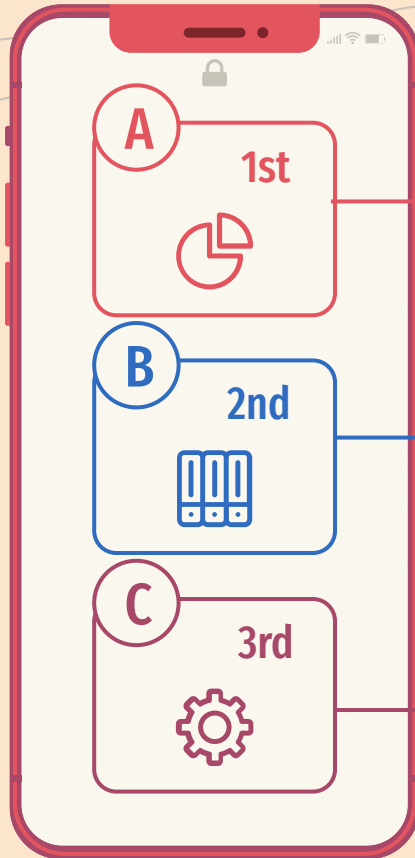


# Incentive Plans



## Upgrading Discount

Discounts or promotions for upgrading to a new device near the end of a customer's contract

## Family/ Group Discount

Discounts for adding an additional lines for accounts with 1-2 individuals

## Offering Lower Plans

Offer to lower a customer's plan if we observe they have a significant number of unused minutes or are decreasing their usage over time

# Evaluating the Program



## Setup: Treatment vs Control Group

For Each group, randomly assign 20% of the qualified customers to be in the treatment group where they will receive offers to the new plan, the rest 80% will remain in the control group.

## Model Estimation: Track and Observe

For each group, obtain relevant information to calculate the churn rate, revenue, and retention rate.

## Model Estimation: Calculate LTV

For each group, calculate the expected lifetime value of customers of one year in each group.

## Results

If the test plan is effective, we should see an increase in revenue and retention rate, and a decrease in churn rate in our treatment group. The LTV of the treatment group should be larger than the LTV of the control group. Test plan is ineffective otherwise.

## Actions

If a specific plan is effective, we should keep the proposal and apply this incentive to all applicable and qualified customers to increase net positive cash flow.

*\*Note: That each incentive plan should be tested based on the above procedures on separate groups. Evaluating test plans simultaneously on the same group may cause inaccurate results due to confounding factors.*