimal differentiation in service Net Sentiment between providers, remaining a highly negative area in 2021.

Customer service Net Sentiment

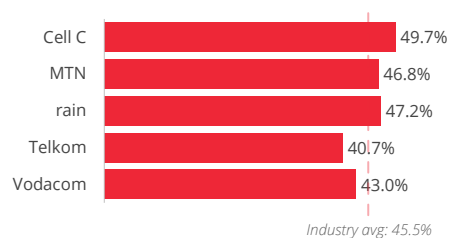
Competitor comparison: Customer service operational Net Sentiment

	CUSTOMER SERVICE NET SENTIMENT	YOY SHIFT
Cell C	-89.3%	◀
MTN	-91.0%	◀
rain	-90.1%	◀
Telkom	-89.0%	▲ 5.7 pp
Vodacom	-86.8%	◀

Positive change ▲ Negative change ▼ No significant change ◀

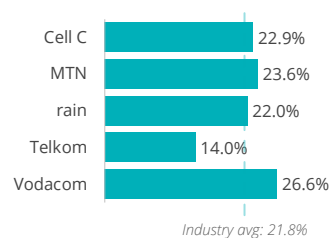
Contribution of customer service to operational conversation

Contribution of customer service to negative operational conversation



% of negative operational conversation

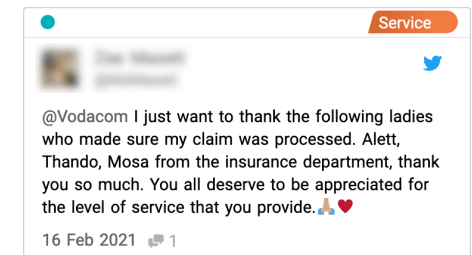
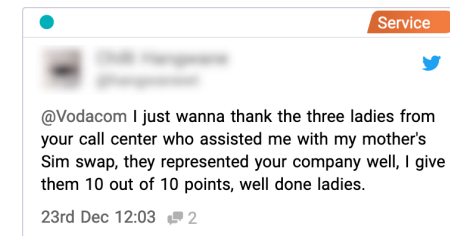
Contribution of customer service to positive operational conversation



% of positive operational conversation

Telkom saw the lowest proportion of service complaints and praise. The telco's apparent use of a bot to respond to direct messages on social media could account for the lower proportion of negativity by preventing multiple complaints due to lack of response. However, it could also contribute to the smaller proportion of praise, which often results from instances of exceptional customer service from branch staff or call centre and social service agents.

This was evidenced by Vodacom, who had the highest proportion of positive service-related conversation thanks to customer praise around speedy and efficient service from staff.



Lack of response drove one in every four service complaints

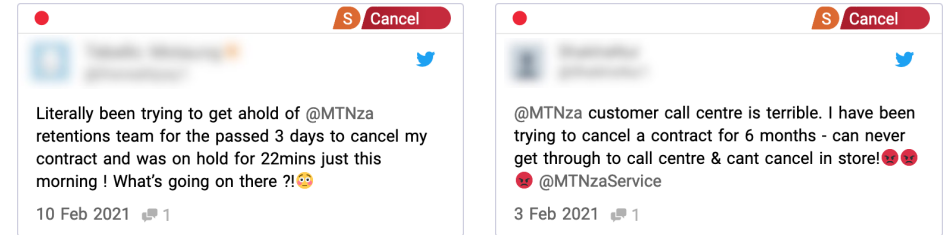
An outlier analysis highlighted rain’s relatively high volume percentage of complaints about lack of response. A common trend among these complaints was for customers to use public posts to request a reply to their unattended direct messages.

Competitor comparison: Drivers of customer complaints

	NO RESPONSE RECEIVED	MULTIPLE CONTACTS	FEEDBACK GIVEN BY A BRAND REPRESENTATIVE	STAFF COMPETENCY	PLACED ON HOLD / CALL DROPPED / NOT ANSWERED
Industry avg	26.4%	22.8%	18.7%	14.8%	9.8%
Cell C	24.7%	25.8%	21.7%	13.9%	8.7%
MTN	28.0%	25.5%	20.2%	21.1%	16.0%
rain	34.5%	19.7%	17.3%	16.3%	4.9%
Telkom	23.7%	20.4%	15.9%	10.7%	10.5%
Vodacom	21.3%	22.5%	18.3%	12.2%	9.1%

However, as is shown in the channel complaints analysis, a lack of response to email queries was also a contributing factor here.

MTN stood out in terms of complaints about telephonic interactions and staff competency. Contracts appeared to be a commonality between the two, as customers reported MTN’s staff, particularly call centre agents, proved unhelpful when attempting to cancel, upgrade or obtain clarification on contracts.



The biggest complaint spillover to social came from call centres

Nearly two thirds of social media complaints discussing another service channel spoke about call centres, pointing at poor telephonic customer experience being a significant source of complaint spillover onto social media.

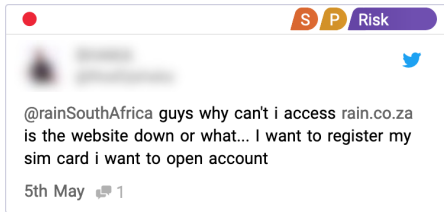
Competitor comparison: Channel complaints

	CALL CENTRE	EMAIL	BRANCH	WEBSITE	MOBILE APP
Industry avg	63.8%	18.6%	13.3%	8.1%	7.9%
Cell C	72.7%	18.4%	15.0%	3.3%	3.4%
MTN	64.3%	19.3%	20.4%	4.6%	6.4%
rain	60.4%	29.9%	0.3%	20.1%	6.0%
Telkom	63.5%	13.7%	20.4%	7.4%	3.4%
Vodacom	57.9%	11.6%	10.4%	5.3%	20.1%

Looking at the outliers, rain recorded a notably high proportion of email and website complaints. rain customers reported their emails had gone unanswered or proved fruitless in resolving their issues.

