Customer Retention and CHURN Prevention
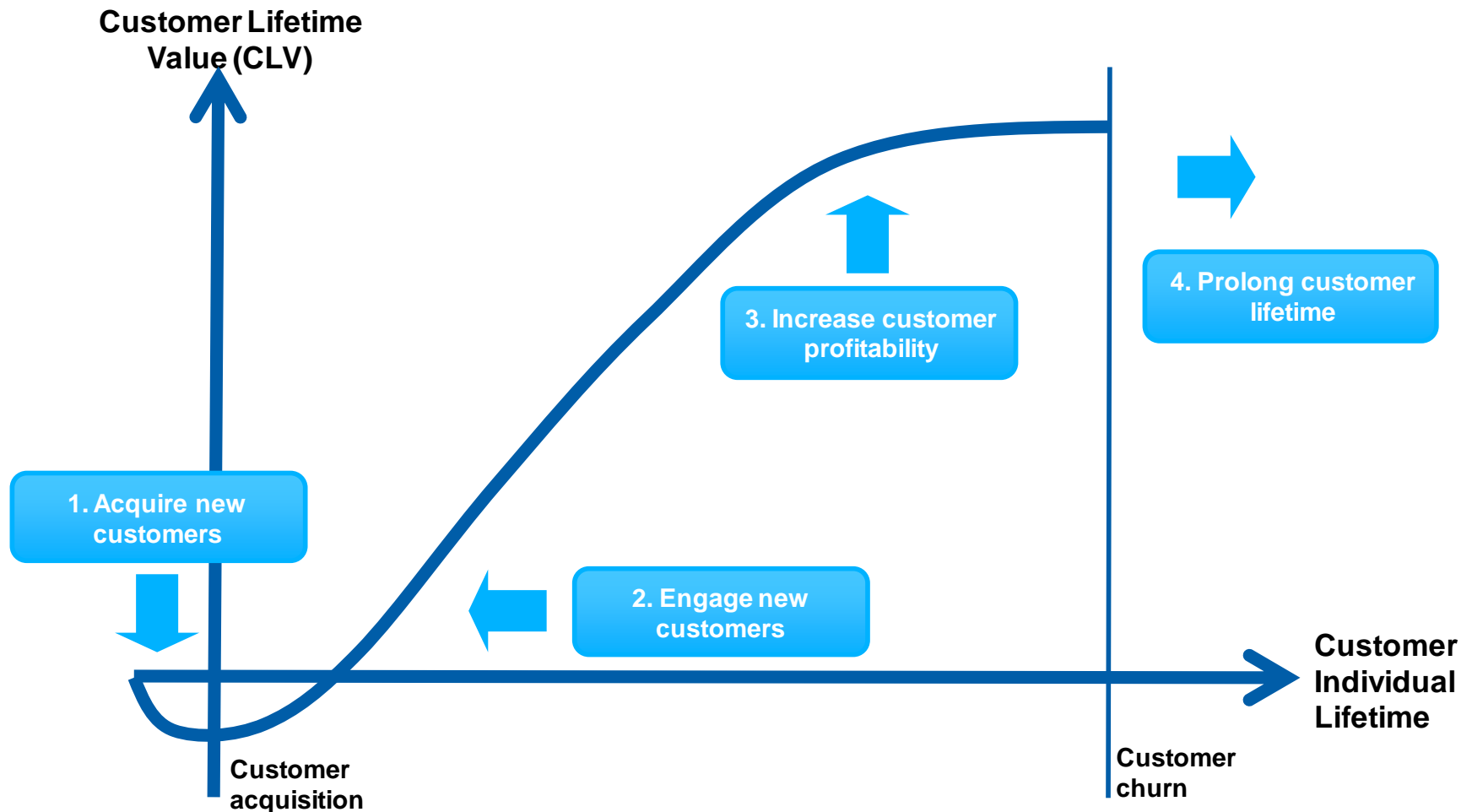
Comptel Social Links

Diego Becker – SVP CALA
Matti Aksela – VP Analytics
May 8th, 2012

**JOINT CONFIDENTIAL**

Maximising customer value

Customer Lifetime Value (CLV) vs Customer Individual Lifetime

- Customer acquisition
- 1. Acquire new customers
- 2. Engage new customers
- 3. Increase customer profitability
- 4. Prolong customer lifetime
- Customer churn

comptel

What is **Intelligent Customer Interaction?**

..as an input to real-time analytics engine..

ANALYSIS

Personalized

Real-time

Real-time network events..

