

CUSTOMERS

WHO ARE OUR CUSTOMERS?

We are delighted to be able to report that we have grown to 23.4 million customers in total this year, which represents an increase of 8.3% from the previous year. Our broad customer base encompasses the full spectrum of individuals and organisations across Kenya. We offer voice, data and financial (mobile money) products and services to both consumer and enterprise customers.

Consumer customers are individual purchasers of goods and services while enterprise clientele are business of all sizes, ranging from small-to-medium enterprises (SMEs) to large corporate firms. Each type of customer is managed by its own Business Unit; namely, the Consumer Business Unit (CBU) and the Enterprise Business Unit (EBU).

Consumers

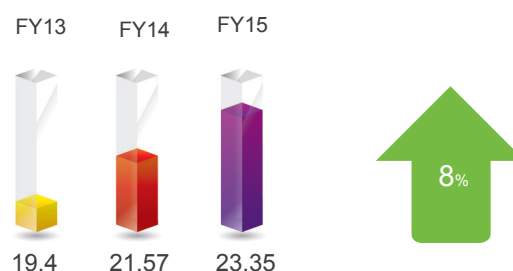
Of our total customer base, 99% are consumer customers. Consumer customers grew by 1.78 million during the year and we now enjoy 67.1% of the total Kenyan market in the consumer space. This 8% growth in consumer customers during the year was driven by our compelling voice, data and SMS propositions as well as our commitment to providing unmatched customer experience at all of our customer touch points.

Enterprise customers

We have two customer segments in our Enterprise Business Unit: SMEs and corporate clients. We currently have a presence in 67,925 enterprise customers, which represents an increase of 91% from the previous year. This growth is attributable to our significant acquisitions in the SME segment. Recognising that the needs of an SME client are vastly different to those of a corporate client, we formed a separate department focusing solely on SME clients and developing a SME-centric product portfolio in FY15.

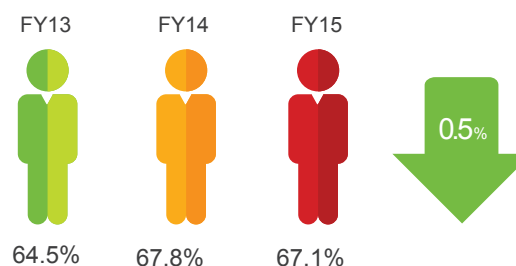
Number of consumer customers

(Million)



Market share

(% consumer subscribers)



While the SME segment has seen great growth, our corporate customers account for 85% of enterprise business revenue. Our market share of customers in the corporate space is 99% and our focus remains on nurturing long-term relationships and up/cross-selling in this market segment. We are delighted to report that we exceeded our target for the year and now enjoy 49% market share in terms of revenue in the enterprise space.

Enterprise customers	FY15	FY14	
Total number of SME customers	64,125	31,801	
SME revenue growth (FY14-FY15)	71%		
Market share in SME segment (by customers)	36%	9.4%**	
Total number of corporate customers	3,800	3,800	
Corporate revenue growth (FY14-FY15)	19%		
Market share in corporate segment (by customers)	99%	99%	

* EBU only started to measure and report its customers in the separate segments of SME and corporate customers from FY14.

** The FY 2014 SME market share (9.4%) is an estimate as management measured the number only from FY 2015

Enterprise customers			FY15	FY14	FY13
Number of enterprise customers*	▲ 91%		67,925	35,601	20,370
Market share by revenue	▲ 7%		49%	42%	37%

* Corporate plus SME clients

Monitoring our performance

As our customer numbers continue to grow, and the industry becomes more competitive, it is important that we maintain an exceptional customer experience. This creates satisfaction and trust and encourages customers to retain our services. We consider two aspects when managing our customer experiences. The first is to implement the right processes and procedures to ensure consistent, satisfactory interactions with Safaricom services, products and staff. The second is to use a combination of service excellence and appropriate marketing to create delighted customers who are happy to be ambassadors for the brand and to advocate our products and services.

