Best Practices of Campaign Management for a Telcom Operator

Bandyopadhyay P*

Senior Consultant, PricewaterhouseCoopers, Kolkata, West Bengal, India

Abstract

Challenging times for Chief Marketing Officers (CMOs) in Telecommunication space: The telecom industry is a fast moving, emerging, evolving and converging space with rapidly changing business scenarios and technology variations. This poses a formidable challenge and also an opportunity to the CMOs. Churn rates reaching up to 8-10% or further are experienced by most telecom operators across the globe. Although large investments are made to bridge the gap, but CMOs have been forced to admit that there is no unanimous solution. ARPU on a steady decline: With greater maturity in the marketplace, operators attract more marginal customers leading to inevitable squeezing of ARPU and margins. Also, new technology alternatives such as VoIP are further eroding traditional profit centres for most of the operators.

Multiple channels to the customer: Telecom operators have a distinct advantage - telecommunication companies control the media as well as the message. Mobile operators in particular have access to the new billboard i.e. the mobile phone. On the downside, as increase in the choice of channels to the customer also means more sophistication in execution is required to choose the most appropriate channel to each customer.

Keywords: Telecom; Campaign management; Campaign automation

Introduction

Challenging times for Chief Marketing Officers (CMOs) in Telecommunication space: The telecom industry is a fast moving, emerging, evolving and converging space with rapidly changing business scenarios and technology variations. This poses a formidable challenge and also an opportunity to the CMOs.

Churn rates

Reaching up to 8-10% or further are experienced by most telecom operators across the globe. Although large investments are made to bridge the gap, but CMOs have been forced to admit that there is no unanimous solution.

ARPU on a steady decline

With greater maturity in the marketplace, operators attract more marginal customers leading to inevitable squeezing of ARPU and margins. Also, new technology alternatives such as VoIP are further eroding traditional profit centres for most of the operators.

Multiple channels to the customer

Telecom operators have a distinct advantage – telecommunication companies control the media as well as the message. Mobile operators in particular have access to the new billboard i.e. the mobile phone. On the downside, as increase in the choice of channels to the customer also means more sophistication in execution is required to choose the most appropriate channel to each customer.

In summary, whilst the telecommunication industry remains an exciting one, it is also one of the most challenging environments for a CMO.

Value to the Business

There are tremendous gains to be made through achieving leadership in Campaign Management for telecommunications companies.

Looking at Churn management alone (i.e. leaving aside the financial impact of ARPU simulation and increased marketing effectiveness), the numbers are compelling. In addition to Churn Management, the effect on revenue simulation and cost savings from the marketing efficiency may also be very large.

Way forward for Campaign Management in Telecommunications

Trigger based marketing

The challenges to the telecommunications environment require a sophisticated approach to campaign management. In particular the campaign management approach should be based on processing the large volumes of data generated to trigger appropriate marketing action.

The approach is often referred to as "trigger based marketing", or "event driven marketing".

According to Gartner Group, the timely and appropriate interaction delivered through trigger based marketing also leads to increased success rates for campaigns and a higher Marketing return on Investments (MROI).

Trigger based marketing is not a new concept. In 1994, Don Peppers and Martha Rogers wrote the seminal text on one to one marketing – "The One to One future" – based on the simple premise that customer should be treated individually.

What has been elusive is the ability and technology to put that theory in practice. The technology is available today to execute a true one-to-one marketing strategy. We may call it "Marketing to one". Trigger based marketing operates on the premise that it is imperative to make the right marketing messages to customers at the right time, via the most appropriate channel:

1. Firstly, marketing messages should be delivered at the time the customer recognizes a need, and is receptive to an offer that will satisfy it.

