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# ***Market Research and Base Management – Bridging the Gap***

James Wilkinson  
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“Gartner's view is that BI platform revenue will be less affected by the economic downturn than some other technologies because of the heightened need to make better, fact-based decisions — BI is a vital competitive tool of increased importance in an environment where doing business more smartly, in order to maximize share of the reduced revenue in circulation, is a necessity.”

*Source: Gartner Magic Quadrant for Business Intelligence Platforms – January 2009*

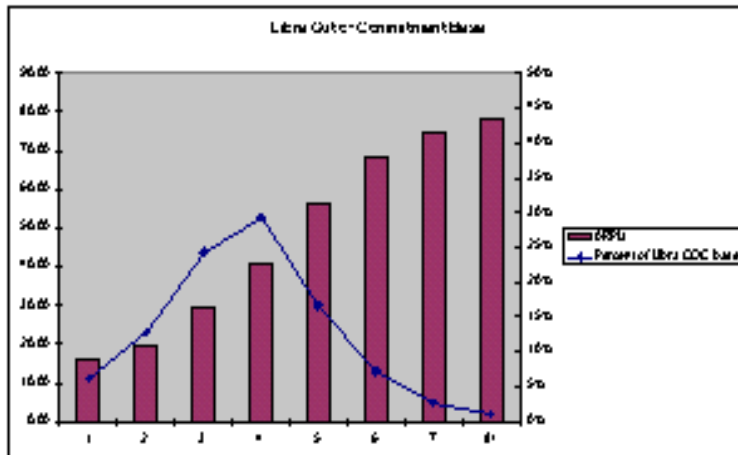


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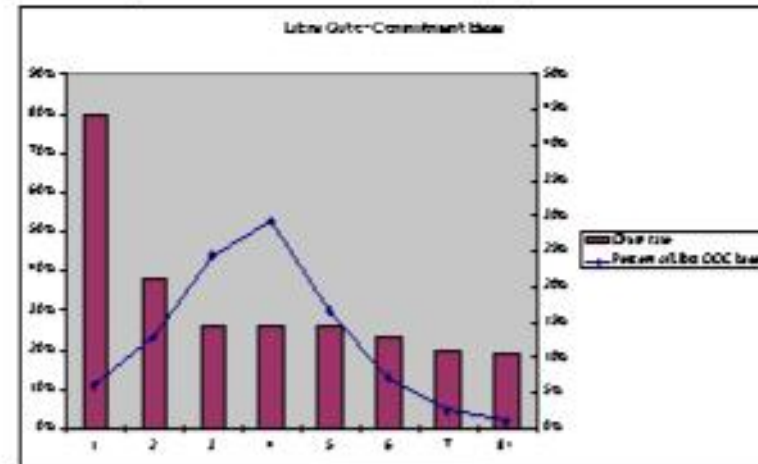
# The Telco Industry "Double Whammy"

## The Simple Bit

Breadth of product & service use drives ARPU



Breadth of product & service use drives loyalty



+

**More Product – More Revenue**

**More Product – Less Churn**



## Mobile Telecoms

*But then it gets more complex.....*

- Over the last decade, the complexity of the global telecoms business has increased dramatically;
  - Number of operators and MVNOs in a market
  - Number of services on offer, tariffs and the variable handset capabilities
  - Sophistication of the customers
    - Multi-SIM, multiple handset
    - Comparing tariffs, porting and spinning



