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Market Research and Base Management – Bridging the Gap

James Wilkinson
24 February 2009



“Gartner's view is that BI platform revenue will be less affected by the economic downturn than some other technologies because of the heightened need to make better, fact-based decisions — BI is a vital competitive tool of increased importance in an environment where doing business more smartly, in order to maximize share of the reduced revenue in circulation, is a necessity.”

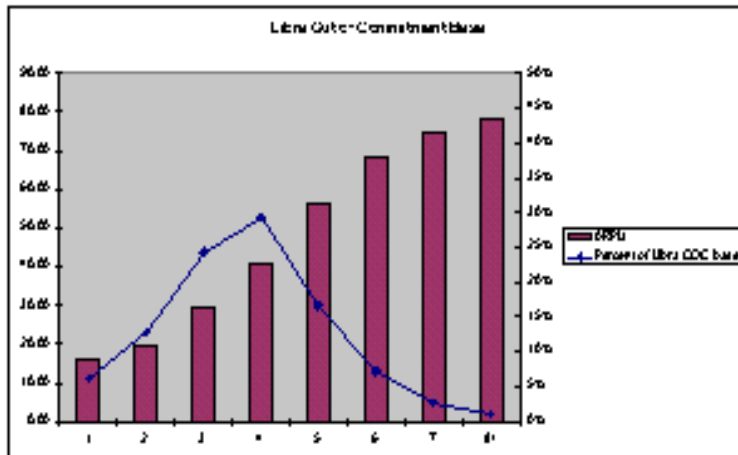
Source: Gartner Magic Quadrant for Business Intelligence Platforms – January 2009



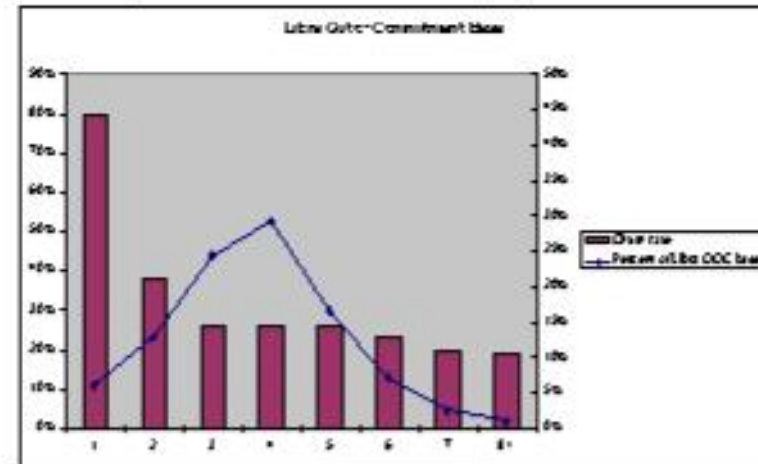
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The Telco Industry "Double Whammy" *The Simple Bit*

Breadth of product & service use drives ARPU



Breadth of product & service use drives loyalty



+

More Product – More Revenue

More Product – Less Churn



Mobile Telecoms

But then it gets more complex.....

- Over the last decade, the complexity of the global telecoms business has increased dramatically;
 - Number of operators and MVNOs in a market
 - Number of services on offer, tariffs and the variable handset capabilities
 - Sophistication of the customers
 - Multi-SIM, multiple handset
 - Comparing tariffs, porting and spinning



Mobile Telecoms And tougher to make money.....

