



# Customer Market Segmentation & Retention Strategies



**GROUP 3**



# AGENDA

1

Executive Summary

2

Analytical Techniques

3

Market Segmentation

4

Customer Retention Strategies



# EXECUTIVE SUMMARY

## About Cricket

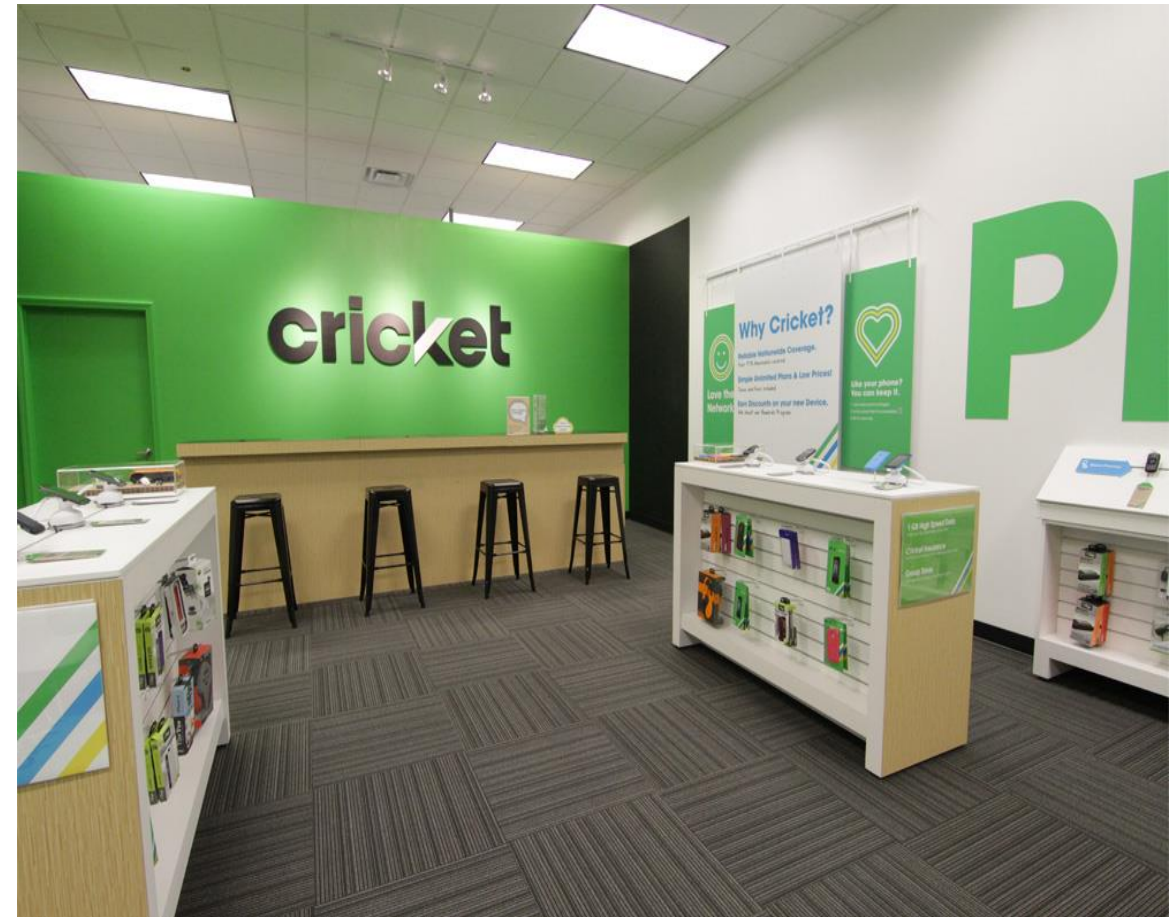
- Prepaid Wireless service provider in the US.
- Whole owned subsidiary of AT&T Inc.
- Founded in 1999 by Leap Wireless International Inc.

## Business Objective

- Identify major market segments.
- **Business Problem:** How does cricket reduce churn and increase customer retention?

## Financial Impact (+\$186,678/month)

- Our test plan, if implemented, results in **38%** revenue growth. per month.



# ANALYTICAL TECHNIQUES

## Segmentation

- Helps understand customer behaviour
- Determine the segment with highest churn

## Elasticity Modeling

- Identify cluster's sensitivity/insensitivity to price
- Discover how change in price affects revenue