The second aspect was one of the reasons why we moved to monitoring our performance using the Net Promoter Score (NPS) in FY14. NPS assesses the likelihood that a customer would recommend Safaricom to other businesses or friends, based on their overall experience. Our NPS is measured separately for consumer and enterprise customers. Our NPS target is to be the number one integrated service provider by a margin of 5% for consumer customers and 10% for enterprise customers. This margin is relative to our competitors. The following table presents a breakdown of our NPS scores for the last two years.

NPS results	Target	FY15	FY14
Consumer NPS (competitor margin)	5%	4%	3%
Enterprise NPS (competitor margin)	10%	28%	8%

* Research performed by TNS

Consumer NPS

Our consumer NPS margin was 4%, which is an improvement from the prior year, but still slightly short of our 5% target. The main areas for improvement are (i) accessibility of our call center and (ii) suitability of our products. Some customers have expressed frustration about the inability to get through to our call center and, despite providing alternate channels for customer contact, the majority of customers prefer to speak to a consultant over the phone. Consumer customers also see us as flooding the market with untargeted products that are commercially driven and not focused on specific customer needs.

Based on our NPS scores and our experience on the ground, we have recognised that we have become detached from our customers. In order to bridge that gap, we will be implementing various initiatives that put the customer first in the next year (please refer to the 'year ahead' sub-section at the end for further details of these initiatives).

Enterprise NPS

We exceeded our enterprise NPS target of a 10% margin in FY15. This is attributable to the targeted initiatives that were conducted during the year (please refer to the 'how we delivered value' sub-section for further details of these initiatives).

Safaricom retail shops

The service consumers receive in Safaricom retail shops is also monitored using a customer service rating. The following table presents our retail service ratings over the last three years. Our Safaricom retail shops delivered a 9 customer service rating for the year against a target of 9. This is an affirmation from our customers that our service has remained strong for the second year in a row. This strong performance can be attributed to close follow-up with customers, faster service, exciting promotions, enhanced in-store ambience and improved ability to engage with customers in cross selling.

Retail shop rating	Target	FY15	FY14	FY13
Customer service rating (retail shops)	9.0	9.0	9.3	8.3

WHAT ARE CUSTOMERS' NEEDS AND EXPECTATIONS OF US?

Customers are the backbone of our business and it is important that we ensure the best customer experience possible. We are guided by our Customer Service Charter in this regard, which commits us to 'communicating honestly, offering simple and relevant products, and delivering on our promises with speed and consistency'.

Both our consumer and enterprise customers need us to deliver reliable, consistent services and so expect us to respond to network failures swiftly. They also expect us to keep them informed of both failures and planned maintenance/upgrades. Both sets of customers also expect a smooth customer service experience when purchasing new or additional products and services. First and foremost, this translates into outlets with stock and salespeople who are enthusiastic and knowledgeable.

From the perspective of our consumer customers, the focus is on usability and support. They believe our products to be the best on the market in most cases, but find that they can be quite complicated to understand and master initially. This ties into their need for access to support and the ease with which they can get through to our call centre.

Enterprise customers, on the other hand, prioritise our responsiveness. As commercial operations, they need us to be able to set up the services they require swiftly. The focus is less on simplicity and affordability and more on expertise, responsiveness and reliability.

HOW DID WE DELIVER VALUE TO CUSTOMERS DURING THE YEAR?

Consumers

In terms of delivering value to our consumer customers, the main way we achieved this during the year was through providing information, assistance and support in terms of purchasing and using our products and services. The two main ways we deliver this value are (i) in-person through our retail outlets and (ii) remotely through our contact center and digital channels.

In addition to using our NPS to track the quality of our overall customer experience (in-person and remote), we monitor calls to our contact center. Over the past three years, we have seen an increase in the number of customer queries (hits); however, our ability to respond to all these queries has not kept up due to internal capacity constraints. Over the past three years, our average number of calls per day has remained at 74,000. The increase in number of queries is attributable to customer base growth and complaints in response to untargeted marketing campaigns and unsuitable products.