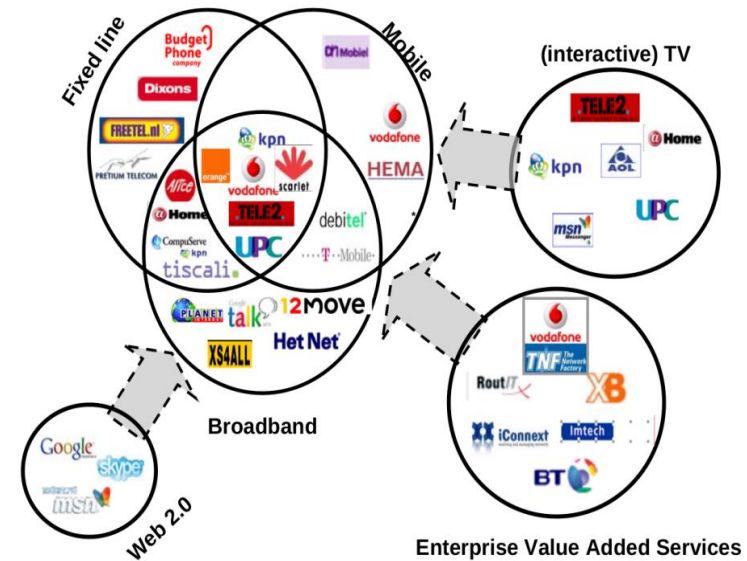
- In addition, the markets have become more competitive and pressure on margins has increased
 - Developed markets have reached SIM saturation (more active SIMs than population)
 - Tariffs (price per minute/text/MB) are plummeting in order to retain existing customers and win new ones
 - Regulators are forcing down the interconnect and roaming charges
 - No “killer app” has been indentified to replace the historic margins generated by voice and text
- As usage (voice & text) flattens, revenue and margins are falling. The expectation is that this will only be exacerbated by the global “credit crunch”



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Mobile Telecoms Example - Netherlands

- Netherlands has:
 - 3 main player (MNOs)
 - >45 MVNOs
 - 64% broadband penetration
 - 71% internet penetration
 - 107% mobile telephone penetration
- High propensity of multi-SIM holding (multi-vendor supply)
 - 1/3-2/3 of the base in many regions
- High price transparency and price sensitivity
 - Especially sensitive in high-growth geographies and products
- High rates of product replacement
 - Fashion, features, and price.
- Increasing regulation
 - Roaming, interconnect,

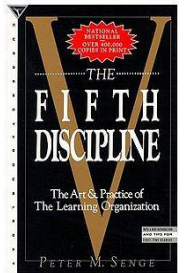


NL competitive market space



The Response Base Management – The 5th Discipline

- Until now, Mobile Telcos have operated with four main functional disciplines; Sales, Marketing, Finance, Network & IT
- Driven by the increasing competition and complexities, the new strategies being adopted have demanded a fifth discipline – **Base Management**
- Major Telcos (eg Vodafone, Orange, O2) have been rolling out this discipline and enabling technologies over the last 3 years, and the payback has been significant through using fact based decisioning to;
 - Dramatically improve churn performance – retentions and cost
 - Optimise direct marketing success – concepts and performance
 - Understand the composition and behaviour of the targetable base