*Corresponding author: Punyasloke Bandyopadhyay, Senior Consultant, PricewaterhouseCoopers, Kolkata, West Bengal, India. Tel: 3323579260; Email: punyasloke@gmail.com

2. Secondly, the offer must be relevant to the customer at that point in time.

3. Finally, the marketing message should be delivered via a communication channel that a customer is most receptive to.

Another benefit of trigger based marketing is that, if operated correctly, it reduces the amount of waste generated by the false positives i.e. marketing offers made to customers unlikely to respond or change behaviour as a result.

Framework and Explanation (Figure 1)

Build the customer lifecycle contact strategy

Firstly leading operators develop a customer lifecycle contact strategy, for each major customer segment within the customer base. It outlines the lifecycle of the customer with an operator from acquisition to growth, education of the customer to the possible churn and wins back or alternatively to long term loyalty.

Customer life stage triggers: These events affect specific customers and change their requirements or expectations. Examples include moving to a new house, children becoming old enough to receive a mobile phone or a change in employment status (leading to a mobile phone upgrade or downgrade). The data for these triggers may or may not be available to the operators, in which case certain proxy information must be used to trigger and action.

Customer behaviour stage triggers: These events arise from the data generated through the relationship the operator shares with the customer or prospect and the behaviour demonstrated by the usage of the products and services.

This might include tacit behaviour such as approaching the end of a contract period, or active behaviour such as dropping a product or service or failure to use a product or service, change in rate plan or a call to the call centre to complain. Deeper triggers hidden in the data might include dropped calls, a change in the calling pattern, a unique calling circle, change in data usage etc. All of these triggers are available within the large volume of data of the telecommunications operator.

External triggers: There are many events that affect the customer, but occur in the general market. Examples may include seasonal holiday periods (leading to abnormal calling patterns), a drop in consumer confidence (leading to tightening of household budgets and decreased spend in telecommunications.

Campaign definition

Defining the campaign workflow: The same event may trigger different campaigns for different customers in different segments. For example a high value mobile customer gradually reducing usage may trigger a premium value campaign. The contact in this case may come via a direct mail.

A low value customer experiencing the same event could be triggered into the Budget upgrade campaign, in which they are sent an SMS prompting them to visit their nearest dealer, or the website. Hence the concept of a campaign library is an important one. Similarly the above event may generate a different offer within the campaign. Hence the concept of an offer library is also prevalent.

The execution of a campaign aims to create a response, or dialogue with each customer. The dialogue requires a set of pre-built
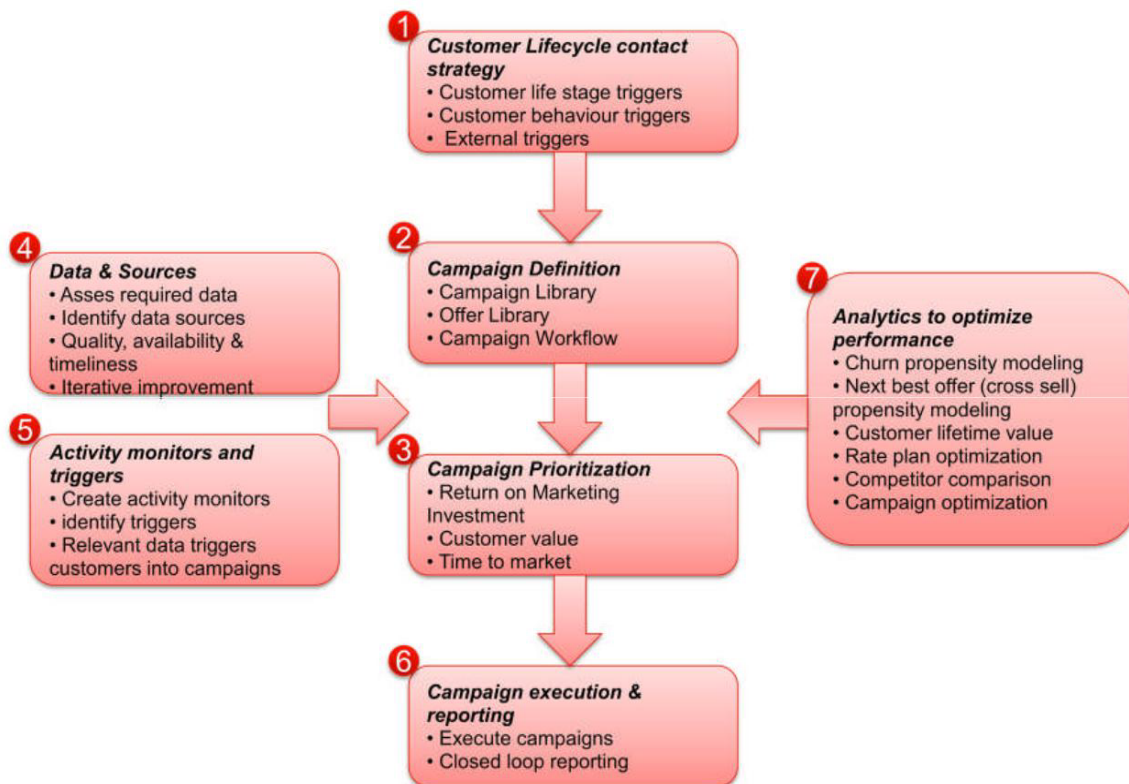