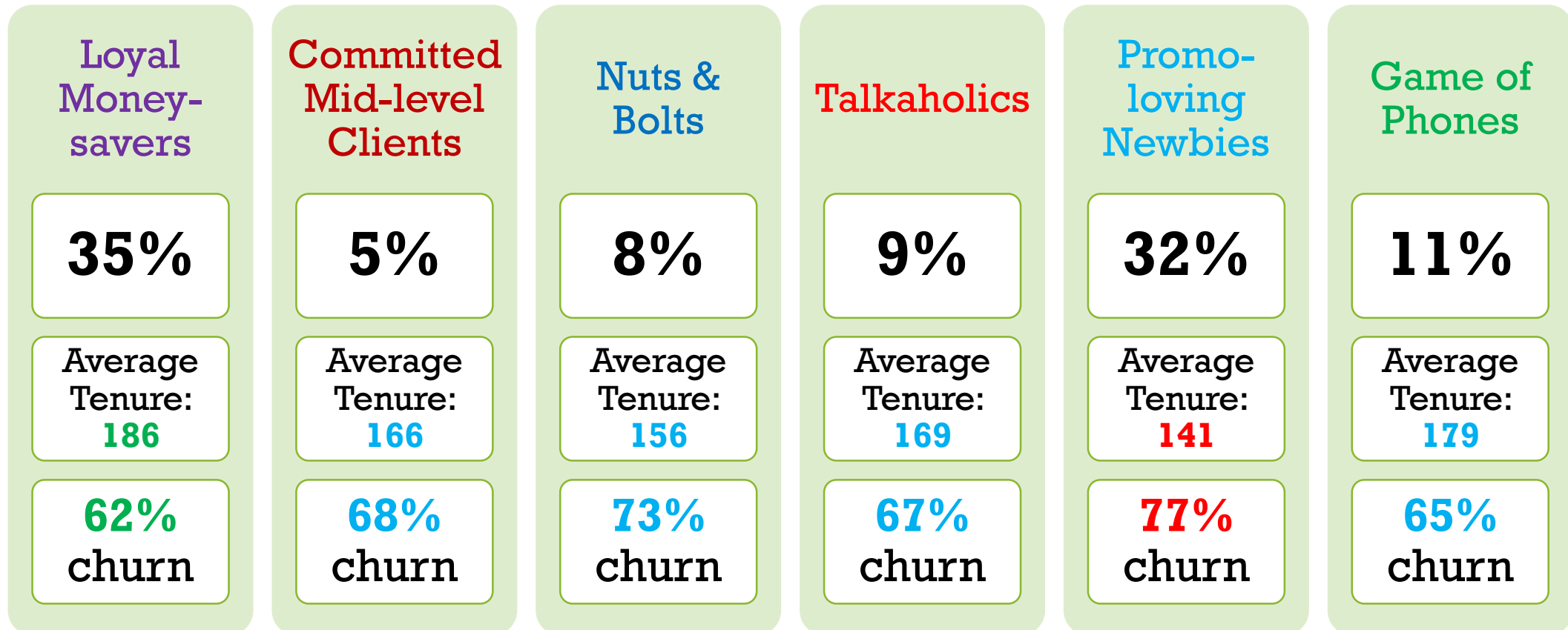
## Survival Analysis

- Predict a customer's lifetime value
- Insights to increase customer retention rates



# MARKET SEGMENTATION

What customer does for a living, does it matter?



# MARKET SEGMENTATION

What customer does for a living, does it matter? **BIG YES!**

**Loyal  
Money-  
savers**

**92.8%**  
Mgmt.  
Jobs

**Committed  
Mid-level  
Clients**

**100%**  
Office  
Admins

**Nuts &  
Bolts**

**86.2%**  
Blue-  
collar  
Workers

**Talkaholics**

**72.5%**  
Sales  
Jobs

**Promo-  
loving  
Newbies**

**41%**  
Others

**32%**  
Retired

**Game of  
Phones**

**84.4%**  
Technical  
Jobs



# MARKET SEGMENTATION

On an average, if we can raise customer tenure by 1 day, we can increase revenue by **\$1.58!**

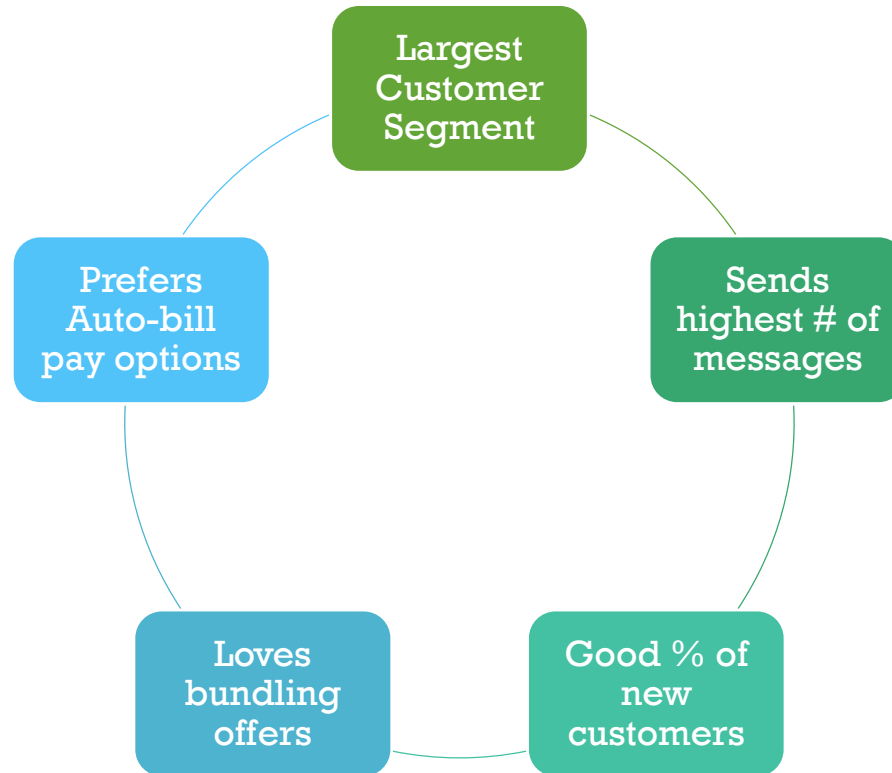
**% Customer : % Revenue share by market segments**





# Segment 1 : Loyal Money-savers

## KEY CHARECTERISTICS:



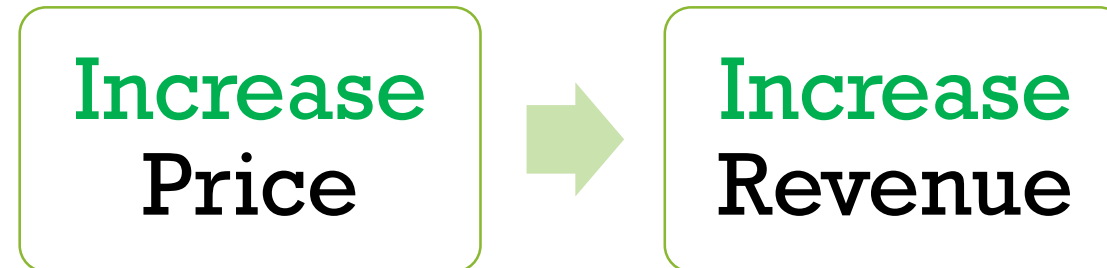


# Segment 1 : Loyal Money-savers

## ELASTICITY MODELING:

Elasticity	% Plan amount	% Revenue
<b>-0.94</b>	<b>+10%</b>	<b>+24.21%</b>

- Segment is **INELASTIC**.