Website UX hampered rain’s digital experience

Complaints about website downtime and navigation errors were also common among rain users, particularly when it came to billing, online payments, and the onboarding process. rain customers also complained about the user-friendliness of the site, often noting difficulty in finding what they were looking for, and said that faults logged through the website went unattended.



Vodacom’s app prompted January spike in complaints

Vodacom’s proportion of mobile app complaints were more than double the industry average. 46.8% of these complaints took place over January. The provider’s Shake-Off puzzle contributed to this spike, as users believed the game was impossible to win and often described it as a “scam”.

Data purchases were another major driver of app complaints as Vodacom customers reported not receiving their data after payment or being unable to buy data on the app. Some users also complained about needing a positive data balance to use the Vodacom and VodaPay apps.

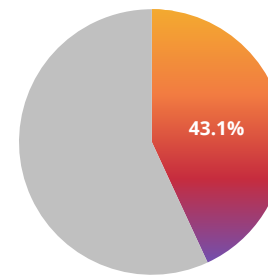
Response analysis

As part of the analysis, the DataEQ Crowd identified the most valuable customer interactions via priority tags assigned to the data. These interactions are considered to be actionable by social customer care teams. The four priority tags relate to: Reputational or operational risk (Risk); Acquisition opportunities (Purchase); Retention improvement or churn risk reduction (Cancel); and Customer service delivery (Service).

Over 40% of industry conversation warranted telco action

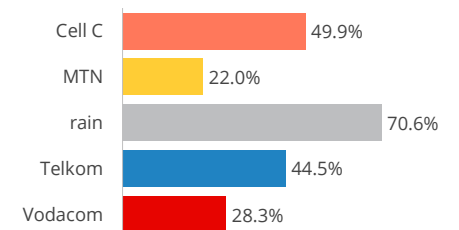
On average, 43.1% of conversation about network providers was actionable.

Industry view:
Proportion of actionable conversation



■ Priority conversation ■ Other conversation

Competitor comparison:
Proportion of actionable conversation



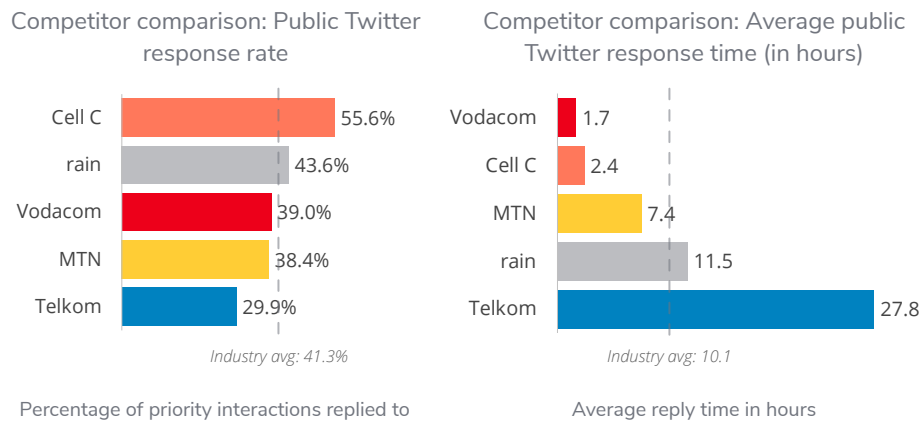
% of overall conversation

This meant that most online conversation about telcos was noise for social customer service teams, hampering their ability to prioritise the interactions that warranted a response.

rain saw the highest proportion of actionable conversation in the industry. This makes sense as they do not have any physical stores for consumers to go to.

Six in 10 priority interactions went unanswered by SA telcos

On average, South African telcos replied to 41.3% of priority conversation, with Cell C recording the highest response rate, at 55.6%. The provider also saw the second-best response time, at an average of 2.4 hours.

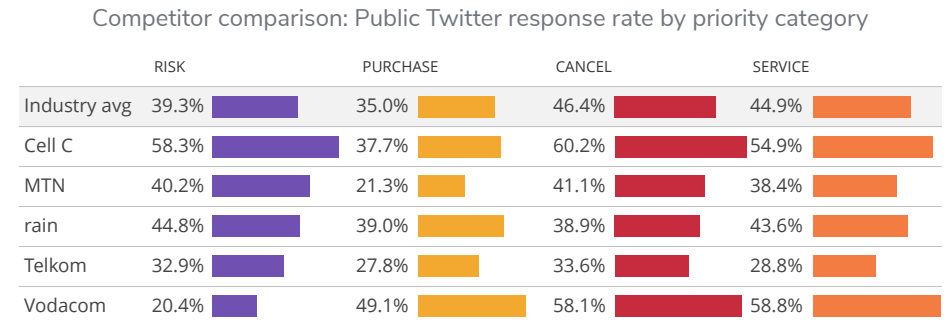


Vodacom had the quickest response time at only 1.7 hours. In contrast, Telkom had both the lowest response rate and slowest response time.