EVENT
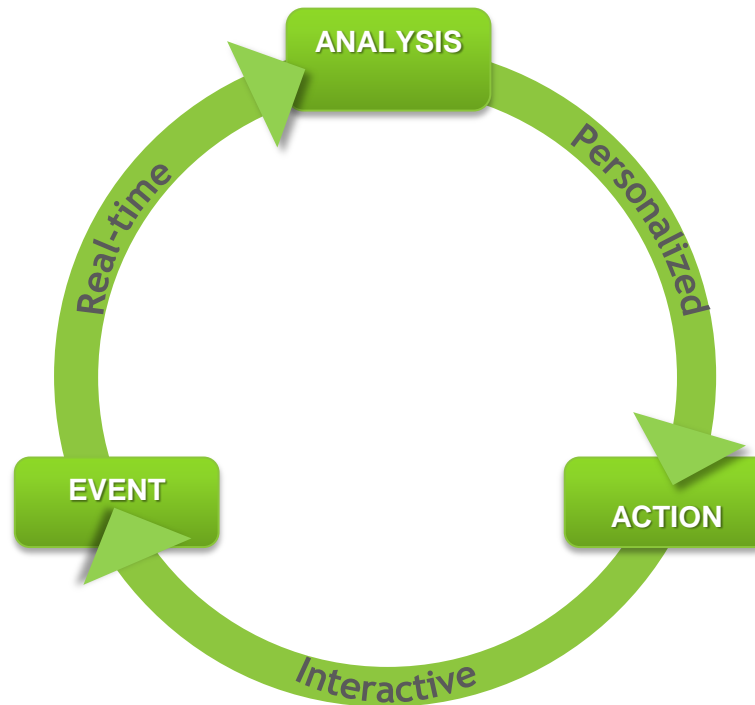
ACTION

..to drive real-time actions

Interactive

JOINT CONFIDENTIAL

comptel

Analytics Securing Revenue
Example use cases

Marketing insight

Demographics prediction

Discovering characteristics of prepaid customers with no known identify

?

Prepaid customer

Male

30 years old

Quadplay service upsell

Optimising individual service portfolio offering for each customer and discovery of optimal way to approach them
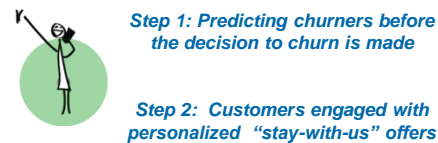
New service launch optimisation

Identification of early-adopters of new technologies, and the optimal launch offer

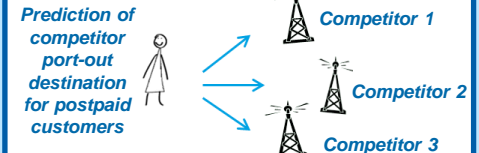### Revenue stimulation and churn management
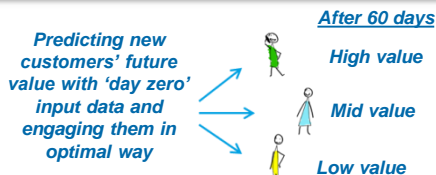
Proactive churn prevention

Step 1: Predicting churners before the decision to churn is made

Step 2: Customers engaged with personalized "stay-with-us" offers

Prepaid top-up stimulation

"Top-up 15€ now, get 2€ extra!"

Prepaid revenue optimisation from top-up campaigns by individual offer to all subscribers

Port-out destination prediction

Prediction of competitor port-out destination for postpaid customers

Competitor 1

Competitor 2

Competitor 3

Contextual customer engagement

Zero day customer value prediction

Predicting new customers' future value with 'day zero' input data and engaging them in optimal way

After 60 days

High value

Mid value

Low value

Contextual prepaid top-up stimulation

Step 1: Saldo query

Step 2: Offer triggered

IN

"Need more balance? Top-up 15€ now!"