Figure 1: Framework.

communications templates to be utilized for each contact. E.g. One containing the text of the SMS, another the template for the direct mail, the next would be the script for the telemarketing calls etc. Hence a communications library may also be required.

The campaign when executed is quite simply a process work flow covering each of the steps and responses planned within the campaign to engage the customer in a dialogue and achieve the marketing objective. So within each campaign, the campaign managers should determine each step and response in the campaign i.e. they establish a campaign workflow for each campaign.

The response element of campaigns is of critical importance as the best marketing offer in the world can be of little use if the resources or technologies are not available to deal appropriately with the responses generated from the campaign in a timely manner. And furthermore measure those responses easily for analysis.

Automation of campaign management: Telecommunication operators often categorize campaigns with various criteria:

- Reactive vs. Proactive
- Inbound vs. Outbound
- Objective: Acquire, Service, Grow, Retain, Reward, Win back
- Tactical vs. Strategic

Even with such limited number of categories, it is possible to extrapolate different permutations of campaigns, any or all of which may be used at any point of the customer lifecycle across any or all of the customer segments. With 3 value segments across 3 customer segments and 3 possible channels, 1296 combinations of campaigns are possible.

The increase in complexity has led to marketing automation or campaign management platforms which allow marketers to plan execute measure and manage multi-channel campaigns. These platforms allow marketers to drive and automate the customer lifecycle to an ever increasing level of sophistication.

Marketing offers that actually work: What types of offers are most effective to change customer behaviour for telecommunication operators?

Clearly different markets have different competitive drivers and social and cultural differences. However there is a high level of agreement between the telecom operators as to what is effective.

Campaign Prioritization

The output of Step 1: Customer Lifecycle Management Strategy will be a large number of potential marketing campaigns (Step 2). These campaigns will be needed to be prioritized in order to roll them out over time which may be undertaken as Step 3.

Best practice operators achieve a high level of sophistication in the execution of concurrent trigger based marketing campaigns. As a result the total number of campaigns is likely to increase over time – each campaign designed to address a unique customer event and unique trigger with a library of possible campaigns depending on the customer attributes, segments, history etc.

Campaign development and prioritization is an ongoing business process based upon the following:

Return on marketing investment: Churn Management is unquestionably the area of highest impact. Even at a superficial layer

it is clear that a customer retained for an extra one month adds 1/12th of their ARPU i.e. an impact of 8.3% of ARPU. Experienced operators would understand the challenge of stimulating usage by a similar percentage.

Customer value: Marketing resources should be allocated at each point of this lifecycle based on the maximum value that can be extracted at each point. In general the highest value of customers is required to be addressed first.