# Mobile Telecoms And tougher to make money.....

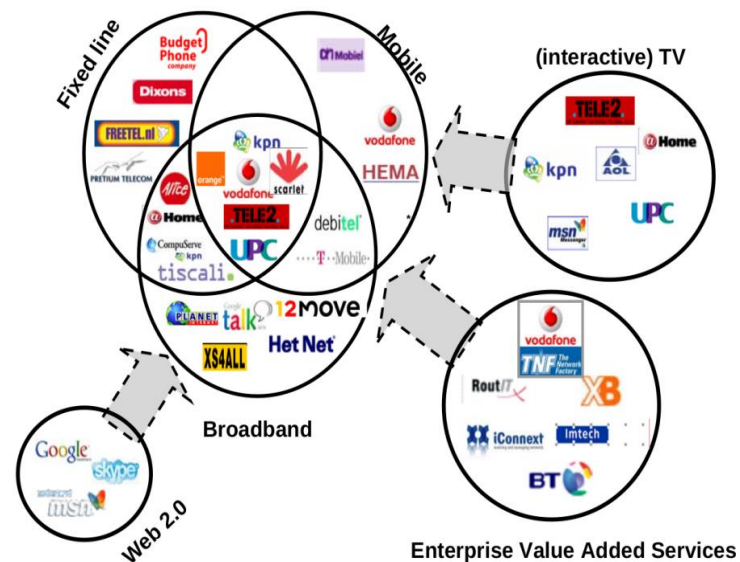
- In addition, the markets have become more competitive and pressure on margins has increased
  - Developed markets have reached SIM saturation (more active SIMs than population)
  - Tariffs (price per minute/text/MB) are plummeting in order to retain existing customers and win new ones
  - Regulators are forcing down the interconnect and roaming charges
  - No “killer app” has been indentified to replace the historic margins generated by voice and text
- As usage (voice & text) flattens, revenue and margins are falling. The expectation is that this will only be exacerbated by the global “credit crunch”



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# Mobile Telecoms Example - Netherlands

- Netherlands has:
  - 3 main player (MNOs)
  - >45 MVNOs
  - 64% broadband penetration
  - 71% internet penetration
  - 107% mobile telephone penetration
- High propensity of multi-SIM holding (multi-vendor supply)
  - 1/3-2/3 of the base in many regions
- High price transparency and price sensitivity
  - Especially sensitive in high-growth geographies and products
- High rates of product replacement
  - Fashion, features, and price.
- Increasing regulation
  - Roaming, interconnect, ....

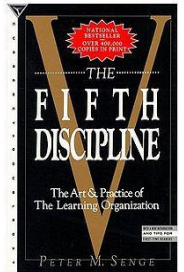


NL competitive market space



## The Response Base Management – The 5<sup>th</sup> Discipline

- Until now, Mobile Telcos have operated with four main functional disciplines; Sales, Marketing, Finance, Network & IT
- Driven by the increasing competition and complexities, the new strategies being adopted have demanded a fifth discipline – **Base Management**
- Major Telcos (eg Vodafone, Orange, O2) have been rolling out this discipline and enabling technologies over the last 3 years, and the payback has been significant through using fact based decisioning to;
  - Dramatically improve churn performance – retentions and cost
  - Optimise direct marketing success – concepts and performance
  - Understand the composition and behaviour of the targetable base











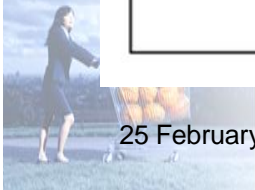
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# Base Management