We have provided additional digital channels for support and assistance as well. If a customer does not want to call the contact center for any reason, they can now access information and support at any time through a variety of digital channels, including email,





SMS, social media and our web self-care portal. The majority of our customers still prefer to call the contact center, nonetheless, and the percentage of customers accessing social media platforms are a technologically savvy small minority.

The growth of our digital channels offers customers increased convenience and ease and we are particularly pleased to note that the number of web self-care service users grew to 2.67 million during the year. We also offer specific information and support through our expanding Interactive Voice Response (IVR) channels, which enable customers to quickly access the exact assistance they require using voice and menu prompts.

Enterprise customers

One of our strategic objectives is to be the Partner of Choice for businesses and our 49% share of the enterprise market reflects our continued success towards achieving this ambition. There are three main, interrelated ways through which we deliver value to our enterprise customers every year: the quality and reliability of our network; the efficacy of our products and services; and the expertise and efficiency of support services (delivered through staff and partner organisations).

We are reaping the rewards of our continued investment and expansion and, in particular, our growing fibre network. We have now laid over 2,010 km of fibre in the five key cities of Nairobi, Mombasa, Kisumu, Nakuru and Eldoret and 720 of 1,020 enterprise client buildings have already been connected to the network and are enjoying super fast, reliable connectivity.

We have also made good progress in terms of the expertise and efficiency of our staff and partners. Launched in FY14, our Partner Engagement Programme (PEP) is an intensive training initiative designed to ensure that every partner interaction with customers is of the very highest standards of professionalism. It is a comprehensive programme that consists of four subject areas or pillars and we successfully trained 328 partners and staff on these four pillars during the year.

Another specific way we delivered value to enterprise customers during the year was through our 'Project Delight' initiative. Project Delight recognises that our customers are more than transactions and reminds us that, no matter how successful and big we become, we must remain focused on the individual relationships that are at the heart of our success. Through the project we organise a series of networking and social events for enterprise customers throughout the year and, fundamentally, it reminds us that we are a group of people achieving things together. We successfully executed 20 events this year, which impacted 3,750 customers.

We also scaled up our internal monitoring programme during the year. The programme has proved a useful way of listening to our enterprise customers and gathering specific customer experience feedback. This program is linked to our Legendary Experience Awards programme, which recognises and motivates exceptional service offered to customers.



FOCUS AREAS FOR THE YEAR AHEAD

Consumers

In recognition of the fact that we have become detached from our customers, we will launch our new business strategy in FY16 that focuses on putting the customer first. Some of the strategic initiatives that will affect the CBU include:

- Daily calls with the CEO, Technology Directors and the Customer Care teams to discuss and resolve the most pressing customer issues.
- Increased focus on assessing product suitability for customers based on feedback from the call center and on-the-ground agents. In other words, using the insight gleaned from customer queries to inform product and service development in more proactive ways.
- The CBU will also look into either hosting or joining customer events to receive feedback and exchange ideas.

From an operational perspective, the CBU will continue to expand and upgrade the digital and self-service channels available to customers. The first phase of the IVR system upgrade is already complete and the second phase, which will embed even more intelligence into the system, will begin in FY 16. A new social media app for customers will also be launched during the year.

Enterprise customers

Overall, our EBU target for FY16 will be to grow our market share to 54%. We aim to achieve this by intensifying our efforts to grow the SME base while nurturing our relationships with corporate customers further. We are also planning to complete our PEP Training, ensuring that all of our contractors have been trained on all four pillars. We will also scale up our internal monitoring during FY16 to reflect the expanding NPS metrics to cover acquisition focused indicators (in addition to the existing retention metrics). We will also extend our Legendary Experience Awards to include partners. Lastly, we will sustain and seek to grow the scope of Project Delight.