Test and learn: Best practice operators create "test and learn cells" within their marketing departments. These groups are responsible for the rapid execution of new campaign concepts on small segments of customers (Test Campaigns) to regain immediate feedback and results.

The campaign may test many combinations of offer, timing, channels, process etc to find the optimum combination. This is one of the most practical aspects of customer marketing. Over a certain period of time, weaker campaigns are substituted by winner campaigns, which are rolled out to become permanent part of the Customer Lifecycle Contact Strategy.

Time to market: Telecom operators are under constant pressure to deliver results. Automation of marketing campaigns is one area of business that can have immediate effects and a very rapid payback. Hence, a pragmatic approach is recommended to deliver fast and effective results. This particularly applies during the initial implementation of trigger based marketing, when the operator should limit the number of campaigns to reduce the market complexity of the project and minimize the time to market.

The next step would be the assessment of the data required to operationalize the campaigns and identification of the timely quality data sources.

Assess the required data and data sources

Assess the required data: Once the campaign has been prioritized and triggers have been identified, they must be redefined in terms of the required data set and the source of the data is identified. Redefining the trigger in terms of the required data is a relatively straight forward activity. As a general rule, the greater the granularity of the data available, the more powerful and flexible the campaign can be.

For example, a marketer may wish to calculate, the "best tariff plan" for a customer as a campaign during the customer lifecycle. This requires access to detailed Call Detail Records (CDRs) in order to re-rate the customer's usage versus all available plans and calculate the value of the difference between the "current tariff plan" and "best tariff plan". Using aggregated CDRs in this case would only enable the operator to calculate the average saving for each customer and as a result, the marketing message to the end customer is extremely diluted.

Identify data sources: Having assessed the data required and the granularity of that data, the source for that data must be identified. This is often the most difficult part of executing a trigger marketing program due to the disparate nature of most telecommunications systems.

For example, if the telecommunications operator wants to run a cross sell campaign to the existing customers, this presupposes that there exists a single customer view or at the very least a common customer key that can be referred to identify existing product holdings.

It is rare to find a telecommunications operator with a comprehensive enterprise data warehouse, with all the available data in a timely manner. Contrary to popular belief, successful execution of a trigger marketing strategy does not require an enterprise data warehouse to be completed, although if it exists it is clearly beneficial.

Create activity monitors for event triggers

Trigger marketing relies on the ability to process large volumes of data to monitor activity and to utilize only the data necessary to satisfy the criteria of the triggers. It is important to note that the trigger marketing platform at this point is not a re-creation of the data warehouse – it is an operational production system optimised for high performance trigger marketing.

The data for each customer is then discarded once the customer has satisfied the criteria (Campaign condition fulfilment) for that trigger, and been triggered into the appropriate campaign.

Execute trigger based marketing campaigns and measure results

At this point the trigger marketing system is operational – customer events occur, data is generated in the source systems.

The campaign automation process manages the steps and responses of the customer and produces reports on the effectiveness of the campaign.

Performance is improved incrementally through the measurement of results and continual improvement over time. Steps 1 to 6 would be repeated over a certain period of time and driven by:

- Creation of new data (with the introduction of new products and services)

- Availability of new quality data sources (completion of data warehouse initiatives, commissioning of new operational systems)

- Conception and development of new campaigns by the marketing team

Hence it is important to consider that Campaign Management is an ongoing process, not a one off project.

Use analytics to optimise performance

A final capability in the journey towards best practice involves the use of analytics to optimise campaigns. Analytics for optimisation is a large and ongoing body of work, usually developed as a core competency within the operator. Best practice operators treat analytics as an ongoing iterative improvement process.

These operators execute and learn based on their experience and experience of other operators. They also start campaigns on relatively straight forward analysis (e.g. fixed line and fixed broadband customers churn most. Over a period of time the campaigns executed become more and more targeted, effective and efficient based on one or more of the following analytical approaches.

Churn propensity modelling: Determining the propensity of the customers to churn.

