Telecom Retention

Agenda

We will cover the following in today's session

- Overview of the churn in a telecom scenario
- Why Data Sciences?
- Data Science approach to build a robust churn strategy
- Methodology of building a churn model
- Outcomes and deliverables

Background: Operators are losing share in today's competitive market

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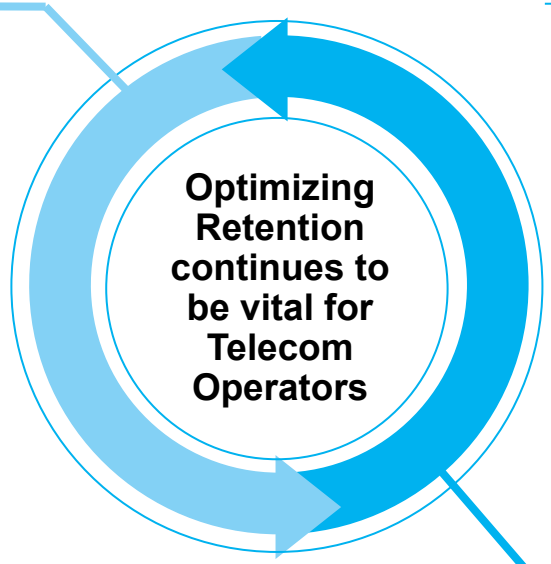
Industry and external outlook

- **Tougher Telecom Environment**
  - Economic instability and uncertainty
  - Mobile Market is saturated and dominated by a few players
  - Intense competition leading to price wars
- **Smarter & More Demanding Customers**
  - Escalating personal and business reliance on telecommunications
  - Technology explosion
  - More demanding, less loyal customers
  - Comparison shoppers



Internal Outlook

- **Tremendous Growth Potential**
  - Generation of vast quantities of data
  - Drive new revenue growth through customer centricity
  - Continue to exploit cost efficiencies
- **Key questions that clients ask around churn**
  - How can I understand my churn situation better; both at the organization (macro) & subscriber (micro) levels?
  - What are the key drivers of churn and what is influencing them?
  - What are the appropriate churn initiatives that should be launched to address the different churn drivers?

Need to Manage Churn

Churn is a key driver of EBITDA margin and an industry-wide challenge.
A churned customer provides less revenue or zero revenue and increases competitor market share.
Increase acquisition cost for the service provider if the customer churned to competition. It costs up to 5 times as much for an Service Provider to acquire a new subscriber as to retain an existing one

Subscriber Churn can be in different forms and not just exit from the base

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Tariff Plan Churn (e.g. €50 to €30 monthly)

Service Churn (e.g. Weekly/Monthly Subscription)

Different Churn Scenarios

Leads to Subscriber churn

Product Churn (e.g. Postpaid to Prepaid)

Usage Churn (e.g. Inactive or Zero Usage)

Subscriber Churn
(e.g. Port Out to Competition)