**Insight :** This segment has the highest tenure and are insensitive to price.



# Segment 1 : Loyal Money-savers

## SURVIVAL ANALYSIS:

<b>Average Tenure(in Days)</b>	186	
<b>Factors</b>	<b>Average Change(in Days)</b>	<b>% Change</b>
<b>Drop Calls /month</b>	-12	-6%
<b>Auto-bill Pay</b>	198	107%
<b>Hotline</b>	635	342%

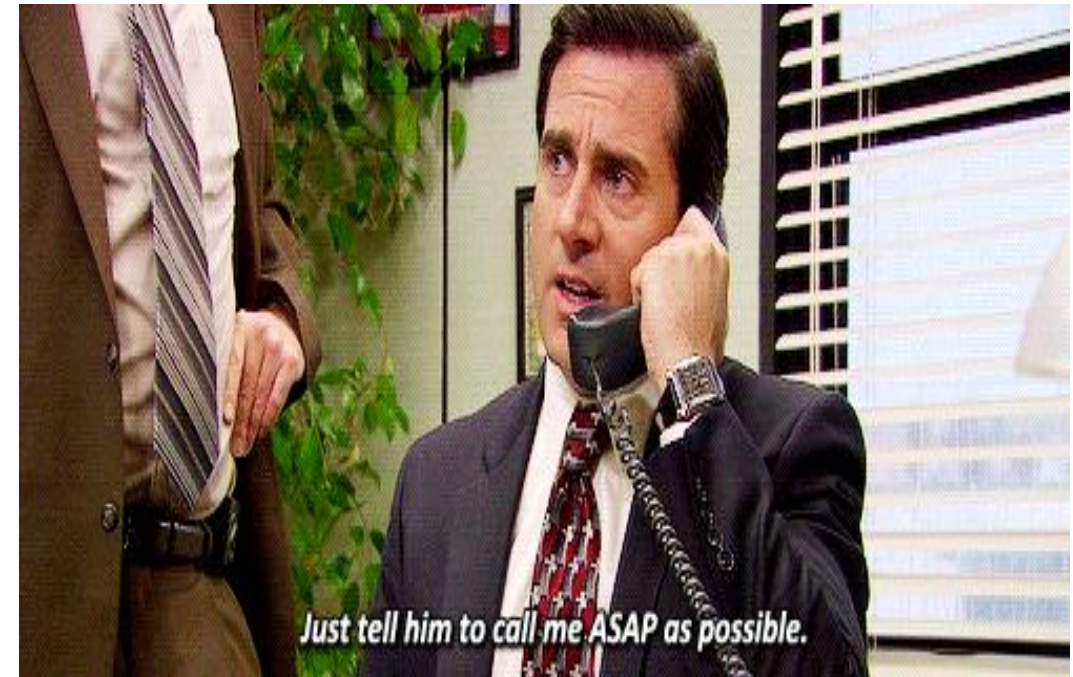
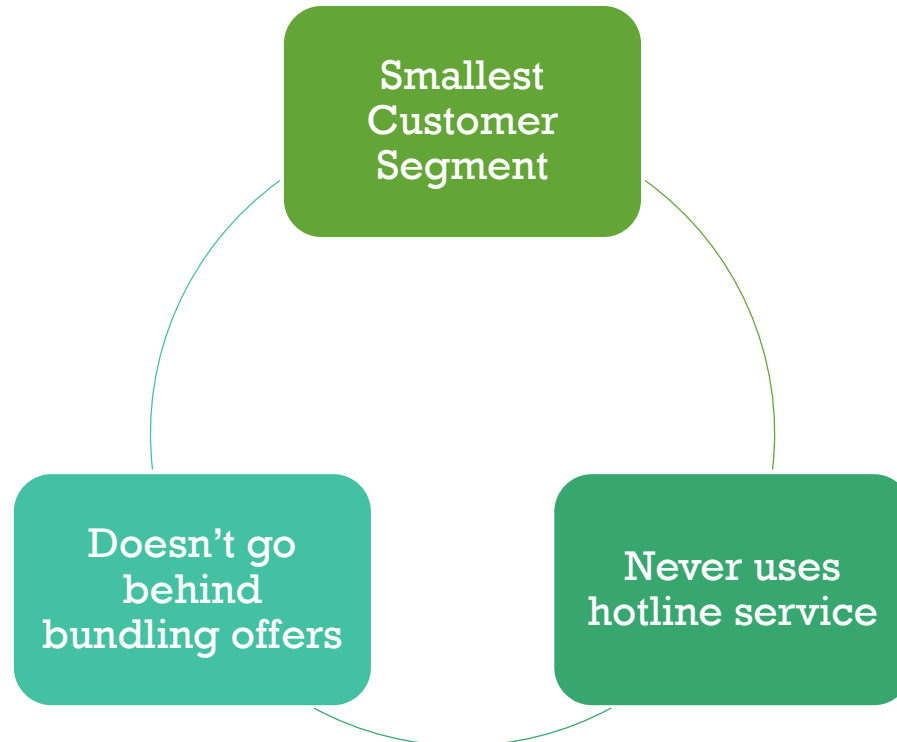
## Recommendations:

- Drop Call monitoring to be increased and strategies to reduce them be initiated.
- Motivating customers to opt for auto-bill payment with incentives/cashback.
- Nationwide Hotline numbers to be made as default contacts for all customers.