When measuring telcos' response within working hours, average response time improved pronouncedly. While the industry's average response time on a 24-hour service schedule was 10.1 hours, this declined to 2.9 hours when considering an 8am to 6pm service schedule. This shows that most telcos do not offer 24-hour service on social media or have limited resources to deal with queries after hours.

Telcos were least responsive to acquisition opportunities

On average, the telecoms industry saw a 60% higher proportion of cancellation risk than purchase interest. As a result, response rate to cancel interactions was considerably higher than the industry's average response rate to purchase interactions. This trend was particularly pronounced for MTN, who only replied to about one in every five acquisition opportunities.

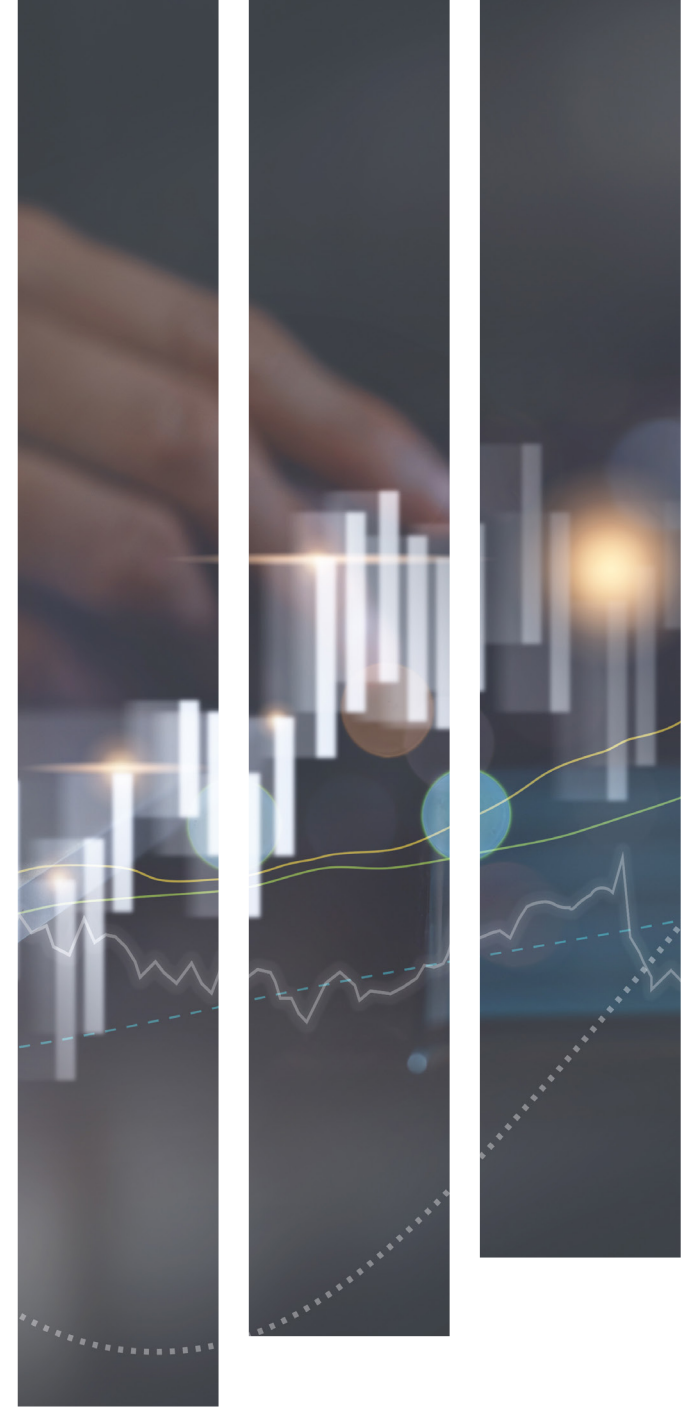


The industry's average response rate to risk interactions was 39.3%, with Vodacom's response rate to risk sitting well below this average. This was likely an intentional strategy from Vodacom, who chose not to respond to the backlash around their bid for an Ethiopian telecoms licence.

Aside from Vodacom, risk interactions had little impact on most providers' response rate.

4

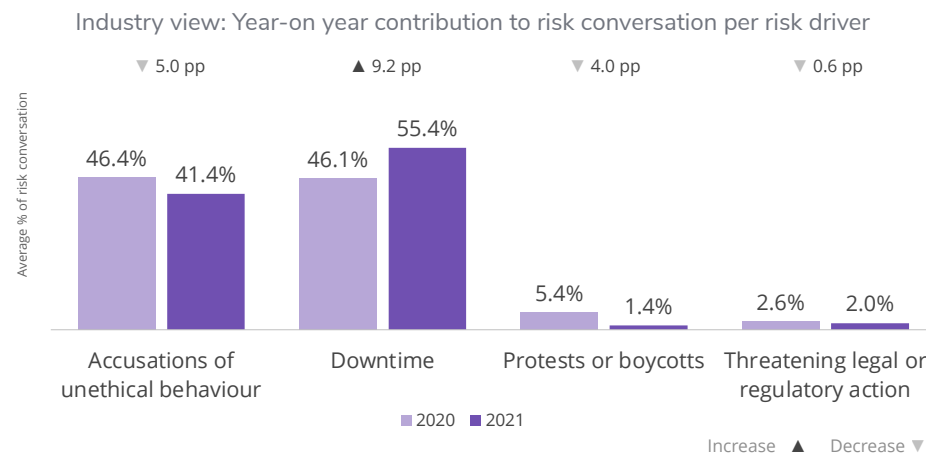
Industry risk analysis



The telecoms industry saw an increase in risk from online conversation, from 9% in 2020 to 10.4% in 2021. This means that on average, one in every ten mentions about telcos posed either an operational or reputational risk to these operators. While risk still makes up a relatively small portion of the overall conversation, the increase equates to 15.4% year-on-year growth in the contribution of risk to the total volume of mentions.