Prepaid top-up offers send at optimal time to ensure best possible take-up rate

Service usage based marketing

Triggering offers based on customer's data usage and current needs

Basic Data subscription $2.99 **21Mbps** 24hours

"Do you currently have slow connection? Turbo boost now to receive more bandwidth!"

comptel

Value Propositions

Delivering unmatched marketing results

"Advanced analytics drives new revenue growth and reduced churn"

Profit from Big Data

"No need to restrict the amount of Big Data, the more you have, the better we are"

Best-in-benchmark analytics accuracy

"Predictive modelling, social network analysis and machine learning are key features of our analytical models"
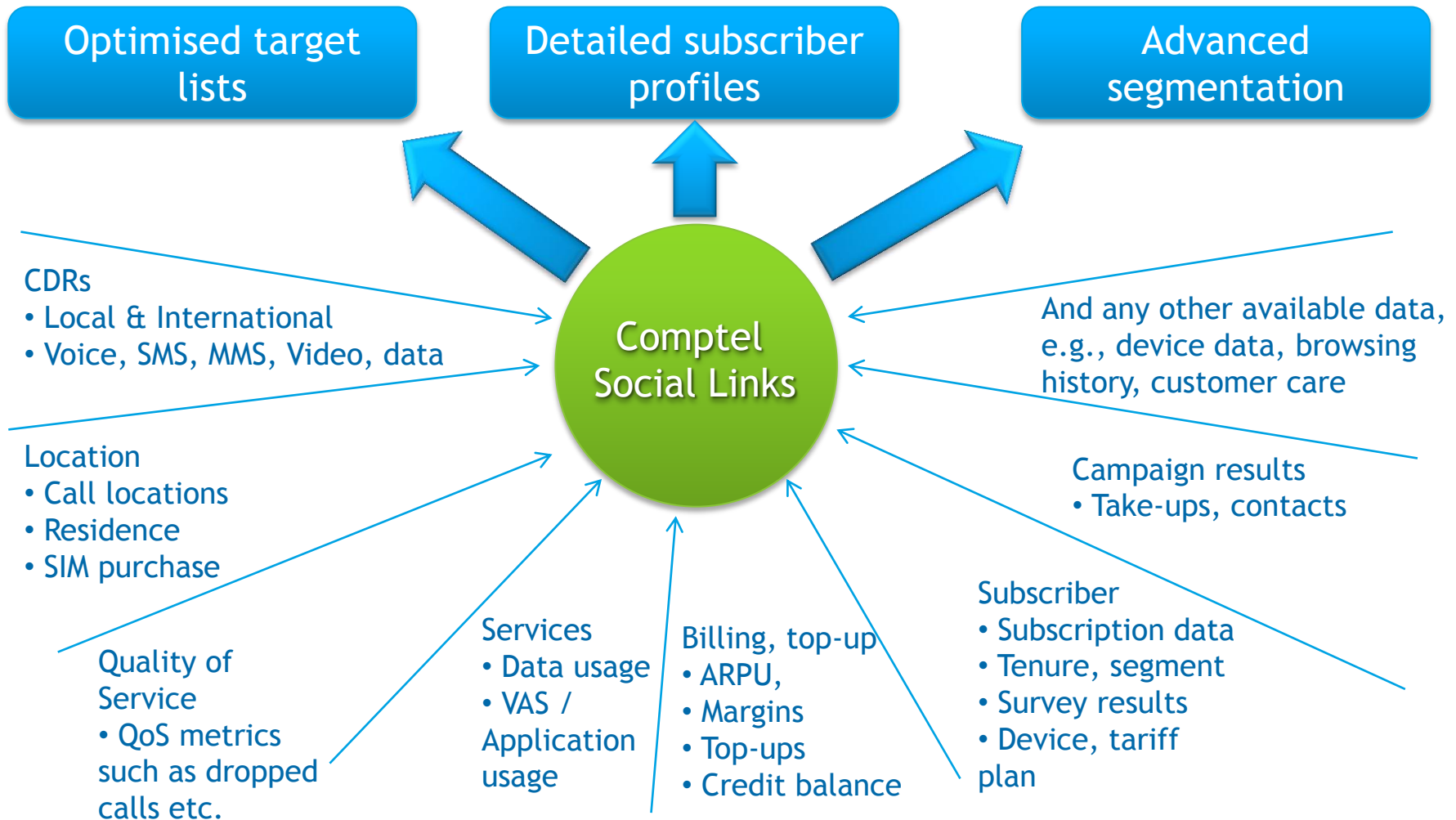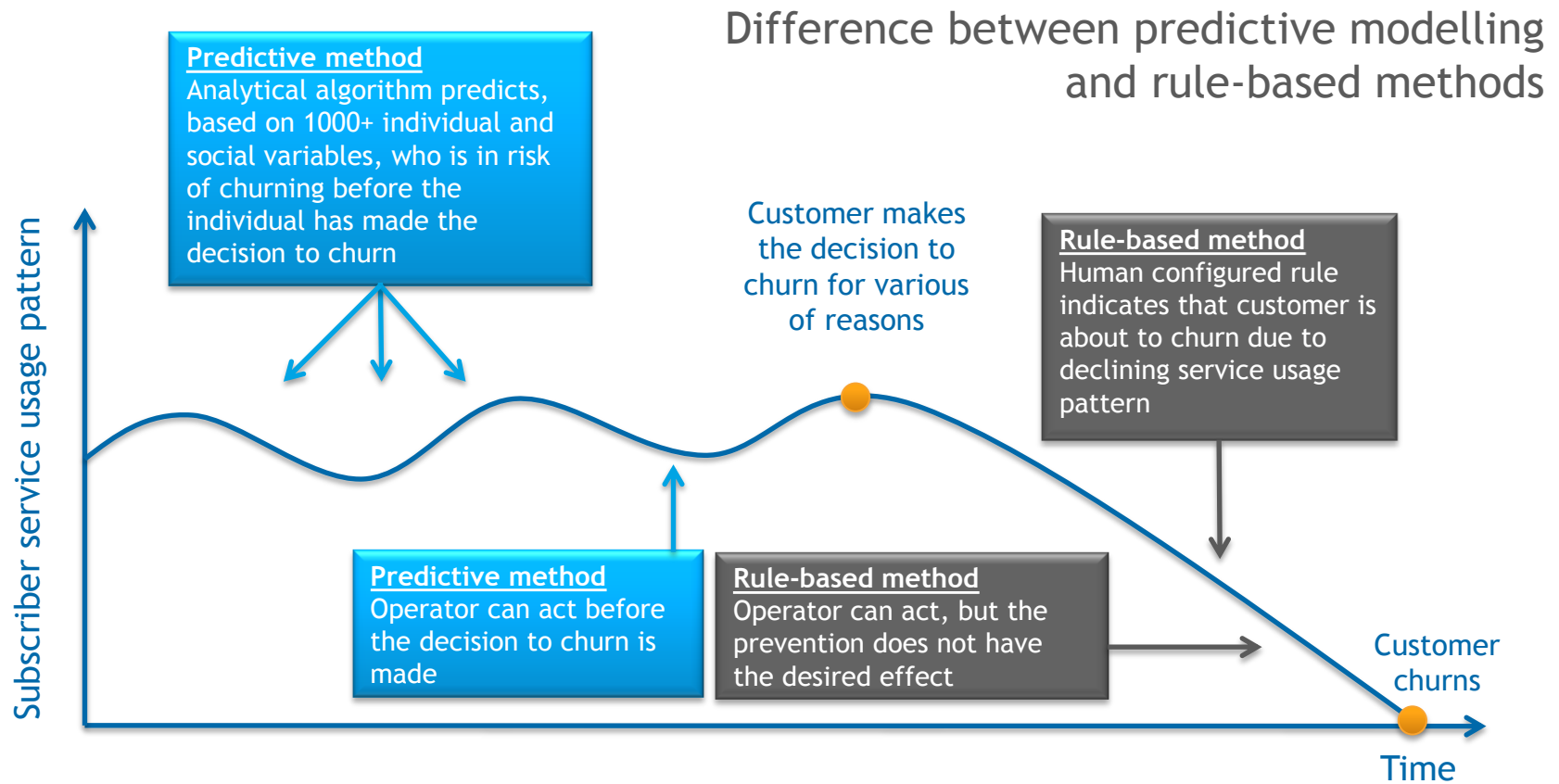
Fast time to revenue