Next best offer (cross-sell propensity modelling): To determine the propensity of the customers to accept another offer from the operator, and propose what "next best offer" should be.

Customer lifetime value modelling: Taking the combination of churn and cross sell models, it is possible to further predict the likely future customer value of each customer and allocate resources accordingly.

Customer advocate analysis: To analyse the relationship between customers and those they call (may be customers or competitor's customers). This can also be applied to other communication methods such as inbound calls, text, MMS etc. This "calling circle" analysis or "link" analysis identifies those customers with the highest degree of influence within the customer base.

Rate plan optimisation: Based on the individual usage data one can conclude the optimum tariff plan that best suits that subscriber. This can be within the operator's own suite of available tariff plans or competitor's tariff plans.

Campaign optimisation: To predict the "next best campaign" based on historical response rates to specific campaigns by customers with similar characteristics.

Event detection: It is the analysis to identify previously hidden triggers in the data. E.g. A data mining analyst might discover that 5 dropped calls in the past 48 hours indicates a high likelihood of churn.

Critical Success Factors

Strong executive champion

Success for these types of project starts at the top. In due course it should be backed up with continuous training, reinforcement and investment in tools and the people that use them.

Engage the people and processes

Create a strong cross functional team of IT, Marketing, Customer care and solution providers.

Start small and implement incrementally

Slowly expand with an agreed upon technology roadmap. Initiate with a pilot project with an agreed scorecard for success.

Choose partners with a telecommunications industry focus

Telecommunications is a rapidly evolving industry with transformative technologies and many innovative marketing activities. Choose a solution and a provider who is well prepared for this journey. A cross-industry generic solution is unlikely to be future proof in the telecommunications market.

Campaign Management Process Flow

We may now have a look at the Campaign Management flow which is followed by a telecom operator, although it might undergo changes depending on geographies and regulatory environment (Figure 2).

Conception of Idea

- Subscribers are studied over a period of time with respect to certain parameters e.g. ARPU, MOU

- Initial analysis is done mainly on a sample subscriber set

- On completion of the analysis the final idea is conceived about the nature of campaign that needs to be launched and segment of subscribers to be targeted

Business case preparation

- Based on the finalized campaign type and target subscriber segment, a business case is prepared in line with the conceived idea
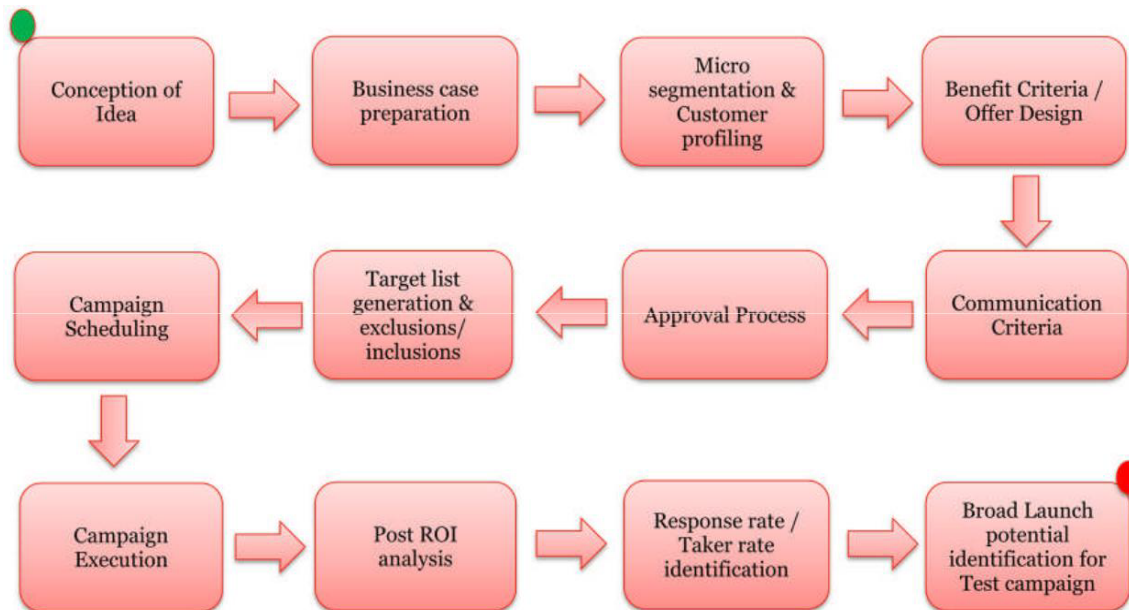
- Possible Campaign objectives