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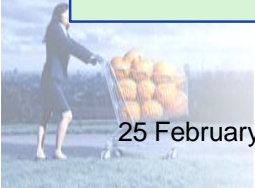
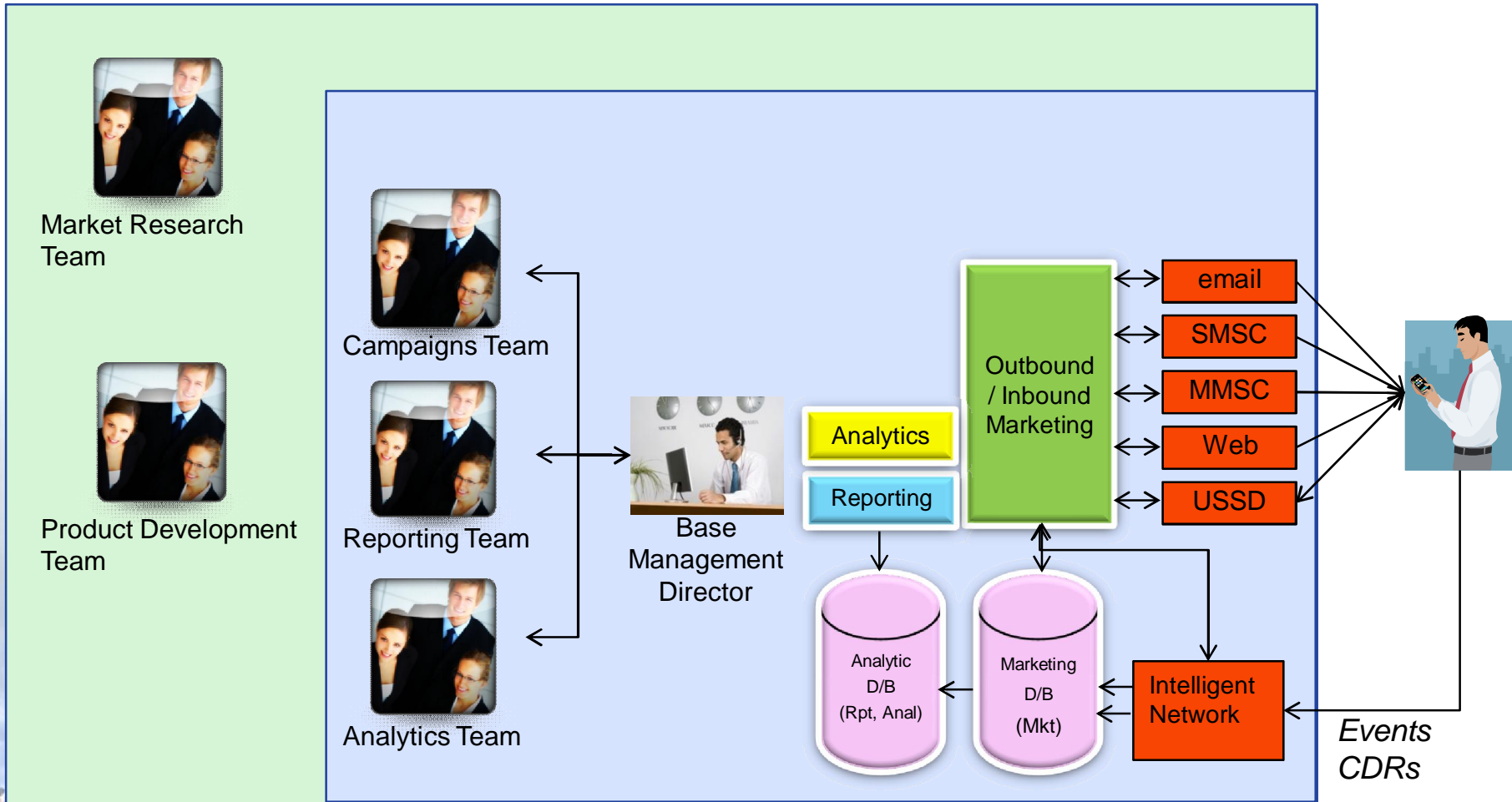
Base Management

Enabling Capabilities - Example



Reporting	Analytics	Marketing Planning & Execution			NBA
<p>PRE-CANNED REPORTING & DASHBOARDS</p> <p>Analytical processing (slice/dice/drill)</p> <p></p>	<p>ANALYTICS</p> <p>Data mining, modeling, predictive analytics</p> <p> </p>	<p>CAMPAIGN MANAGEMENT & OPTIMIZATION</p> <p>Rules driven campaign and channel selection</p> <p></p>	<p>CAMPAIGN FULFILMENT</p> <p>Email, SMS, MMS, Contact center, Web, Print</p> <p></p>	<p>CAMPAIGN ASSESSMENT</p> <p>Analysis of closed loop feedback and uplift</p> <p></p>	<p>NEXT BEST ACTION</p> <p>Real-time and consistent across channel ("being channel agnostic")</p> <p></p>
<p>"Marketing Backbone"</p>					
<p>data warehouse based on Teradata marketing data environment</p>					<p></p>

