



Smart Marketing: Building Blocks of A High Performing Analytics Engine

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ABSTRACT

Customer Analytics and Integrated Self Care tops the charts in a recent McKinsey study [1] on digital initiatives across leading Telcos around the world and the correlation suggests a healthy top line growth for these companies.

Omnipotent content creation through sensors, mobile technology and Internet of Things and the sheer volume of the interactions demands intelligent tools to carve out insights in real time. Identifying latent needs of customers are a passé and fulfilling their telepathic needs facilitated by high performing analytics engines are in vogue.

To embrace smart marketing and build a differentiated proposition to the customer, we provide our perspective on key building blocks to creating a high performing marketing analytics engine. The significance of a cohesive marketing and analytics platform is to intensify customer engagement through personalized marketing at the right time in the most effective communication channel. The goal is to build a framework for making smarter decisions based on myriads of variables in the eco system. This is a Point of View (PoV) paper that focusses on the relevance of marketing analytics for modern day CSPs and provides key building blocks to its adoption in enterprises.

KEYWORDS : Social Media, CSP, Communities, Campaign

Introduction

Customer Analytics and Integrated Self Care tops the charts in a recent McKinsey study on digital initiatives across leading Telcos around the world and the correlation suggests a healthy top line growth for these companies [1]. According to the Internet Live Stats [2], more than 40% of world population is on the Internet and the phenomenal growth is ongoing. Statista estimates a whopping 2.34 billion social profiles giving rise to rich customer profile data spread across discrete sources [3]. Omnipotent content creation through sensors, mobile technology and Internet of Things and the sheer volume of the interactions demands intelligent tools to carve out insights in real time. The need of the hour is acting upon such unstructured data and transforming them into key insights resulting into targeted offers for micro-segments. Communication Service Providers are seeking an evolved ecosystem that elevates their commoditized service offerings to personalized offerings where big-data analytics would play a powerful role in shaping and improving the delivery of telecom services, identifying cross-sell/up-sell opportunities, personalized campaigns, proactive service management and retaining customers based on their lifecycle stage.

Given this explosion of unstructured content generation, it becomes a major challenge for CSPs to build the next generation smart marketing platform that balances customer needs and business objectives. We take a deep dive into identifying key building blocks to the creation of a high performing marketing analytics engine. To derive business benefits of customer offerings having a higher likelihood of acceptance requires a structured approach to organizing the Big Data. This paper focusses on the relevance of Marketing Analytics for modern day CSPs and provides a structured approach to its adoption in enterprises.

Business Relevance

According to Statistics MRC (Telecom Analytics, January 2016), the Global Telecom Analytics Market is accounted for \$1.38 billion in 2015 and is expected to reach \$10.51 billion by 2022 growing at a CAGR of 33.6% during the forecast period [4]. Effective management of customer lifecycle and building advocates of services is fundamental towards survival in a business environment of intensified competition. Businesses are building powerful customer interaction strategies on an intelligent and predictive approach to drive business growth and profitability. For example, app based cabs redirecting their fleet after sensing peak demand to specific city locations hosting major sporting events based on social listening or information exchange from Telcos.

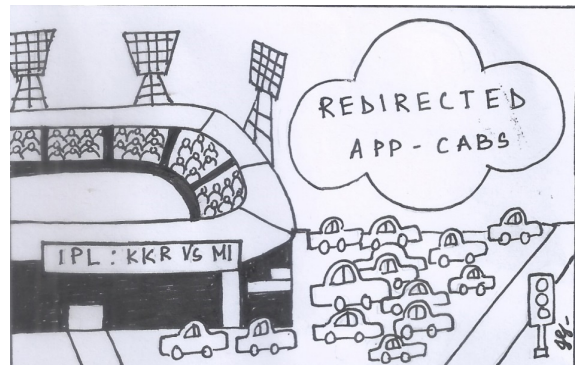


Fig. 1: Analytics driven Fleet Management

While, in its early years, marketing functions in traditional CRM systems were more transactional and descriptive, new age refers to the advent of systems that are analytical and prescriptive – providing companies with strategic insights that enable them to undertake proactive steps to cement long term customer relationship.

Growth and easy availability of 4G, Broadband and Wireless connections are allowing consumers to be connected at all times, to consume, collaborate and create an always-on connected information ecosystem. Hence the relevance of real time decision making capability for marketing engines.

Long back in the late eighties, the visionary genius Steve Jobs in his interview to the Inc. Magazine [5] states “You can’t just ask customers what they want and then try to give that to them. By the time you get it built, they’ll want something new.”

It is imperative for business systems to provide a 360-degree view of the customer (within the bounds of consumer privacy laws and regulations) that allows marketing, sales, and other customer-facing functions to make more precise, data-driven decisions. A McKinsey benchmarking study found that high-margin telecommunications companies tend to outperform peers when it comes to data mining and otherwise gaining insights from collected customer information [1].

The following sections illustrate our perspective on five key pillars to building a smart marketing analytics engine for modern day Communication Service Providers.