Decision cycle of a subscriber: Changes as per needs and/or experiences

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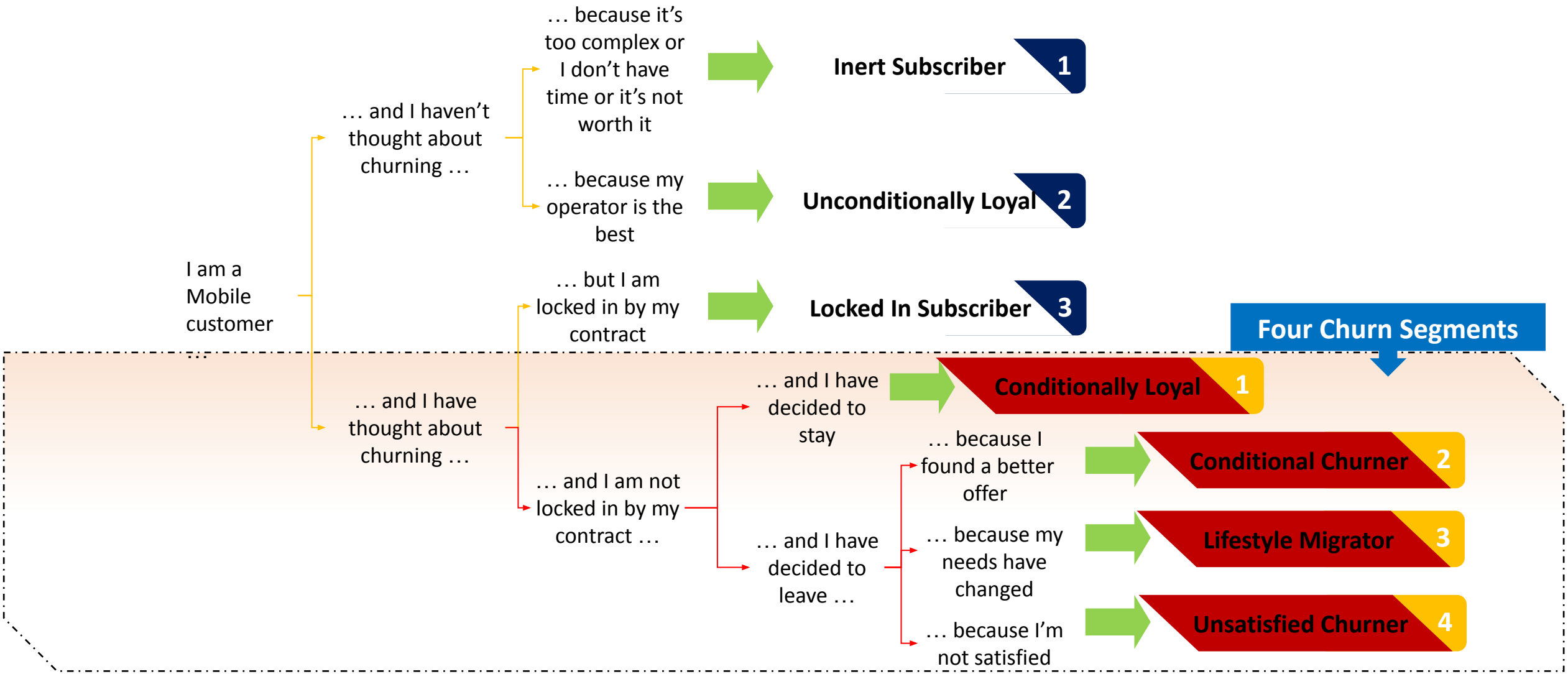

Four Churn Segments: Loyalty drivers for each segment

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Conditionally Loyal Subscriber

- ❑ Frequently re-evaluates purchase decisions
- ❑ Choose brand on (semi) rational basis
- ❑ Likes to change to test new products

Conditional Churner

Lifestyle Migrator

- ❑ Uncontrollable change in needs / usage
- ❑ Behaviour.
- ❑ Involuntary Churn

Unsatisfied Churner

- ❑ Unsatisfied subscriber

Loyalty Drivers

Key drivers that Influence Churn

1. Handset Loss/Upgrade
2. Cost of Service / Competitor pricing
3. Network Quality
4. Others
5. Customer Care Quality

Key drivers for Subscriber loyalty

1. Offers and services
2. Price
3. Quality of products and services
4. Quality of customer service
5. Length of contract period
6. Perception of telecom brand
7. Marketing programmes and campaigns