# Segment 2 : Committed Mid-level Clients

## KEY CHARECTERISTICS:

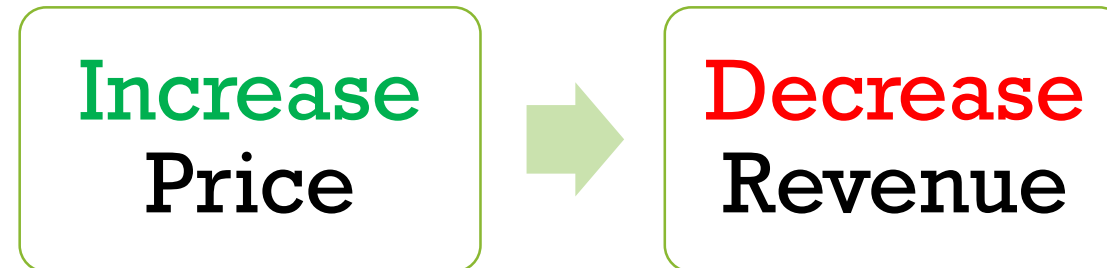


# Segment 2 : Committed Mid-level Clients

## ELASTICITY MODELING:

Elasticity	% Plan amount	% Revenue
2.54	+10%	-5%

- Segment is **ELASTIC**.



**Insight :** These mid-level clients are purely using the services to get value for money. If we increase the price, our clients will leave, thereby decreasing revenue.



# Segment 2 : Committed Mid-level Clients

## SURVIVAL ANALYSIS:

<b>Average Tenure(in Days)</b>	166	
<b>Factors</b>	<b>Average Change(in Days)</b>	<b>% Change</b>
<b>Drop Calls /month</b>	-146	-88%
<b>Distinct Feature</b>	44	26%

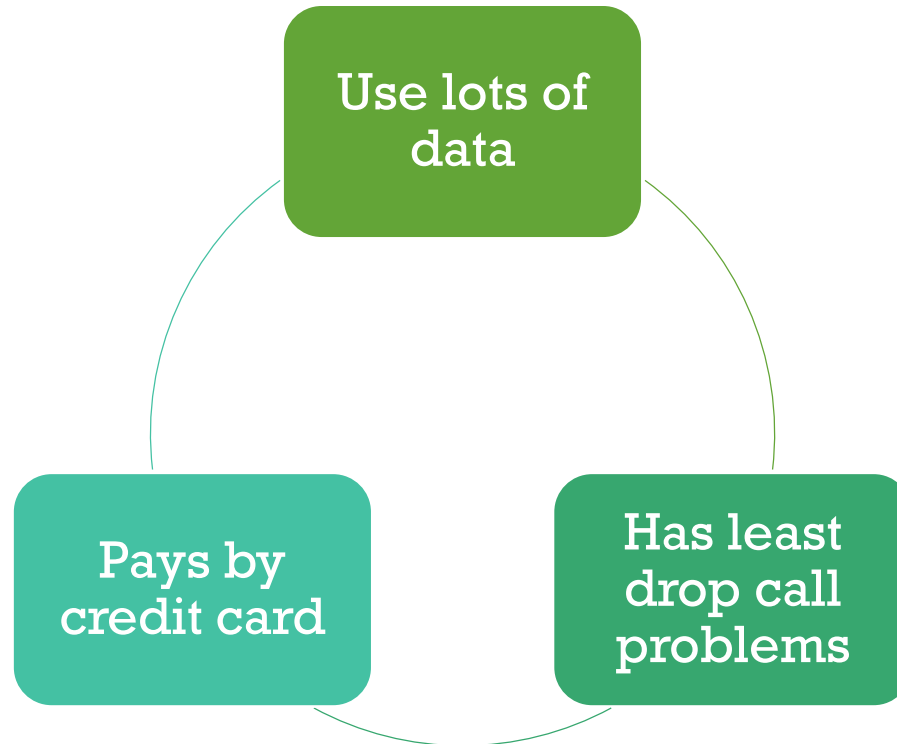
## Recommendations:

- Drop Call monitoring to be increased and strategies to reduce them be initiated.
- Introduce new features specific to the network to be introduced and enable them for the opted plans.



# Segment 3 : Nuts & Bolts

## KEY CHARECTERISTICS:

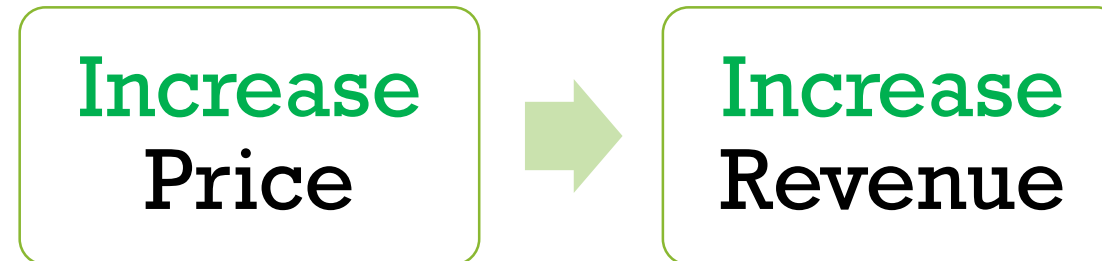


# Segment 3 : Nuts & Bolts

## ELASTICITY MODELING:

Elasticity	% Plan amount	% Revenue
0.52	+10%	+19%

- Segment is **INELASTIC**.