Building the Smart Marketing Engine

Based on our experience of marketing analytics in digital transformation journeys and research on available literature, we have conceptualized an iterative adoption model aligned to Digital Telcos. The diagram depicted below shows 5 key pillars placed chronologically while building a high performance smart marketing engine.



Fig. 2: The Smart Marketing Framework

Business objectives are subject to continuous change with evolving digital transformation maturity and current market scenario. Hence the quintessential characteristics of the adoption approach should be **Iterative, Adaptive to Change** and a **Low Time to Market** solution.

Marketing Challenges:

Marketing challenges span across sales, service, and retention functions. Hence all analytics initiatives must be aligned to the most pressing business problems that the marketing organization needs to address. The marketing teams of telecom service providers are analyzing subscriber activity across all inbound and outbound channels along with feeds coming from the networks via the operational support systems. The focal point of improvement areas can be broadly classified under Sales, Service and Retention. Typical subscriber activities could range from type of calls, duration of call, data usage, type of device, activity location, IOT data and other environmental factors etc. Marketing strategy consultants use tools like PESTLE (Political, Economic, Social, Technology, Legal and Environmental factors) Analysis to assess how exactly the factors influence business performance. It performs a 360 degree analysis of the situation to come up with areas of considerable improvement or areas of setting new benchmarks to stay ahead of the competition.

On identifying the key challenges to address, businesses need to set measurable goals and objectives across those challenges. The goals and objectives would flow from the outcome of the prior step where the critical focus areas of improvement have been identified. Marketers should seek ideation sessions from key stakeholders through workshops. A suggested approach could be the use of Lateral thinking tools by De Bono systems like the Concept Extraction. A high performing Marketing Analytics engine constitutes differentiation through innovative models arising out of novel interpretation of insights. There is no debate on analytics being the potent force contributing significantly to Service Provider revenues. But our experience says the effectiveness of the implementation requires an evolved approach to traditional business analysis practices. Unlike automation projects, marketing analytics engines are not fixed timeline initiatives. It is more of an ecosystem that requires continuous evolution aligned to changing business scenarios built on top of platforms aiding in rapid introduction of predictive/adaptive models.

Customer Journeys

We propose a 3 step process to identifying and defining the customer journeys relevant to the business challenges identified in the first step.

Determine global customer segments and communication channels:

Telecom enterprises are generating zettabytes of data from multitude of sources of customer interaction. With a motive to offer personalized services having a high propensity for acceptance, enterprises need to communicate to the precise customer segment (microsegments) in the most preferred channel. Millennials might prefer the online interaction channel

whereas the older population would seek a personal touch in accepting personalized propositions. Premium executive segments seek exclusivity with higher Quality of Service (QoS) resulting seamless connectivity on the move. As a best practice, the segmentation journey should start with macro segments comprising of globally relevant business rules and gradually segregating the larger population in the macro segments into micro segments after thorough analysis. A well-knit channel strategy along with priority for each channel mapped to microsegments will lead us to the next step of defining customer journeys.

Determining customer lifecycle stages and its attributes:

Each Service provider need to define a customer lifecycle and its traversing stages while availing the offered services. For example, a customer may traverse through various stages like evaluate, consider, adopter, churn and advisor. To each of these stages, enterprises have to employ appropriate strategies so as to familiarize, retain, service or send the customer for collections. Every customer may or may not traverse through each stage and hence this enables companies to compare customers with each other to make better decisions.

Formulating a model to calculate Customer Lifetime Value:

Customer lifetime value (CLV) is the net present value of the stream of future profits expected over the customer's lifetime purchases. [6]. Each service provider operates in a unique business environment having its own set of business priorities. All business stakeholder need to come to a consensus on the unique set of attributes to derive Customer Lifetime Value (CLV). Furthermore, it should set priorities against the levers to optimize Customer Lifetime Value. Service providers able to understand and adeptly act on complete customer journeys can reap exponential rewards in terms of increasing customer satisfaction. CLV would help us determine the performance of the analytical models over time.

Macro Business Cases

This is one of the most critical stages prior to initiating the implementation of analytics engine. Marketing strategy teams should identify potential marketing opportunities across the customer lifecycle stages. These macro level business cases would act as a precursor to building more detail oriented implementation teams involved in the next stage of the framework. These macro business cases help in understanding the decision journeys for customers throughout their lifecycle in evaluating offers they are highly likely to accept. The macro business case would outline the broad objectives that act as governing models to micro strategies built in the Design Framework.

Design Framework

This is the heart of the framework where the critical artifacts of a Smart Marketing engine are outlined. It provides a step by step approach to its realization for Digital Telcos. The design framework is depicted in the model below.