- Usage stimulation

Figure 2: Campaign Management process flow.

- Cross sell/Up sell
- Share of wallet
- Anti-churn
- Product push

Micro segmentation and customer profiling

- Micro segmentation is mainly for BTL campaigns
- A certain segment of subscribers is chosen based on previous analysis(during conception of Idea) and the selected segment is further sliced and diced to form micro segments
- Events to identify micro segments
  - Recharge based
  - Usage based
  - Data based
  - VAS based
  - Hybrid(mix of usage and recharge)
- An example of certain basic parameters for micro segmentation and profiling are
  - Days since last outgoing <=3
  - Days since last recharge
  - ARPU
  - Max total top up in the last 4 weeks
  - However, multiple parameters may be used for such segmentations

Benefit criteria/Offer design

- Possible Offer/Benefit Types
  - Voice (On net, Off net, Any net)
  - SMS/MMS
  - Data Usage
  - Welcome Tunes
- Possible Offer/Benefit qualifiers/Triggers(for conditional campaigns)
  - Recharge Based
  - Usage Based
  - Hybrid (mix of Usage and Recharge)
- Possible Trigger Qualifiers (for conditional campaigns)
  - Single recharge , multiple Yes
  - Single recharge multiple no
  - Total recharge
  - Total Usage
- Possible offer/benefit units may be in Taka, Min/Sec, Count, KB/MB

Communication criteria

- Communication channel
  - SMS
  - MMS
  - IVR
  - USSD
  - RVC
  - Tele marketing

- ➢ Newspaper
- ➢ Hoardings
- ➢ Communication validity
- ➢ Validity for campaign like valid for 1, 5, 7 Days/Weeks/Months etc.
- ➢ Communication Start Date/Time

Approval process

- • Relevant approval is required from the following authorities for the launch of a campaign
- ➢ Regulatory Approval
- ➢ Finance Approval (based on Pre ROI analysis)
- ➢ Text Approval from the concerned department(s)
- ➢ Other relevant management authorities

Note: Approval process is dependent on the organization requirements although Regulatory approval is a mandatory regulatory approval.

Target list generation and exclusions/inclusions

- • Finalization of Target and Control groups for each segment
- • Target List Generation
- • Exclusions –Campaign Exclusions
- • Inclusions – Seeds, other business criteria

Campaign scheduling

- • Campaign is scheduled as per channel capacity availability
- • Campaigns can run once or may be scheduled to run at a particular interval of time, depending on the objective and nature of the campaign

Campaign execution

- • Campaign disbursement to Target groups
- • Benefit Processing/Fulfilment
- • Communication Tracking – Delivery Report from gateway

Campaign reporting

- • Post RoI analysis
- • Takers Tracking – Inferred/Direct Response
- • Taker vs. Non-Taker Analysis
- • Target vs. Control Group Analysis
- • Broad Launch potential identification for Test campaigns

