

COUNTING THE COST OF 'NO FAULT RETURNS'

By Chris Garland

Whilst it is accepted as an unwelcome fact of life by many in the industry, that one in seven mobile handsets are returned as faulty by users within the first year of purchase, the more alarming concern for many operators is the additional statistic that sees 63% of handsets returned within the same timescale, despite having no actual faults.

The figure comes as part of extensive research undertaken by WDSGlobal, and makes for especially worrying reading when the cost of administration, shipping and refurbishment is taken into account. Split between operators, manufacturers, and retailers, the combined cost of roughly GBP35-devices, works out at GBP54,016,200 for the UK industry, while on a global scale the figure stands at \$4,499,898,480.

WDSGlobal analysed over 15,000 monthly calls arriving at specialist retail/diagnostics lines in order to assess the underlying causes of the problem. In 24% of instances the user gave up altogether on the device through sheer frustration with usability or functions and applications - a clear indication, if one were needed, that manufacturers must devote significant time and resources to delivering more user-centred designs and modeling of device software.

An important figure cited by WDSGlobal's study, comes from the findings of Elke den Ouden at the Technical University, Eindhoven, Netherlands, who found that on average, 20 minutes is the time a user will persevere with a device before abandoning it - a point emphasised by the fact that the average manual set-up of an e-mail service on a handset takes at least 20 minutes, before the user attempts to understand how the programme works.

As many as 8.11% of users were attempting to return a device on the basis that it did not fulfil the purpose for which it was sold.

The reasons for this are more often than not attributable to lack of in-depth knowledge at the point of sale, with

retailers unable to offer expertise to consumers on the more complex functionalities of devices. As the industry moves into 3G and eventually 4G, with multiple differentiations for data communications services, such as GPRS, EDGE UMTS, Bluetooth and the like, this looks set to be an ongoing problem for the industry, and something likely to be further compounded by the increasing number of high-end applications such as WAP, MMS, e-mail, and Streaming media.

The lack of specialist knowledge at the point-of-sale is further illustrated by the fact that according to a recent mystery shopper survey cited by WDSGlobal, just 20% of retail staff could give a 'moderate' explanation of what 'BlackBerry' functionality consists of. Similarly, an additional problem involving retailers, is the narrow focus on devices based on margins, stock levels, or promotions, rather than specifically matching requirements to solutions, with a mere 60% of High Street retailers offering a customer-focused sales strategy, based on responding to the needs of consumers.

According to WDSGlobal's research, the most significant contributor to 'no fault found' returns, are instances of users reporting lack of connectivity to WAP or email services. Whilst this is not a fault as such, more often than not, devices are purchased in an unconfigured state, with set-up left to the user.

WDSGlobal notes that subscribers who swap networks whilst maintaining their equipment are increasingly going to comprise the growing number of users in an 'unconfigured' state for all services.

Out of 300,000 calls received by WDSGlobal into a specialist tier 2 support environment in the Q2 of this year, 47% of the issues faced related to problems associated with mobile service configuration - a two per cent increase on the same statistic drawn in 2000.

STRATEGIES TO OFFSET AN ALARMING TREND

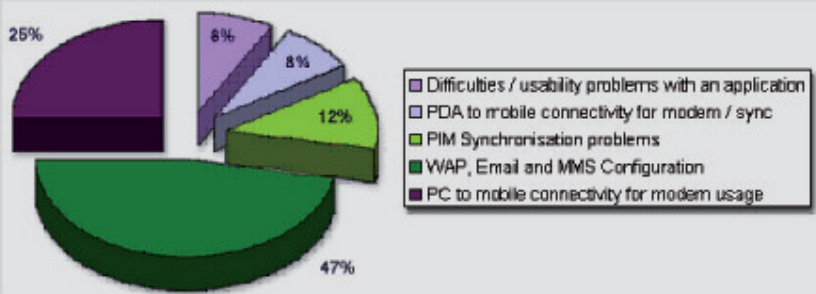
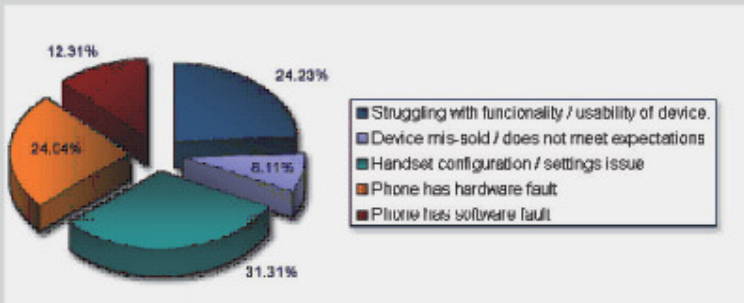
WDSGlobal points out the difference between user experiences and perceptions of mobile handsets with other consumer electronics. The