A proactive approach to managing churn has Data Sciences at its heart

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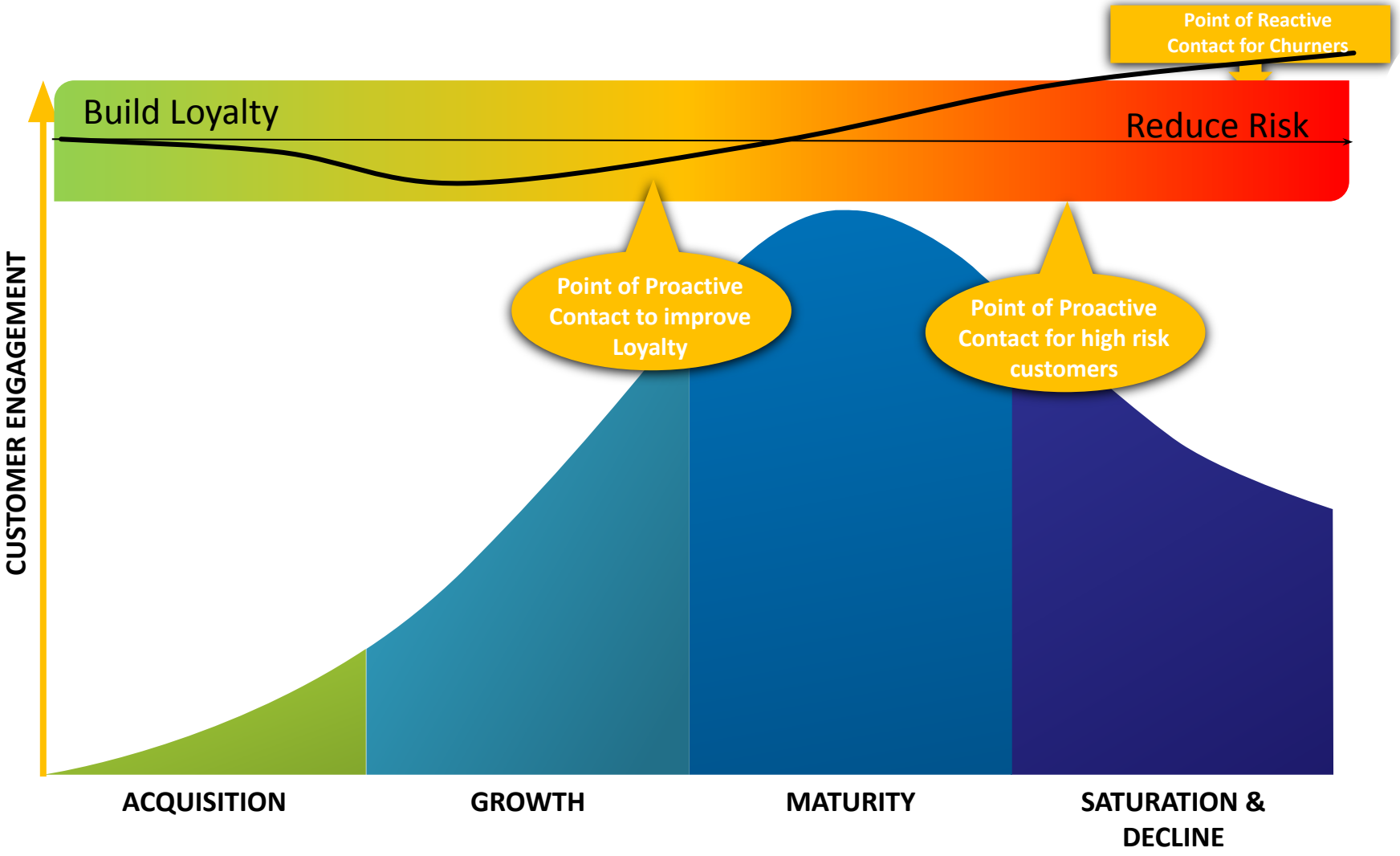

Data Science will answer the following questions for the operator:

1. What are the customers' characteristics and tendencies?
2. What does the customer like or dislike?
3. Actual reasons for leaving
4. What would it take to get the customer to stay?

Data Science enablers:

- ❑ Pro-active retention strategy as opposed to a reactive one
- ❑ Insights on subscribers Churn Behavior
- ❑ Enables an operator to move away from business rules based campaigns to analytics led campaigns
- ❑ Enables reduction in marketing spend

High level Overview of a Data Science led approach to manage churn

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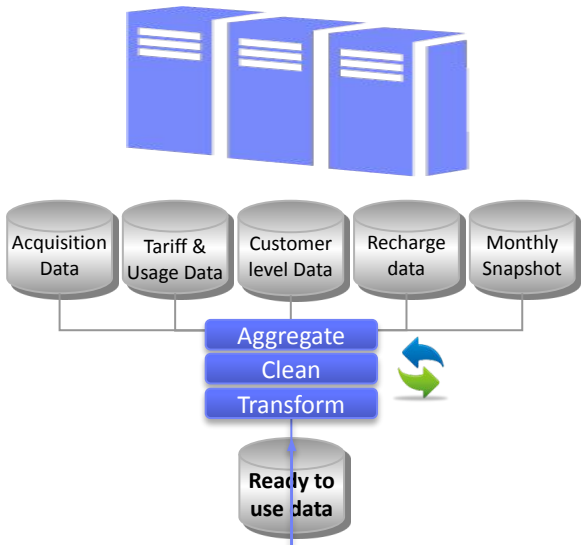
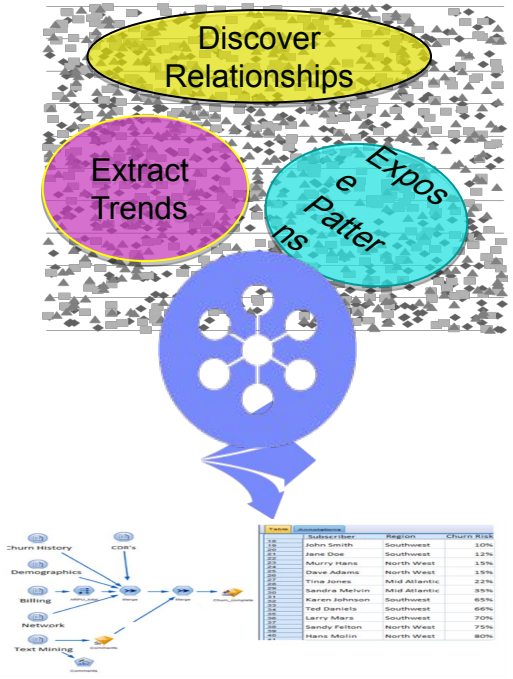
Capture & Analyze