**Insight :** This segment is insensitive to price.





# Segment 3 : Nuts & Bolts

## SURVIVAL ANALYSIS:

Average Tenure(in Days)	156	
Factors	Average Change(in Days)	% Change
<b>Drop Calls /month</b>	-72	-46%
<b>Distinct Feature</b>	-14	-9%
<b>Bundle</b>	-43	-27%
<b>Auto-bill Pay</b>	156	100%

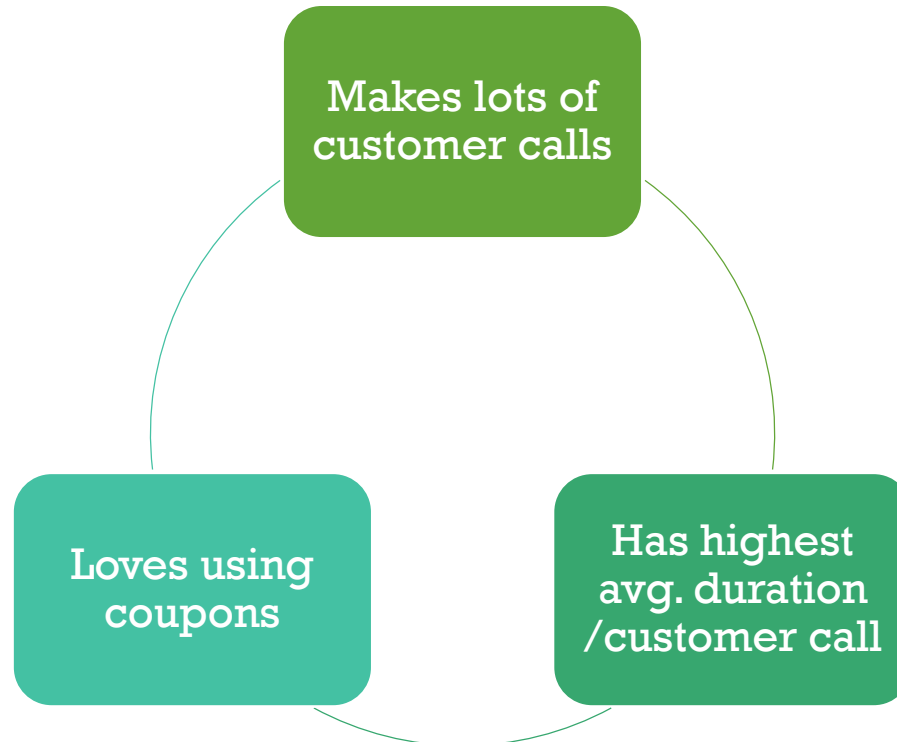
## Recommendations:

- Drop Call monitoring to be increased and strategies to reduce them be initiated.
- Brand new features should not be included in the plans opted by this segment.
- Bundling of services should be avoided.
- Motivating customers to opt for auto-bill payment with incentives/cashback.



# Segment 4 : Talkaholics

## KEY CHARECTERISTICS:

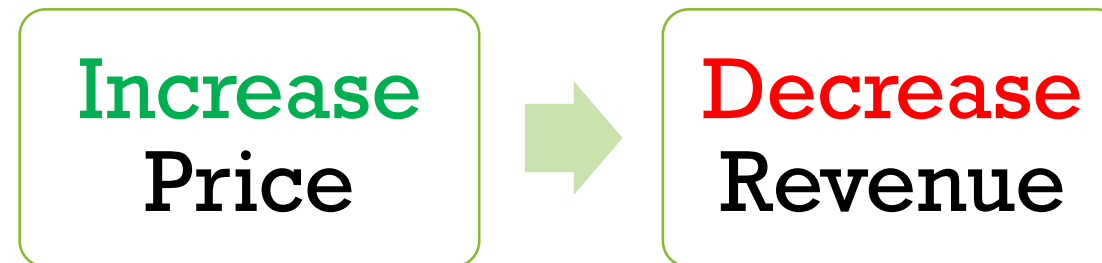


# Segment 4 : Talkaholics

## ELASTICITY MODELING:

Elasticity	% Plan amount	% Revenue
2.1	+10%	-35%

- Segment is **ELASTIC**.



**Insight :** Customers in this segment make a lot of calls to Integrated Voice Response(IVR). So, an increase in price will increase attrition and decrease the revenue.



# Segment 4 : Talkaholics

## SURVIVAL ANALYSIS:

Average Tenure(in Days)	169	
Factors	Average Change(in Days)	% Change
Coupon Adjustments	-15	-9%
Auto-bill Pay	96	57%

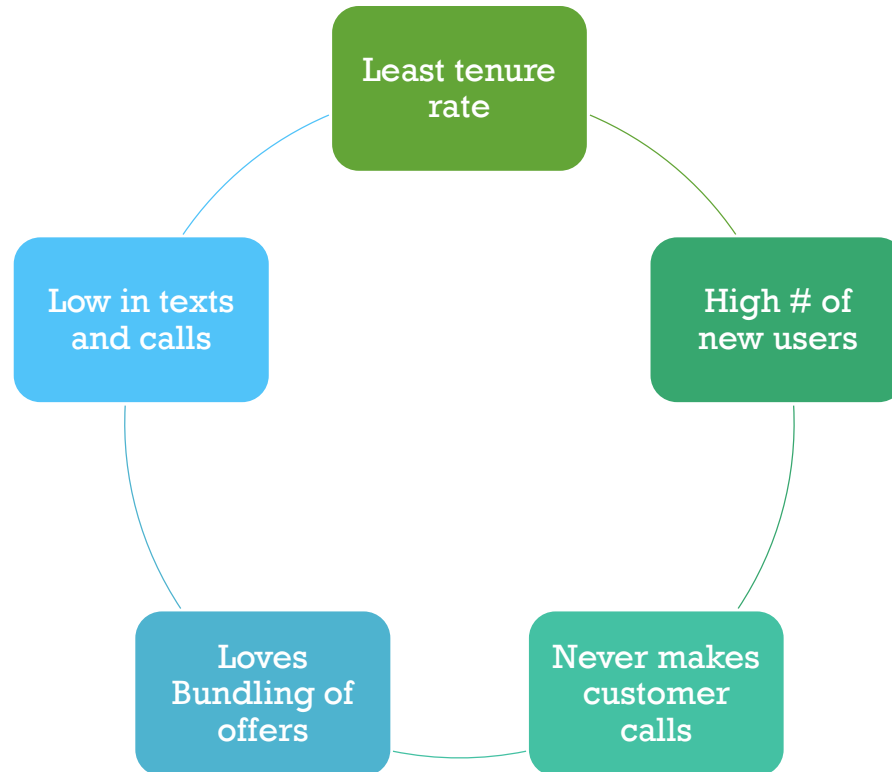
## Recommendations:

- Restricting usage of coupons for bill payment.
- Motivating customers to opt for auto-bill payment with incentives/cashback.