## Enabling Capabilities - Example

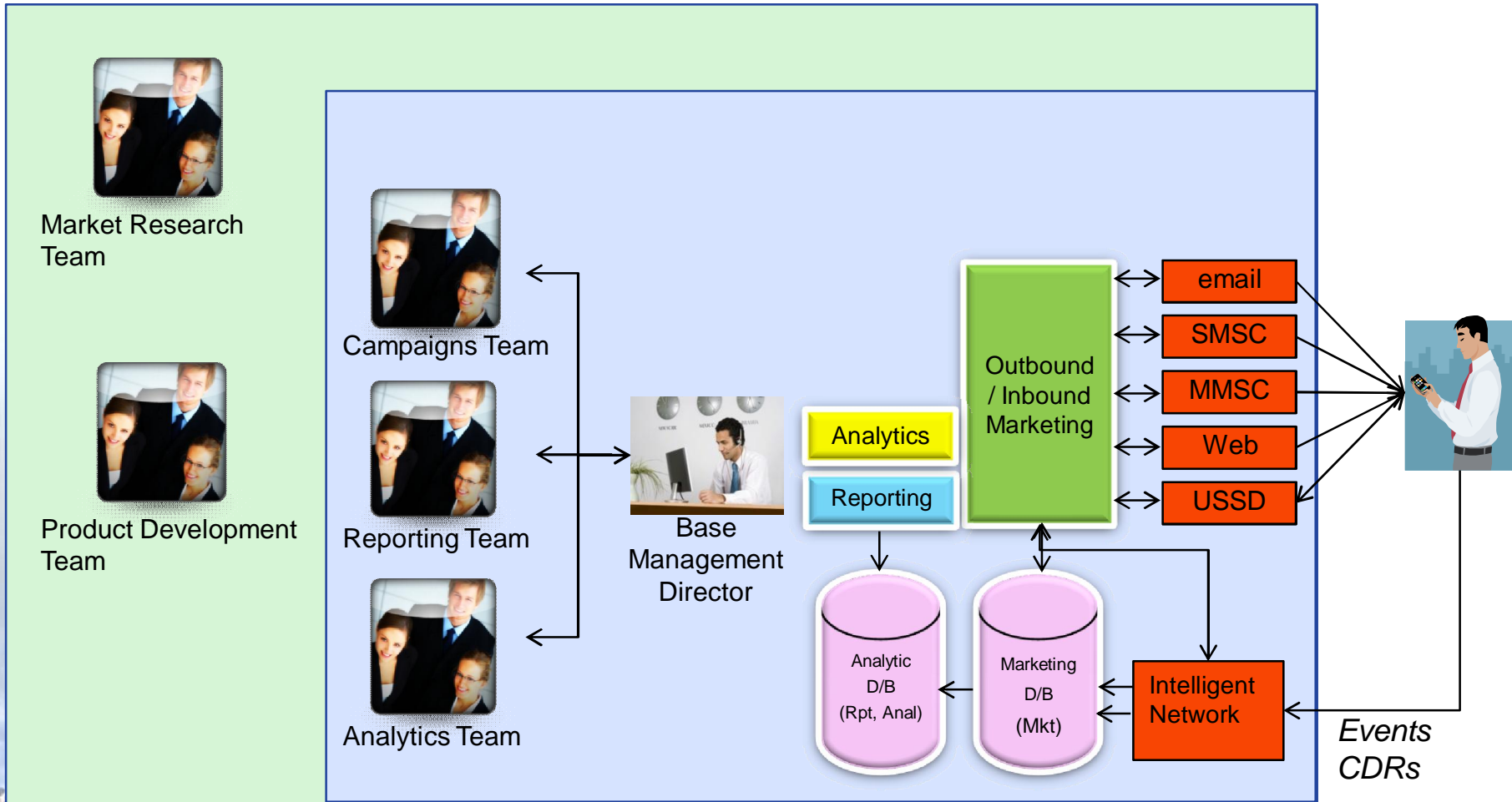


Reporting	Analytics	Marketing Planning & Execution			NBA
<p><b>PRE-CANNED REPORTING &amp; DASHBOARDS</b></p> <p>Analytical processing (slice/dice/drill)</p>	<p><b>ANALYTICS</b></p> <p>Data mining, modeling, predictive analytics</p>	<p><b>CAMPAIGN MANAGEMENT &amp; OPTIMIZATION</b></p> <p>Rules driven campaign and channel selection</p>	<p><b>CAMPAIGN FULFILMENT</b></p> <p>Email, SMS, MMS, Contact center, Web, Print</p>	<p><b>CAMPAIGN ASSESSMENT</b></p> <p>Analysis of closed loop feedback and uplift</p>	<p><b>NEXT BEST ACTION</b></p> <p>Real-time and consistent across channel ("being channel agnostic")</p>
<b>"Marketing Backbone"</b>					
	 				