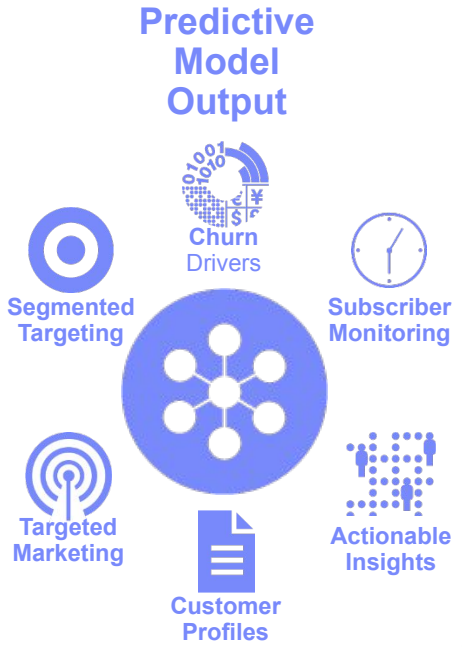
- ❑ Business Understanding
- ❑ Identify data requirements and explore data availability
- ❑ Request and extract data required to build a model
- ❑ Aggregate, Clean and Standardize data in desired format for model

Report & Predict



- ❑ Business Analysis of standardized data
- ❑ Predictive model design
- ❑ Development and Implementation of Predictive model

Engage & Act



- ❑ List of churn drivers / KPI's for tracking and monitoring
- ❑ A generated list of recommended subscribers for targeted churn campaigns
- ❑ Recommendations on monthly churn initiatives

Data from various sources and aggregate it for the predictive model

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Customer Demographics / Acquisition Data	Usage and Reload Data ($ / Mins)		Customer Segment / Campaign Data		SR Data	External Data	
1. Residential Address **2.** Address of Work **3.** Age **4.** Gender **5.** Civil Status	**1.** Subscriber Id **2.** Handset Model **3.** Date Acquired **4.** Acquisition Channel **5.** Acquisition Program **6.** Tariff Acquired **7.** Current Tariff	**1.** ARPU Call ($) **2.** Call Amount ($) **3.** MoU OB/IB Call **4.** Call Count (count) **5.** Avg Call Duration (Min) **6.** ARPU SMS ($) **7.** SMS Amount ($) **8.** # OB/IB SMS	**1.** VAS Usage **2.** ARPU VAS Data ($) **3.** ARPU VAS (Count, Subscription, and Usage) **4.** Reload Data **5.** Reload Frequency **6.** Reload Amount **7.** Reload Channel	**1.** Customer Behavior Segments (eg. Gold, Silver, etc.) **2.** Customer Tagging	**1.** Campaigns Target List **2.** Campaigns Availed **3.** Campaign take up Date	**1.** Type of Complaints, **2.** No. of Complaints **3.** Barring history **4.** Payment History **5.** Delinquency history	**Market Research** **1.** VOC **2.** Customer Satisfaction Surveys **3.** Focus Groups, etc.	**Competitive Analysis** **1.** Competitive Promos **2.** Strategic Initiatives, etc. **Industry Analysis** **1.** Regulatory developments **1.** New technologies etc.

Must Have Data

Good to Have Data

External Data

A readily available data requirement sheet with over 200 attribute is shared with the client