# Segment 5 : Promo-loving Newbies

## KEY CHARECTERISTICS:

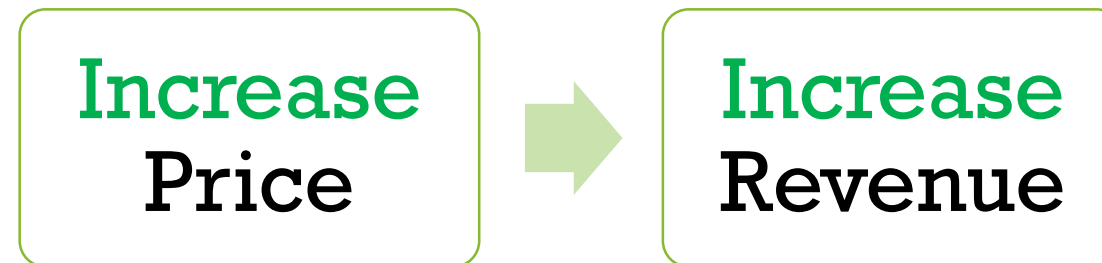


# Segment 5 : Promo-loving Newbies

## ELASTICITY MODELING:

Elasticity	% Plan amount	% Revenue
0.3776	+10%	+15%

- Segment is **INELASTIC**.



**Insight :** People in this segment love the seasonal promotions and coupons. Increase/Decrease in Plan revenue amount is indifferent to this segment so they will leave irrelevant of that.



# Segment 5 : Promo-loving Newbies

## SURVIVAL ANALYSIS:

Average Tenure(in Days)	141	
Factors	Average Change(in Days)	% Change
Drop Calls /month	-11	-8%
Distinct Feature	-9	-6%
Bundle	52	37%
First Bill Not Paid	-139	-99%
Auto-bill Pay	140	99%
Hotline	140	99%

## Recommendations:

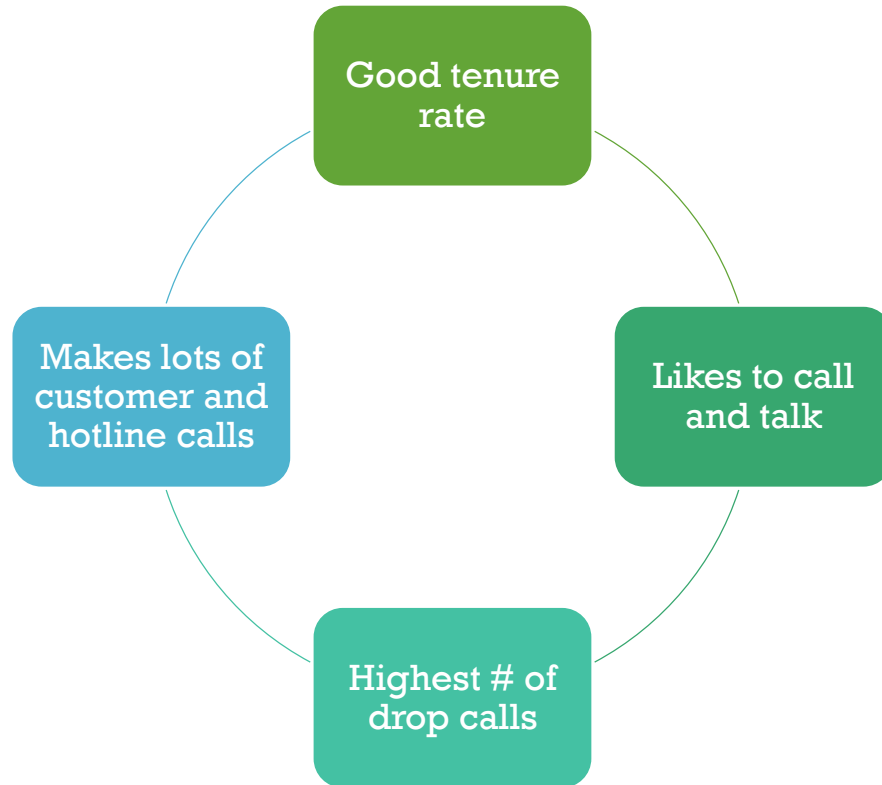
- Bundling of VoLTE calls along with unlimited data, calling and texting should be introduced for plans opted in this segment.
- Incentives in the form of bundling/cashback should be introduced in order to avoid failure of 1st bill payment.
- Customers enabling auto-bill payment should be rewarded through loyalty programs..
- Nationwide Hotline numbers to be made as default contacts for all customers.





# Segment 6 : Game of Phones

## KEY CHARECTERISTICS:

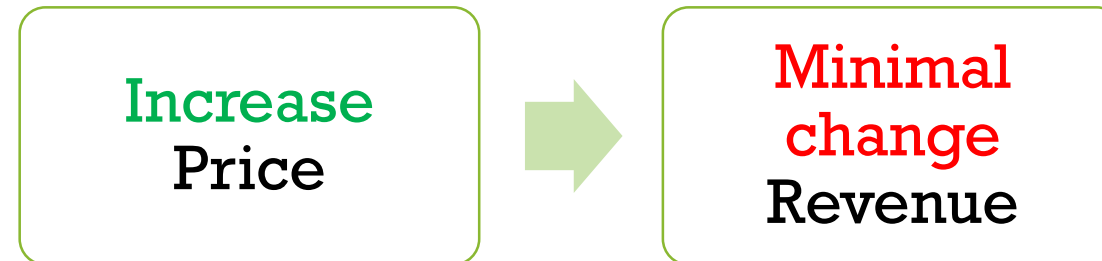


# Segment 6 : Game of Phones

## ELASTICITY MODELING:

Elasticity	% Plan amount	% Revenue
1	+10%	-1%

- Segment is **unit ELASTIC**.