SA telcos faced increased downtime risk

In 2021, risk related to downtime increased in prevalence, with downtime reports accounting for 55.4% of risk conversation, compared to 46.1% in 2020. All other major risk factors played a decreasing role in driving risk, pointing at downtime as the main issue behind the increased proportion of risk seen by the industry in 2021.



If we consider the impact of a record-breaking year in terms of load shedding, coupled with the continuing trend of remote work and study, as well as the lack of progress made in spectrum allocation, these are unsurprising results.

In line with last year’s findings, rain recorded the highest proportion of downtime risk, which was a large contributor to overall risk.

Competitor comparison: Drivers of risk

	DOWNTIME	ACCUSATIONS OF UNETHICAL BEHAVIOUR	THREATENING LEGAL OR REGULATORY ACTION	PROTESTS OF BOYCOTTS	OTHER
Industry avg	55.4%	41.4%	2.0%	1.4%	2.4%
Cell C	63.1%	31.2%	2.6%	4.3%	2.5%
MTN	51.2%	44.5%	2.7%	1.5%	3.1%
rain	73.6%	24.9%	1.9%	0.3%	2.0%
Telkom	66.0%	31.0%	2.2%	0.4%	2.7%
Vodacom	23.0%	75.4%	0.8%	0.4%	1.5%

Another outlier was Vodacom’s proportion of accusations of unethical behaviour, which also recorded a considerable year-on-year increase from 2020’s 56.8%. A campaign looking to shame and dissuade Vodacom from acquiring a telecoms licence in Ethiopia accounted for approximately two thirds of accusations of unethical behaviour against Vodacom.

Cell C continued to see the highest proportion of boycott-related risk, despite seeing a year-on-year decline in this factor. Having surfaced in 2020, these boycott calls were tied to accusations of unlawful retrenchments and executive financial misconduct.

5

Market Conduct



MARKET CONDUCT

The trend of network providers increasingly delving into financial services continued in 2021. As such, special focus has been applied to the market conduct performance of South African telcos who currently offer a product that would traditionally have come from a financial services provider.

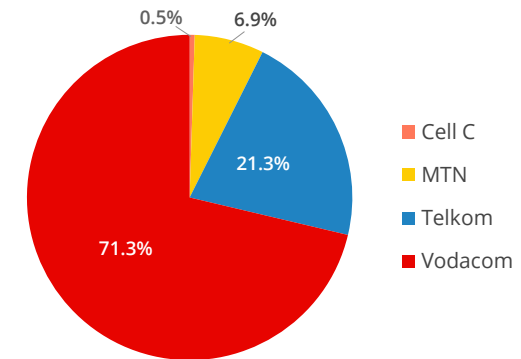
Specifically, public mentions about the financial services offering of four South African network providers, namely Cell C, MTN, Telkom, and Vodacom, were analysed to ascertain whether these telcos are adhering to the FSCA’s Treating Customers Fairly (TCF) regulatory framework.

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.

Looking at volumes of financial services conversation, Vodacom held nearly three quarters of the share of voice, with conversation driven largely by its VodaPay super app, which launched in October of 2021.

Competitor comparison: Share of voice in financial services conversation



Telkom drove just over a fifth of the industry’s share of voice. Having launched in December of 2020, Telkom’s WhatsApp payment service, Telkom Pay, was the provider’s main driver of financial services conversation.

MTN held less than 10% of the share of voice, with most conversation related to the operator’s Mobile Money app, also known as MoMo. The service was reintroduced in January 2020 after having been decommissioned in September 2016.

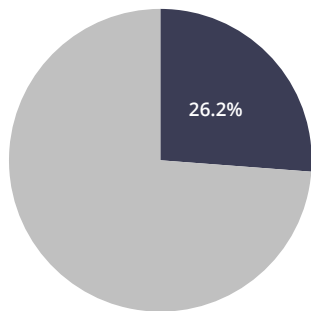
Meanwhile, Cell C saw a minimal volume of conversation, mostly driven by its device insurance offering, C Surance.

80% of complaints about telcos' financial services were relevant to TCF

On average, one in every four mentions about South African telcos' financial services offering can be linked to one of the Treating Customer Fairly outcomes. However, financial services conversation in 2021 was largely driven by giveaways and, therefore, consisted largely of neutral engagement.

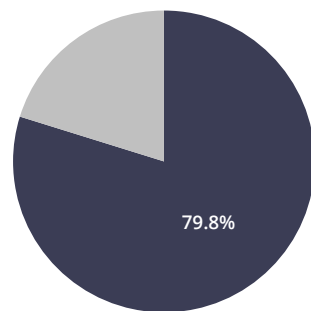
This percentage increases to an average of 79.8% when looking exclusively at negative conversation, evidencing that most complaints about financial services spoke to network providers' market conduct.