"When data is available, our operational algorithms will turn it into new revenue in eight weeks"

JOINT CONFIDENTIAL

comptel

Solution Can Use Any Data Source Depending on the Use Case Targets

Optimised target lists

Detailed subscriber profiles

Advanced segmentation

Comptel Social Links

CDRs
• Local & International
• Voice, SMS, MMS, Video, data

And any other available data, e.g., device data, browsing history, customer care

Location
• Call locations
• Residence
• SIM purchase

Campaign results
• Take-ups, contacts

Quality of Service
• QoS metrics such as dropped calls etc.

Services
• Data usage
• VAS / Application usage

Billing, top-up
• ARPU,
• Margins
• Top-ups
• Credit balance

Subscriber
• Subscription data
• Tenure, segment
• Survey results
• Device, tariff plan

JOINT CONFIDENTIAL

comptel

Predictive Modelling Provides Unique Insights into Future Customer Behavior

Difference between predictive modelling and rule-based methods

Predictive method
Analytical algorithm predicts, based on 1000+ individual and social variables, who is in risk of churning before the individual has made the decision to churn

Customer makes the decision to churn for various of reasons

Rule-based method
Human configured rule indicates that customer is about to churn due to declining service usage pattern

Predictive method
Operator can act before the decision to churn is made

Rule-based method
Operator can act, but the prevention does not have the desired effect

Customer churns

Subscriber service usage pattern

Time

JOINT CONFIDENTIAL

comptel

Powered by Social Network Analysis

Social network and alpha influencers

Propensity & Influence

Only influence

High propensity

High influence

Low propensity

Low influence

Will not even hear about the offer
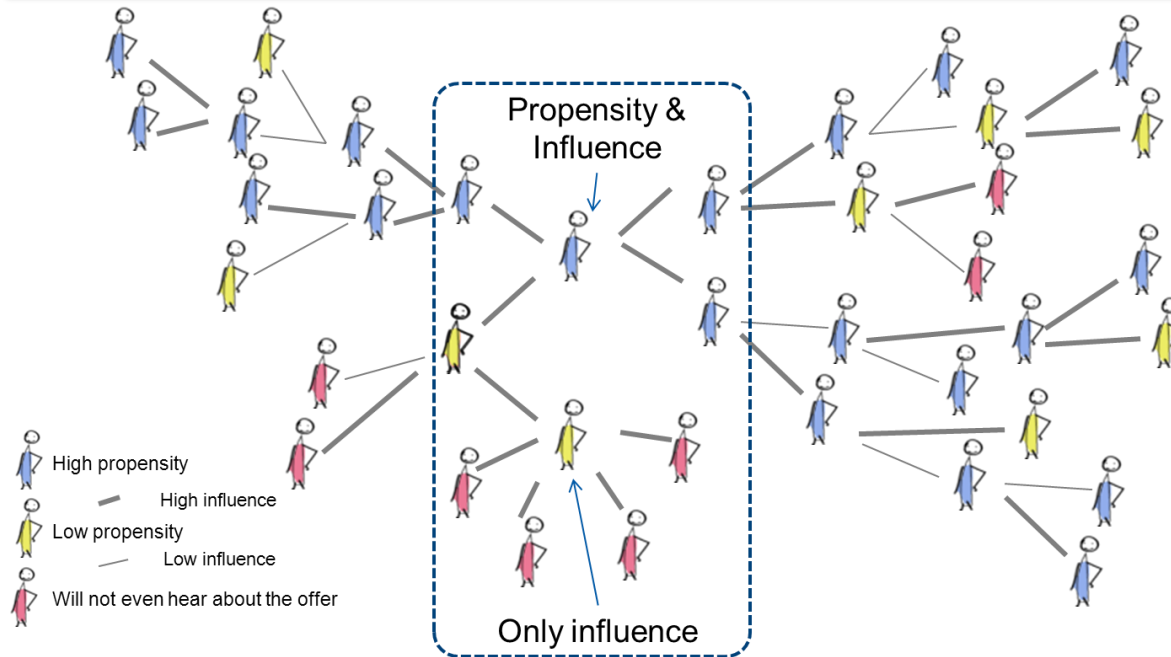
Algorithm creates social network models and indicates who are the influential alpha users in these networks

Using changes in social networks as an input, algorithms make accurate predictions about individual's behavior

JOINT CONFIDENTIAL

comptel

Case study: Proactive Pre-paid Churn Prevention

Before Social Links

High monthly churn rate: 7%

Campaigns did not have retention impact

Monthly campaigns were unprofitable

Solution

Step 3. Optimisation of personalised retention offer for each high churn risk customer and contacting customer with SMS offer

Step 2. Uplift modelling to optimise revenue from churn

Step 1. Prediction of likely churn point

Active stage of customer life-cycle
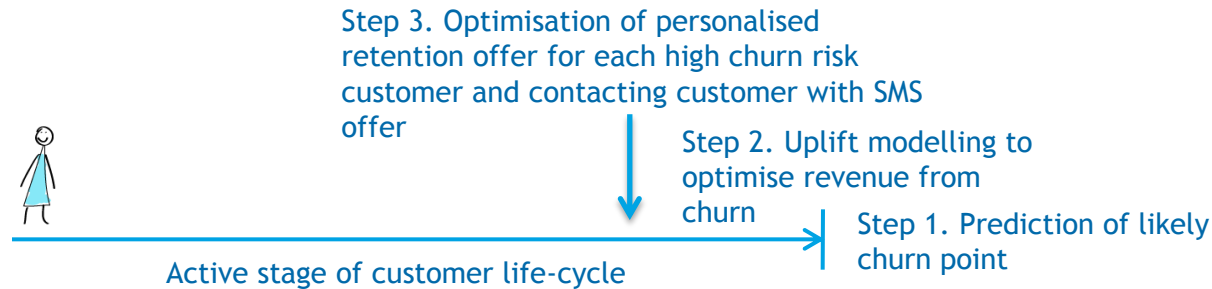
Results