data warehouse based on Teradata marketing data environment					





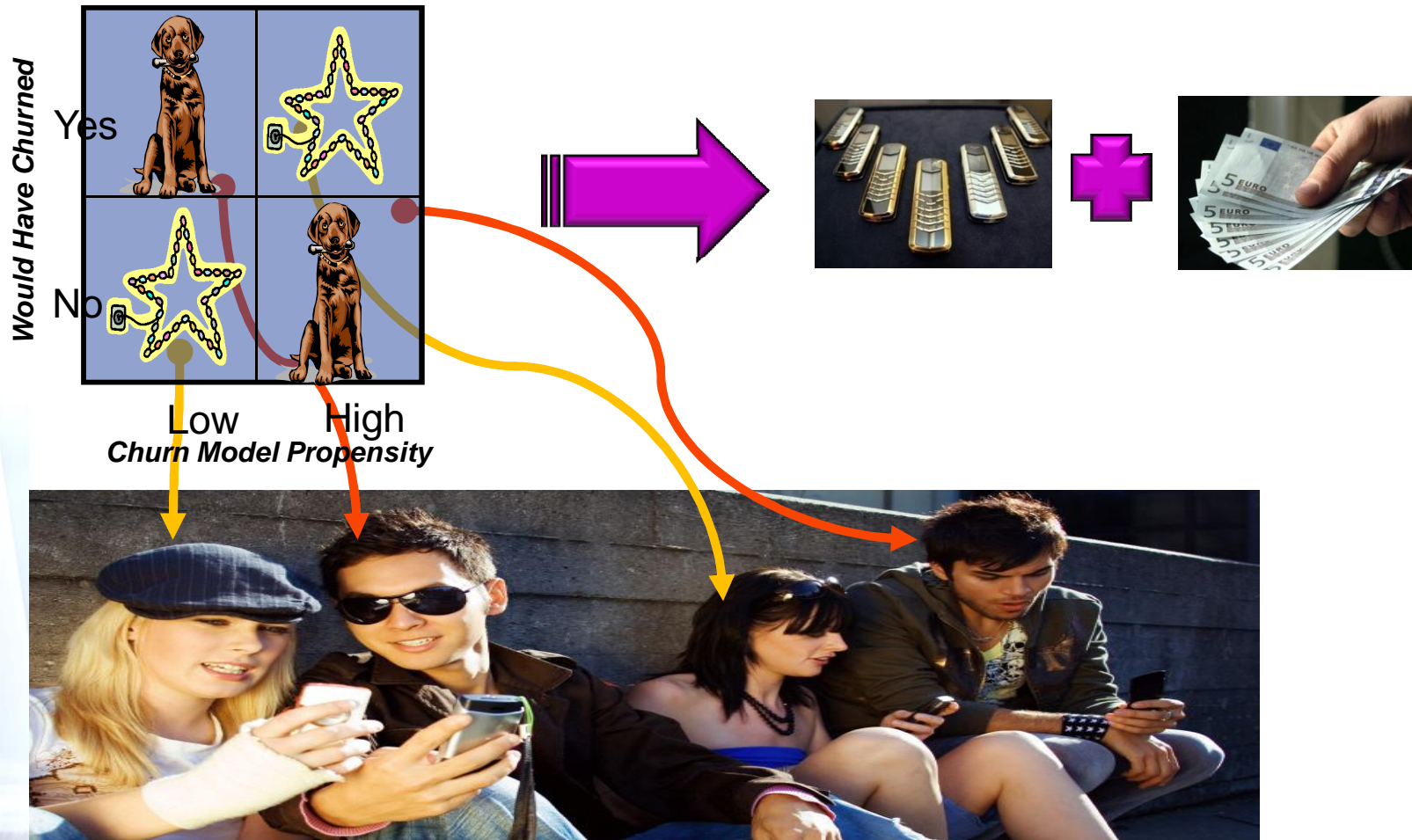
# Base Management *Typical Organisation*



## Can Market Research Improve Churn and Generate Competitive Edge?

### 1. Model

### 2. Offer



# So, where could Market Research Play a Role?

- Research what would make customers leave
- Research what would make customers stay
- Research what made customers leave
- Research what made customers stay





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