Industry view: Proportion of TCF-relevant mentions in financial services conversation



■ TCF ■ Other financial services conversation

Industry view: Proportion of TCF-relevant mentions in financial services complaints

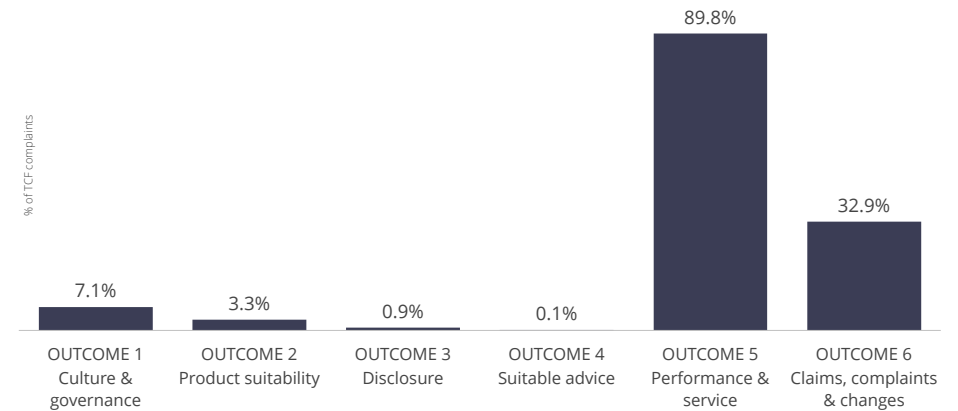


■ TCF ■ Other complaints

Lacking customer service drove the bulk of TCF complaints

Most TCF complaints about telcos' financial services spoke to Outcome 5: Performance and service, with 80% of these complaints related to customer service.

Industry view: Contribution to TCF complaints about telcos' financial services by TCF outcome



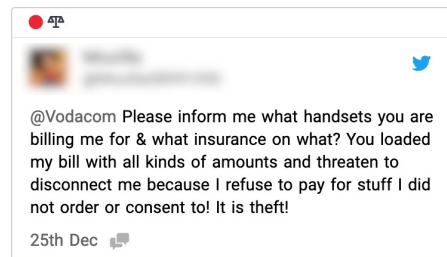
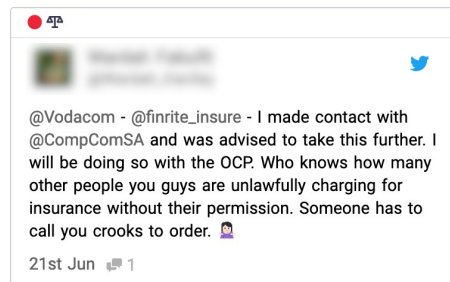
Another commonly discussed theme was Outcome 6: Claims, complaints and changes. 81% of conversation about Outcome 6 related to accessibility and claims, which is tied to the experience of accessing funds or making a claim.

Vodacom saw above-average complaints about culture and governance

Competitor comparison: Contribution to TCF complaints about telcos' financial services by TCF outcome

	Outcome 1: Culture & governance	Outcome 5: Performance & service	Outcome 6: Claims, complaints & changes
Industry avg	7.1%	89.8%	32.8%
Cell C	5.2%	88.5%	39.3%
MTN	7.6%	88.1%	31.2%
Telkom	6.7%	92.9%	38.2%
Vodacom	9.7%	89.7%	22.4%

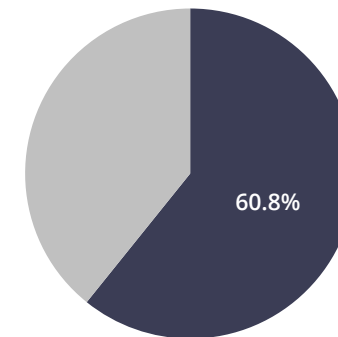
One of the most common themes in Vodacom’s culture and governance complaints were claims being rejected for reasons that customers said they were not informed of during signup. Billing disputes were another notable theme and came from customers who continued being billed despite having cancelled their policy or who had been signed up for a policy without their knowledge. In the same vein, some customers reported their device insurance had been cancelled without their consent.



Cell C and Telkom’s proportion of complaints that related to Outcome 6 was relatively high, with most complaints for both driven by the claims process for device insurance. Customers often complained about delays and roadblocks in the claims and repairs processes. Cell C customers also frequently noted having to constantly follow up on the process. Meanwhile, Telkom customers often reported their claims went unattended or unresolved.

Technical errors hindered VodaPay user experience

Vodacom: Contribution of channel performance to TCF complaints about VodaPay



■ Channel performance complaints ■ Other TCF complaints

Channel performance drove 60% of TCF complaints about VodaPay. In turn, most channel performance complaints came from users experiencing technical errors. The reported errors ranged from issues setting up profiles and loading banking details to problems when trying to check out and redeem promotions.

MoMo’s product and channel issues were exacerbated by a lack of support

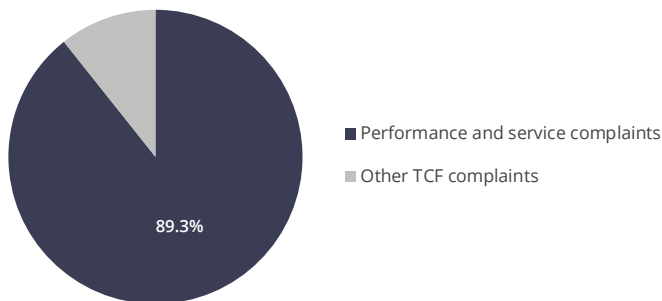
TCF complaints about MoMo were largely driven by Outcome 5, which is comprised of channel performance, customer service, and product performance.

Channel performance complaints often came from users reporting service downtime. However, complaints about other technical errors were also common, most notably being unable to redeem MoMo vouchers, deposits not reflecting, and not receiving the purchased goods.