More retained customers and secured revenue

Enabled by granular campaign optimisation and predictive targeting
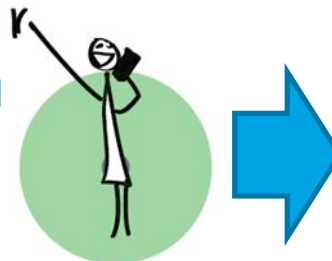
**21% reduction in churn rate
25% increase in revenue**

Case study: Prediction of Post-paid Churners' Port-out Destination
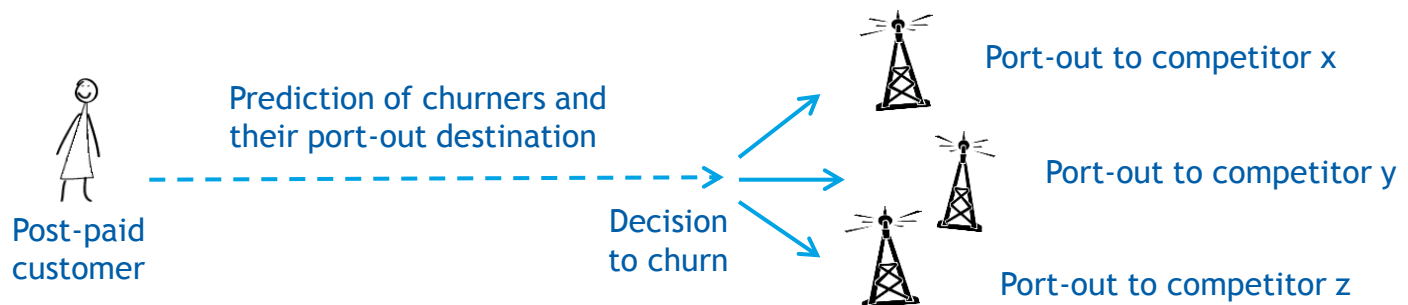
Before Social Links

Lack of competitive insight and port-out destinations

No intelligence or no tools to prevent churn to specific competitor

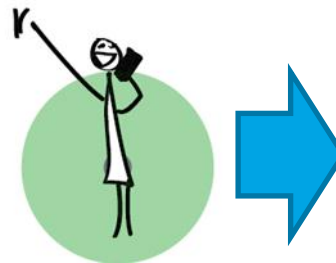Inefficient retention campaigns

Solution

Post-paid customer

Prediction of churners and their port-out destination

Decision to churn

Port-out to competitor x

Port-out to competitor y

Port-out to competitor z

Results

High quality input data
+
High quality modelling
=
Excellent prediction

87% correctly predicted port-out destination for the target group!

comptel

Case study: Pre-paid Top-up Optimisation

Before Social Links

Sub-optimal revenue from prepaid top-up campaigns

Top-up recharge rewards always fixed, e.g., 5% of the required action

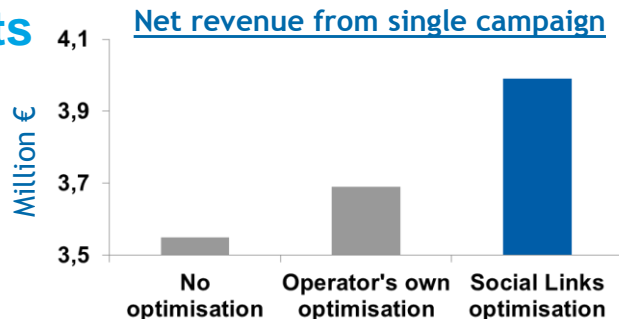No analytics used for optimising top-up offers

Solution

Identify those likely to respond positively
+
Tailor personalised required actions
+
Tailor personalised top-up rewards

"Top-up 15€ now, get 2€ extra!"

Individual offer to all subscribers

Results

Net revenue from single campaign

Million €

4,1
3,9
3,7
3,5

No optimisation | Operator's own optimisation | Social Links optimisation

400 000€ more revenue from a campaign vs. status quo

threefold improvement on operator's own method

comptel

Questions?

JOINT CONFIDENTIAL

comptel