**Insight :** Segment is perfectly responsive to changes in price of plan.



# Segment 6 : Game of Phones

## SURVIVAL ANALYSIS:

Average Tenure(in Days)	179	
Factors	Average Change(in Days)	% Change
<b>Drop Calls /month</b>	-23	-13%
<b>Bundle</b>	-60	-33%
<b>Auto-bill Pay</b>	286	160%
<b>Hotline</b>	108	60%

## Recommendations:

- Periodical review of Drop Calls to be done and strategies to reduce drop calls be proposed based on highly efficient forecast systems.
- Motivating millennials to opt for auto-bill payment with exciting incentives/cashback.
- Nationwide Hotline numbers to be made as default contacts for all customers.



# CUSTOMER RETENTION STRATEGIES

## MARKETING ACTIONABILITY:

### Bundling

- Increase Bundling offers by **10%** to all customers.
- Tenure = **+5** days.

### Auto bill

- Increase customers rewards such as incentives/cashbacks by **25%** when they opt for auto-bill pay options.
- Tenure = **+35** days.

### Hotline

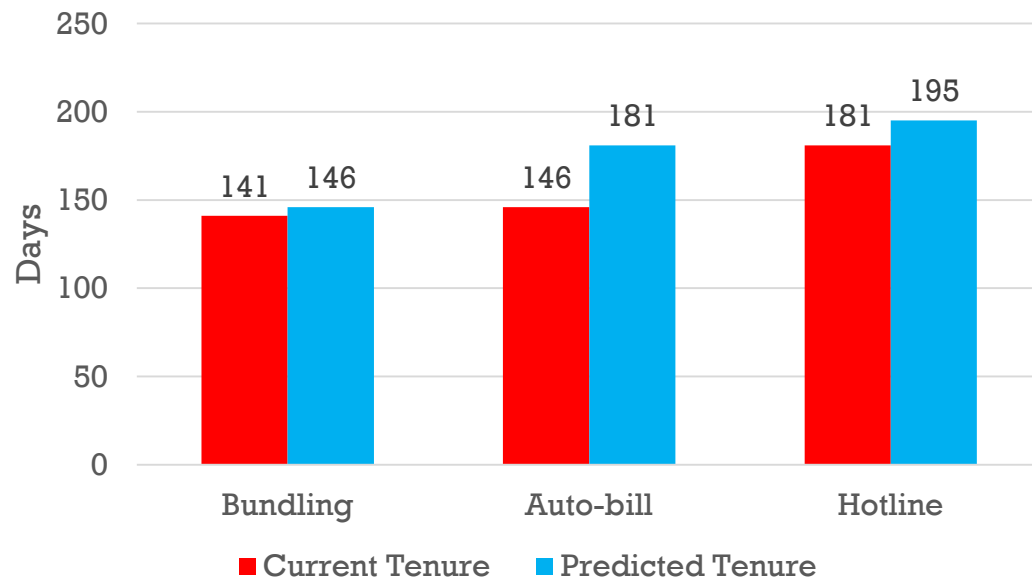
- Target **10%** usage of hotline services by creating Nationwide Hotline numbers as default contacts for all customers.
- Tenure = **+14** days.



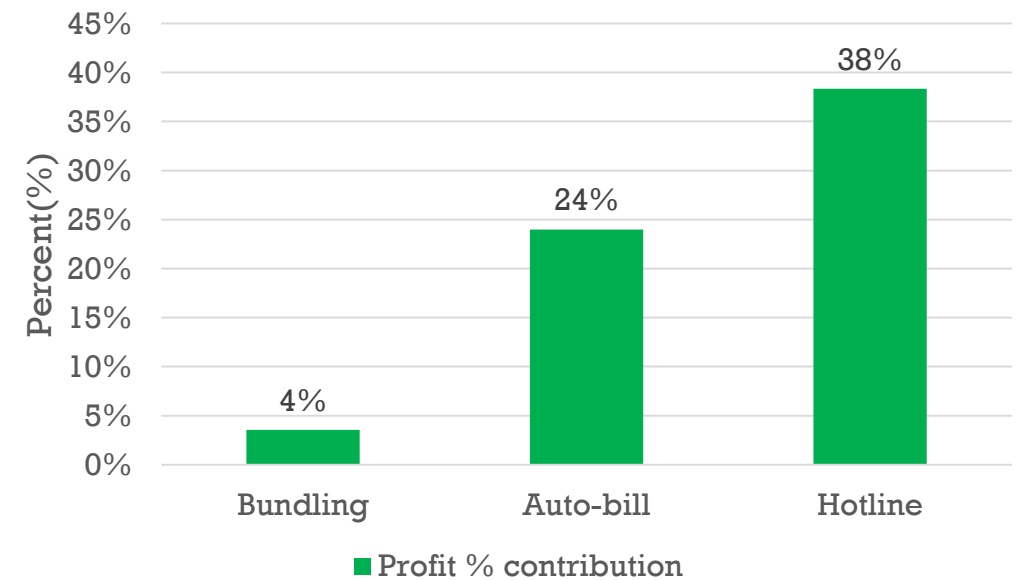
## FINANCIAL IMPLICATIONS:

CLUSTER	Name	Factor	Tenure	Plan Revenue Amt	Current Revenue/customer	Proposed Tenure increase	Revenue as per new tenure	Profit%	Profit in \$ per customer
5	Promo loving newbies	Bundling	141	\$ 46.82	\$ 219.89	146	\$ 227.69	3.548940124	7.803611738
5	Promo loving newbies	Autobill	146	\$ 46.82	\$ 227.69	181	\$ 282.31	23.99114934	62.42889391
5	Promo loving newbies	Hotline	181	\$ 46.82	\$ 282.31	195	\$ 304.16	38.32855334	84.27900677