Customer service complaints were often linked to the channel performance subcategory. Users reporting technical issues noted MoMo’s support channels were unresponsive or unable to assist with their queries, particularly when refunds were required.

Product performance complaints often discussed vouchers. Multiple users said they had not received the necessary information to redeem their voucher, be it the voucher number or the voucher key.

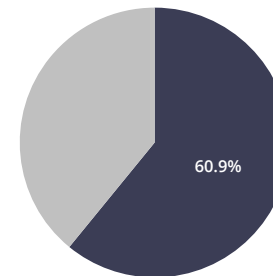
MTN: Contribution of performance and service to TCF complaints about MoMo



Four in every ten TCF complaints went unanswered

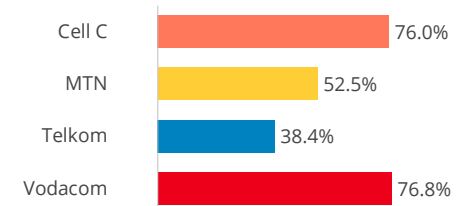
On average, network providers responded to 60.9% of all TCF complaints related to their financial services. However, this still meant that about four in every ten TCF complaints went unanswered in 2021.

Industry view: Public Twitter response rate to TCF complaints



■ TCF complaints with a reply ■ TCF complaints without a reply

Competitor comparison: Response rate to public Twitter TCF complaints



Percentage of TCF complaints replied to

This is unsurprising considering the response results seen in the wider conversation. However, TCF complaints are regulated by the Financial Sector Conduct Authority and all financial services providers are required to report on them to the regulator. Telcos which offer such services would do well to proactively put such processes in place.

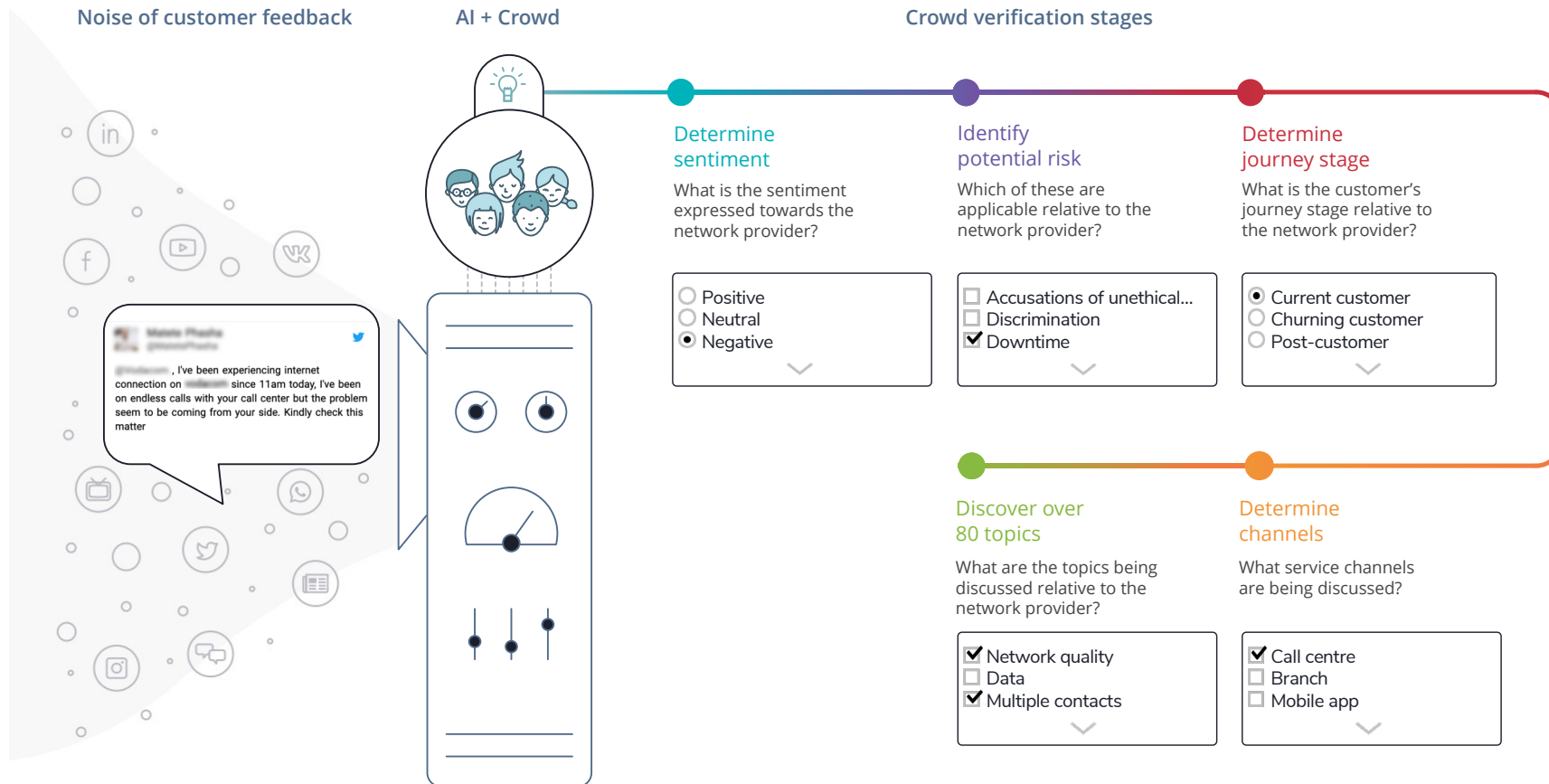
6

Methodology



METHODOLOGY

DataEQ tracked 1 829 552 non-brand social media posts about Cell C, MTN, rain, Telkom and Vodacom from 1 January 2021 to 31 Dec 2021. Data sources were mainly Twitter and Facebook, but also included multiple other online sources.