Solution Architecture for Telco Campaign Management

Sample solution architecture for an efficient and scalable Campaign Management Solution is illustrated below. It comprises of the basic components i.e, (Figure 3) such as:
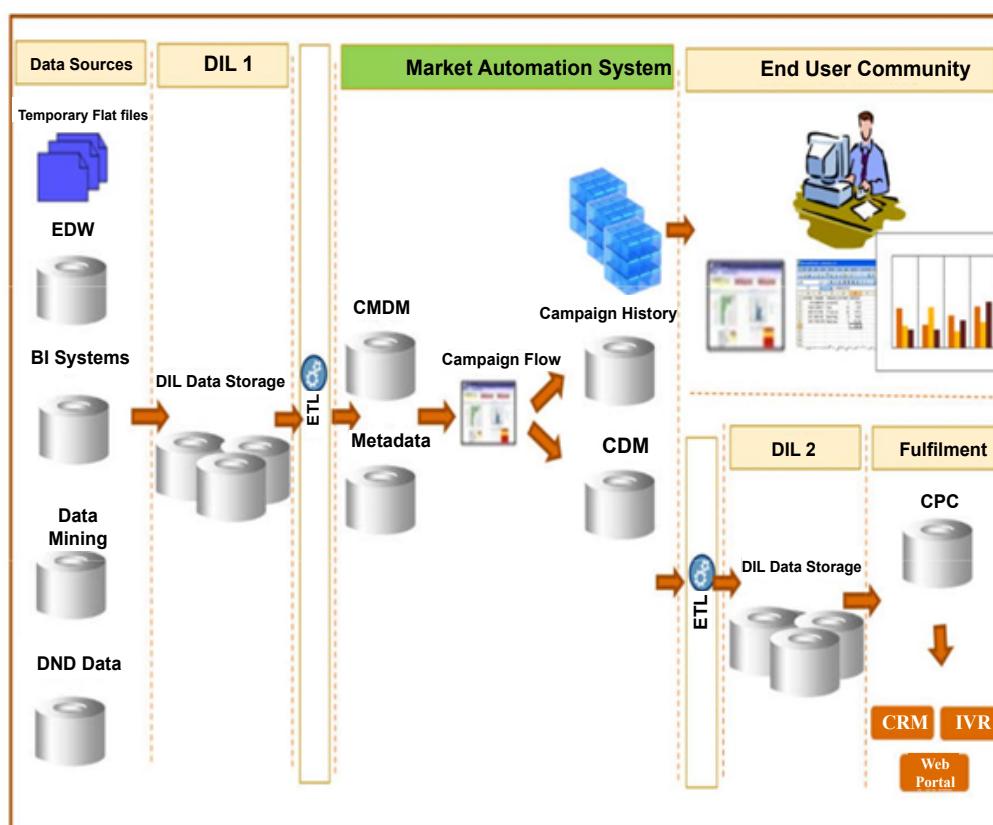
- • Data Sources
- • Data Interchange Layer 1

Figure 3: Solution Architecture for Telco Campaign Management.

Campaign type	Objective	Key challenges addressed
Usuage Stimulation	Subscribe usuage Stimulation (mainly voice)	Steady decline of ARPU specially in pricwe sensitive markets
Anti-Churn	To arrest churn by identifying subscribers before they leave	High Churn rate
Share of wallet	Increase share of a customer's wallet and for enhancing Customer Lifetime Value	Multi simmers Periodic churners
Cross Sell/Up Sell	Increase revenue through cross-sell and up-sell strategies with special focus on enhancing data services revenue	Customize offerings to suit the profile of the customers
Product push	Promote products to subscribers in order to force the product ease into the distribution channel	Low ROCE due to factors like falling AMPU along with diminishing returns on traditional products 3G readiness/Low data services revenue
Event based	Identifying key events in the subscriber and business lifecycle and delivering subscriber-driven, relevant, timely and personalized marketing campaigns	Poor response rates to traditional marketing campaigns Low ARPU/High Churn rate/Customer Loyalty/Customer Satisfaction Management

Table 1: Campaign Management solution approach catering to key telecom industry challenges.

- Market Automation System

- Data Interchange Layer 2

- Fulfilment

- End User Community

Campaign Management Solution Approach Catering to Key Telecom Industry Challenges

Mentioned in Table 1.