Factor VS Tenure



Factor contribution to profit %



## THE LOYALTY REWARD PROGRAM:



**TRIPLE SCOOP**

### **TIER3 :**

- ✓ Qualified for a lucky draw
- ✓ Referred customers enter Tier2



**DOUBLE SCOOP**

### **TIER2 :**

- ✓ 6 months auto-billing
- ✓ 5 new customers referred



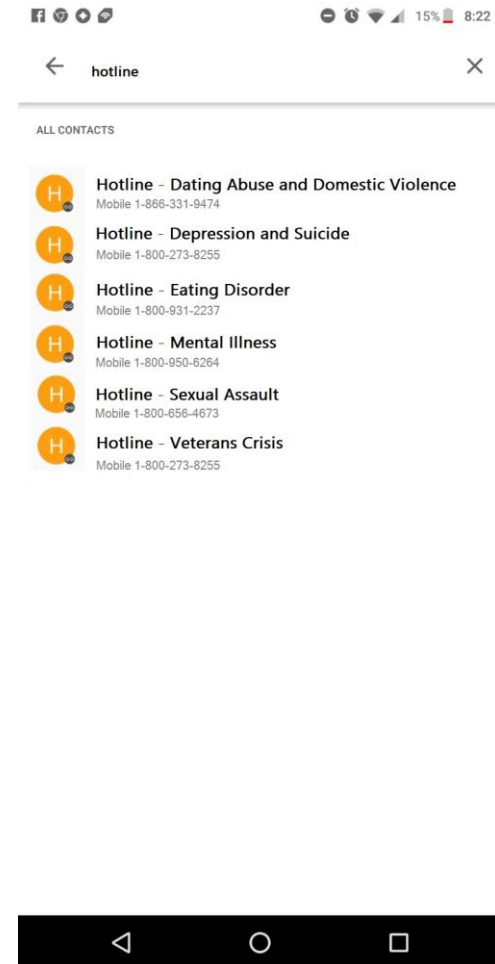
**SINGLE SCOOP**

### **TIER1 :**

- ✓ 3 months auto-billing

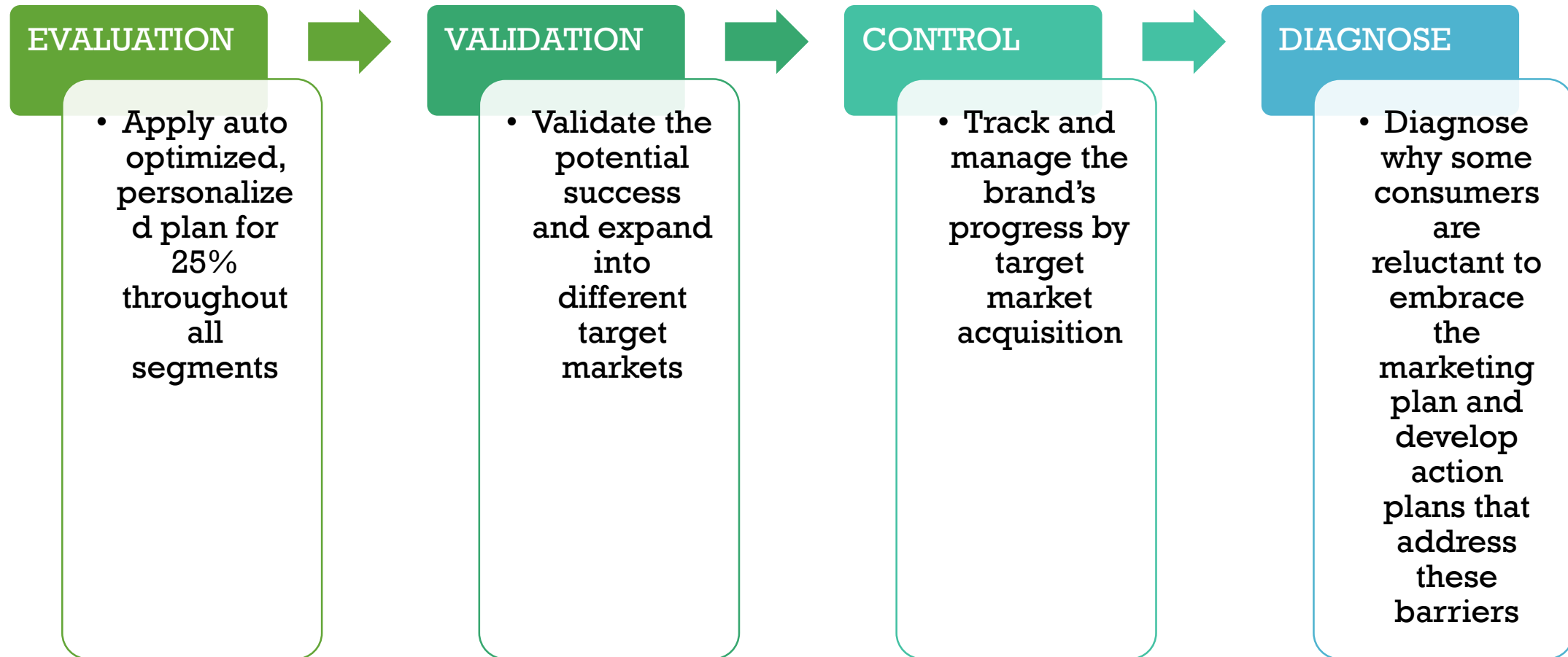


## SAMPLE ADS & PROMOTIONS:





## TEST & LEARN PLAN:



Mike Grigsby

Meenakshi S

Archita J

Aayushi B

Sidheswar V

Anushka P

**THANK YOU!**