biggest difficulty for the industry seems to be recognition of the fact that other consumer electronics including MP3s, portable gaming units, and digital cameras, all work 'straight from the box', unlike mobile handsets which require relatively complicated set-up procedures before they are fully functional.

A user typically paying GBP500 for a handset will do so on the understanding that it will improve personal productivity or simplify some aspect of their life. In reality, however this becomes counter-productive when set against the time spent engaging with customer services agents or attempting to make sense of impenetrable instruction booklets.

WDSGlobal points out that the device is frequently returned without fault by exasperated customers who will consequently view such devices as an expensive waste of time and money.

In hard financial terms, such scenarios are presently costing the global industry \$4.5 billion, but such a figure has been seemingly taken in its stride, being added to the overhead



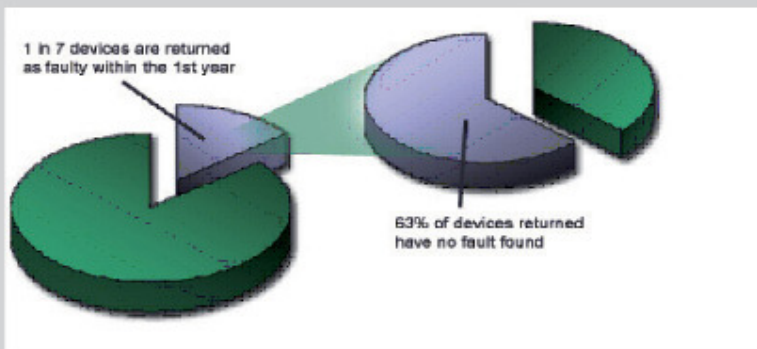
SPECIAL REPORT ON FAULTY HANDSETS

costs of launching a new product - with a corresponding hike in price. WDSGlobal believes that the problem is perhaps most worrying when posed in less tangible, qualitative terms.

The overall user experience is itself deteriorating, with consumers coming to expect little from mobile technologies but a frustrating and time-consuming exercise in pursuit of simple usability, meaning the industry needs to recognise the concomitant fall-out of subscriber churn and migration between both vendors and operators.

Similarly, the mobile industry remains in effect, the "poorrelation" of its consumer electronics cousin, with bad publicity and image issues a persistent problem. WDSGlobal notes the irony in the fact the mobile industry is in theory at least, at the hub of the much-heralded trend toward converged consumer electronic devices, yet still lags behind its counterparts in terms of usability.

Doug Overton, Head of Marketing, WDSGlobal, said, "The industry



needs to look at the causes behind this trend and take positive action to improve the general out of box experience for the mobile subscriber; a simple analysis of support call trends and records provides all the necessary intelligence to work upon."

Whilst there is no magic bullet to offset the problem, WDSGlobal

highlights the importance of device usability and automated configuration as key to helping reverse the trend. Thus, careful focus needs to be put on sales channels to ensure comprehensive and accurate knowledge accompanies the product to the point of sale.

Overton concludes, "Most mobile

retailers prefer to favour the promotion of specific brands, models, or special offers, and are failing to recognise customer requirements. The more astute retailers are already taking steps to improve their in-store advice through kiosks and staff training, but they currently represent the exception and not the rule." ■