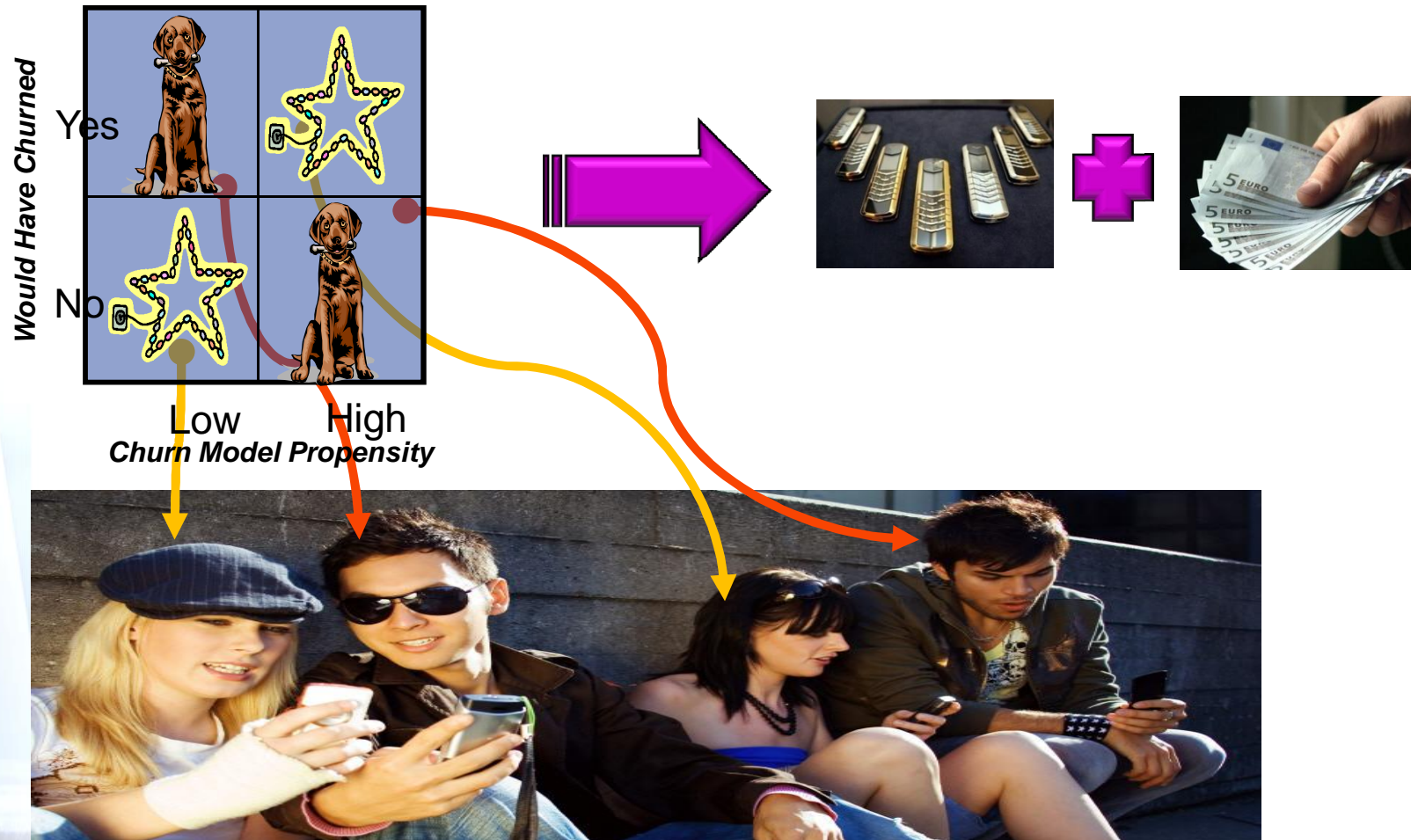
Base Management *Typical Organisation*



Can Market Research Improve Churn and Generate Competitive Edge?

1. Model

2. Offer



So, where could Market Research Play a Role?

- Research what would make customers leave
- Research what would make customers stay
- Research what made customers leave
- Research what made customers stay





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