METHODOLOGY

Sampling

	TOTAL MENTIONS	VERIFIED FOR SENTIMENT AND SEGMENTS	VERIFIED FOR TOPICS	MARGIN OF ERROR ON PUBLIC NET SENTIMENT
Cell C	109 110	39 665	20 561	±0.4 pp
MTN	472 729	86 750	31 501	±0.3 pp
rain	58 871	21 138	15 223	±0.5 pp
Telkom	380 342	33 093	17 260	±0.5 pp
Vodacom	808 500	93 440	42 188	±0.3 pp
Total	1 829 552	274 086	126 733	±0.2 pp

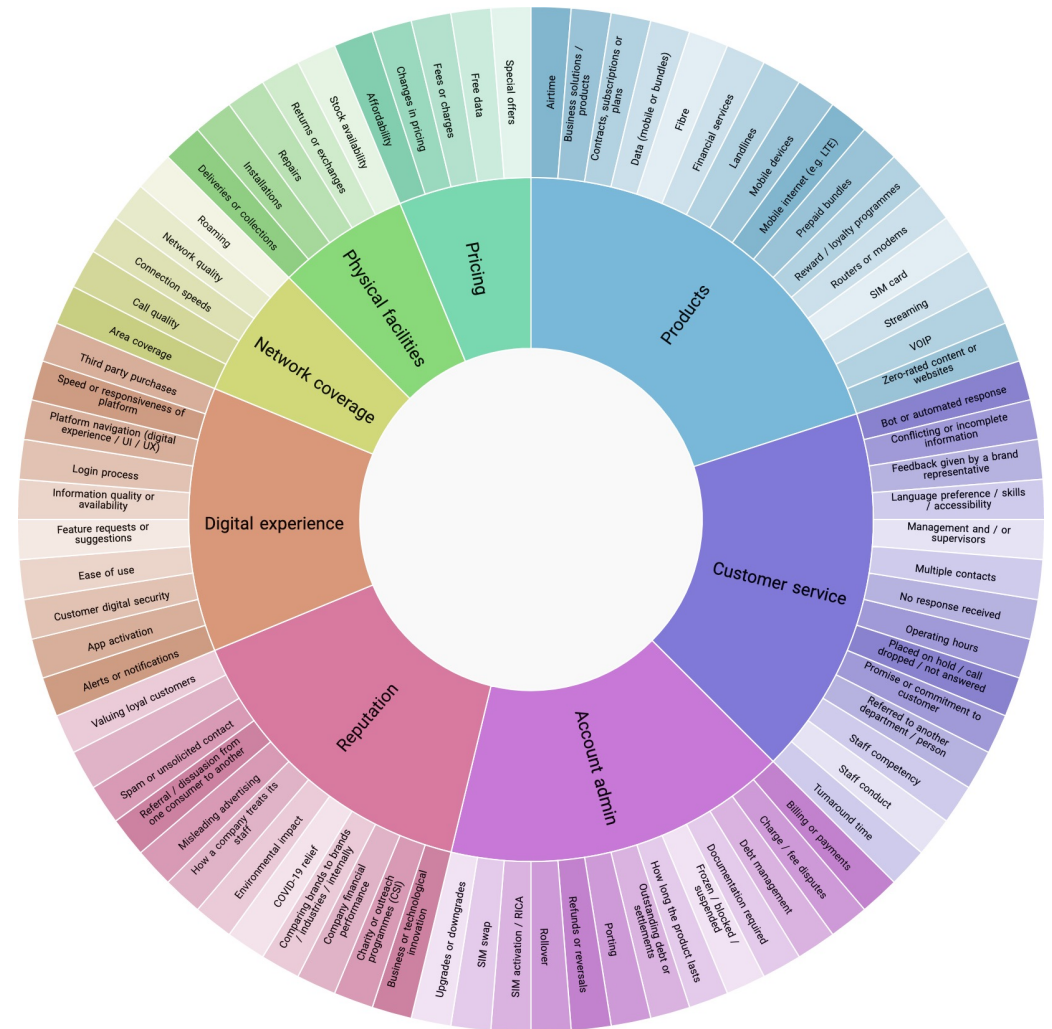
Sentiment methodology

To carry out sentiment analysis with a 95% confidence level and a margin of error of up to ±0.5 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 sample of 126 733 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.



Market conduct methodology

A total of 73 709 public mentions about the financial services offering of four South African network providers, namely Cell C, MTN, Telkom, and Vodacom, were retrieved for the 1 Jan – 31 Dec 2021 period. The data was obtained from Twitter and multiple other online sources; however, Facebook was excluded from the analysis.

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.

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.

Conclusion

Despite seeing an improvement in Net Sentiment from the 2020 study, South African telcos evidently still have a way to go in meeting consumer expectations. Customer experience remained a key challenge for the industry, with operational sentiment not only sitting considerably below reputational sentiment, but also worsening year on year.

Contributing to this was a persisting lack of effective social customer service, with over 60% of public priority Twitter interactions going unanswered by telcos in 2021. As consumers increasingly turn to social media for service and to voice their frustrations, telcos must ensure they have the required resources and tools in place to cater to rising demands across these platforms.