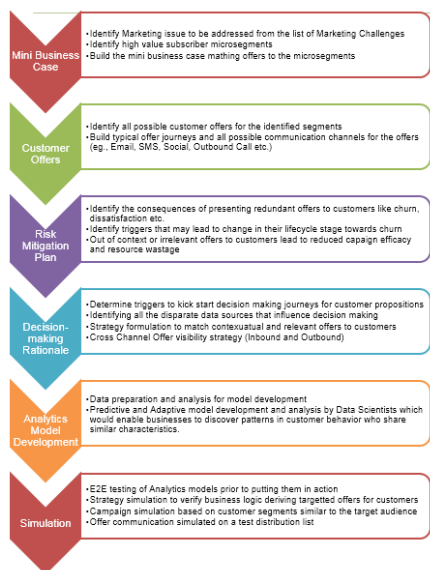


Fig. 3: Design Framework

Let us take a realistic telco business scenario to run you through the proposed design framework. Subscriber is browsing the iPhone offers on the operator's community pages of a popular social network. Subscriber hits the "Like" button against displayed offers. The social listening module of the Analytics engine senses the affinity and creates an outbound campaign for the subscriber with contextual offers on iPhone based on the subscriber profile and geo location.

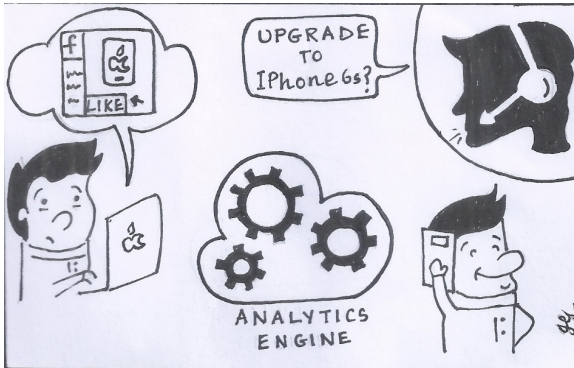


Fig. 4: Social listening and outbound campaigns

Given the business scenario, we try to map it to our design framework.

Mini business case: We are trying to consider corporate customers in the high net worth segment already having iPhone devices of older models. iPhone upgrade offers that need to be considered for this micro/nano-segment would range bundles having high data usage to high voice calls.

Customer offers: Though there might be a bouquet of offers that are being presented to the customer segment, each individual would need to be mapped to the offer with the highest likelihood of acceptance based on customer demographics, context, season, trends and past interactions with similar customer profiles.

Risk mitigation plan: We would need to ensure accurate customer profiling to prevent redundant or out of context customer offers. We might have an existing customer who had previously been an IOS user but recently shifted to Android. Though he may still be owning an older iPhone, these offers may be out of context at this time. We would need mitigation plans in case customers respond negatively to offer since they are irrelevant in their present context.

Decision making rationale: The decision making strategies are laid out based on which a set of upgrade offers sorted from the highest likelihood of acceptance is presented by the outbound customer sales agents. Various parameters influence the rationale of strategy outcomes like demographics, context, trends and past interactions. Past interactions may suggest that a particular customer prefers larger displays and hence may prefer an iPhone 6s Plus as against the 6s.

Analytics model development: The business may look at building predictive analytics to map the best offers against particular individuals in the micro segments. Models would enable businesses to discover patterns in customer behavior who share similar characteristics. Corporate customers in the older age segment may prefer the higher memory models as against the lower age bracket who would rather save on the lower memory models and have higher affinity towards cloud storage.

Simulation: Simulation of strategies, customer segmentation, communication templates and other campaign components are extremely important prior to launch. Businesses are operating at razor thin margins and hence flawlessness in the first go is extremely important. Subscribers are intolerant to irrelevant and out of context offers. Simulation would enable validate the right audience, select the right influencing parameters and communicate in the right channel at the right time.

Benefits assessment

This is the final step of realization of a high performing smart mar-

keting engine. As explained earlier, it is extremely important to have a continuous evolving mechanism and hence there is no designated end date for its adoption. It involves continuously monitoring dashboards for existing marketing campaigns and its performance. It also involves assessing performance of predictive models vis-à-vis marketing objectives. Marketing strategists and data scientists need to understand how segment parameters and satisfaction varies with focus on elements that will significantly alter performance. As a result, they need to suggest improvement opportunities of existing models contributing towards continuous delivery approach. It is a continuous improvement process thereby maintaining a high performance marketing analytics engine.

Conclusion

The substantiating evidence of a high performing marketing analytics engine should be incremental as it increases the digital footprint in various business processes of the communications service provider.

We are experiencing a surge of self-learning interactive products trying to learn customer behavior, suggesting options in their daily activities with a high propensity of acceptance thereby building the trust and higher user mindshare of connected devices. Google Home and Amazon Echo are some of such personal assistant products. If devices wish to build emotional connect with users, companies require the right mix of people process and technology to churn powerful models and an ecosystem to live up to those promises made to end users. Companies that make extensive use of customer analytics see a 126 percent profit improvement over competitors. [7].

A structured approach with low cost of ownership and faster time to market is the need of the hour when it comes to building models to offer high affinity products or services. It is a continuous endeavor for the business to transform subscribers into advocates of the brand and give them enough stories to talk about your brand.

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