This is particularly important for telcos integrating financial services into their offerings, as additional compliance measures may apply. Interestingly, when analysing social conversation about Vodacom's super app, VodaPay; Telkom's WhatsApp payment service, Telkom Pay; MTN's mobile money app, MoMo; and Cell C's insurance offering, C Surance, eight in ten complaints spoke to the TCF framework.

Customer service issues drove the bulk of these complaints, echoing the trend seen across traditional telco offerings. Considering that the FSCA has

adopted a data-driven strategy that includes the monitoring of TCF conversation on social media, improved social service with regards to telcos' financial offerings may fast become a matter of regulatory compliance.

One area in which the industry did make progress was pricing sentiment, presumably driven by the pricing cuts seen almost industry-wide in 2021 for popular products like the 1GB, 30-day data bundle. Unfortunately, the same cannot be said for network sentiment, which remained an area rife with consumer negativity.

Load shedding, was once again closely linked to network complaints, suggested that telcos are still being greatly impacted by the rolling blackouts that continue to plague South Africa. Telcos would do well to take a proactive approach in this regard, and better utilise social channels to inform customers of possible downtime. Not only will this ensure that customers are informed, but may also reduce the number of complaints received as a result.

Of note, was the limited year-on-year movement in performance for customer service and network quality in the industry. This represents a missed opportunity for individual telcos to differentiate themselves within these areas.



Service quality is and will remain critical going forward. In addition to growing in popularity, digital service channels offer telcos an affordable and effective customer touchpoint. Given the low margin environment that telcos continue to face, providers should prioritise digital customer facing processes in order to differentiate through customer experience while conserving spend.

About DataEQ

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.

For more information, please visit:

www.dataeq.com

or reach out via email at:

contact@dataeq.com



Deloitte.

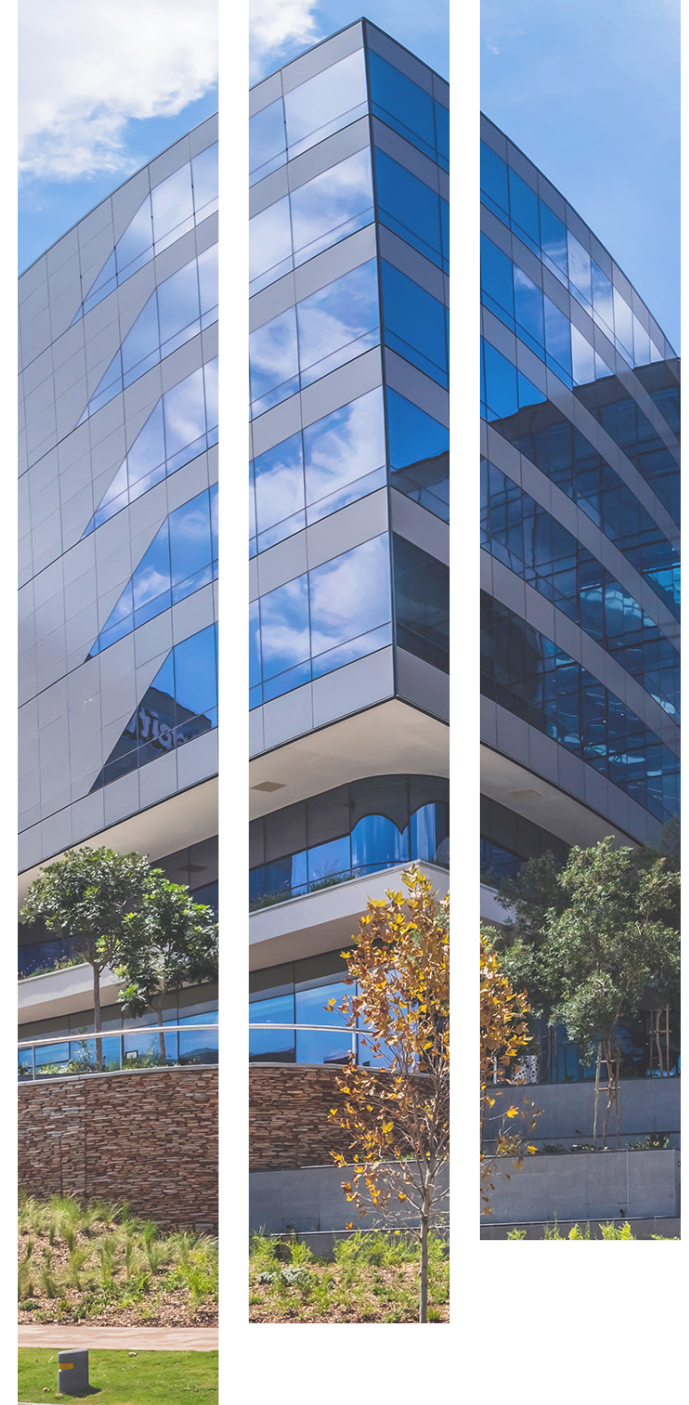
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 334,800 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2022. For information, contact Deloitte Touche Tohmatsu Limited.



Contact us



Melanie Malherbe
Managing Director
E: melanie.malherbe@dataeq.com



Liska Kloppers
Senior Account Director: Telecoms Lead
E: liska.kloppers@dataeq.com



Diana Miguel
Senior Analyst
E: diana.miguel@dataeq.com



Gill Hofmeyr
Africa TMT Industry Leader, Deloitte
E: ghofmeyr@deloitte.co.za

