

# New customer insights boost marketing campaign revenues by 5 percent

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Many markets in the Middle East and Africa are approaching the end of their rapid growth phase. Nokia Siemens Networks helped one communications service provider (CSP) to meet this challenge by nurturing its existing customers through highly targeted marketing campaigns and activities.

Customer retention becomes increasingly important as markets approach saturation. For one communications service provider (CSP) in the MEA (Middle East and Africa) region, a combination of fierce competition and a clear rural/urban split in its customer base meant that it had to fight hard and smart to retain its market leadership as the growth in customer numbers began to slow. "There isn't a huge churn issue yet, but we were being challenged in a price-sensitive market," says the CSP's vice president for commercial and marketing operations.

The CSP was operating in an extremely diverse market, with big differences between customers in rural and urban areas plus significant shifts in usage at different times of

year. This changing picture meant that the provider had network capacity to spare at certain times and locations, which presented a significant opportunity if the CSP could use it more effectively. Targeting individual customers with highly-specific, timely and attractive offers could also reduce the threat of rising churn.

## Yield management

The CSP asked Nokia Siemens Networks to help it manage and maximize the yield from its assets, as well as to design and implement a new approach to its customer campaigns. The aim was to use detailed customer insights and a new organizational approach to introduce rapid, micro-marketing campaigns. For instance, flexible and location based pricing promotes the use of the network outside peak times/locations, as well as offering consumers a more attractive deal.

Nokia Siemens Networks business consultants offered a unique combination of network expertise, insight generation and marketing know-how. This enabled them to design and implement new processes and procedures to get the CSP's different organizational functions working together more effectively. The initial analysis took just two months.

"We have re-modeled our processes across marketing, technology, customer care and finance to get more revenue from our existing network assets and provide our customers with more attractive offers that promote spending and discourage churn."

Vice president for commercial and marketing operations, MEA CSP

## Exploring existing customer data

The CSP had previously worked in a traditional way, running two or three mass marketing campaigns per quarter. Aggregated customer information existed in a data warehouse, but the company was unable to drill down to look at individual behavior. In addition, the CSP's internal processes were not fast or responsive enough to make micro-targeting practical.

"We analyzed service usage and capacity, determining the size of the opportunity in yield management," says Jeremy Brown, Global Head of Propositions and Services, Nokia Siemens Networks. "We analyzed the entire customer base, looking at their behavior and responses to promotional activity and other factors. We created segmentation models that allowed us to identify the particular price sensitivity of individuals and how they would respond to certain promotions. We then tested their responses with micro-campaigns."

Nokia Siemens Networks designed and implemented new governance models and processes across marketing, technology, customer care and finance to accelerate decision making and campaign execution by 400 percent, without the need for any technology investment. For example, at one point the CSP's governance processes called for seven different people to approve each marketing campaign. Removing this

barrier alone will contribute a further €25m of additional revenues over the coming year. Nokia Siemens Networks also showed the CSP that it would be possible to speed things up by a further factor of four in the future by investing in new capabilities.

## Immediate improvements

The ability to retain customers with customized promotions contributed to retained revenues of between 1 and 3 percent. Combining this with increased spending from customers across the board has generated an overall boost of 5 percent in annual revenues for very little added cost. The project also showed the potential cost in lost revenues of persisting with blanket discount promotions, which if continued, would have lost the CSP a further 9 percent of revenues.

"Once new processes and systems are in place the ongoing cost of running the campaigns is very small," says Brown. "The whole thing is set up to give discounts to micro-segments that respond favorably and stimulate service usage by more than the discounts given."

### Challenges

- Make more of existing assets such as spare network capacity
- Achieve continued business growth as the overall market approaches saturation
- Retain existing customers and encourage them to increase their service usage
- Target diverse customer base with more relevant offers that meet their needs

### Solutions

- Consultants combined Nokia Siemens Networks Elasticity-based Segmentation tool with network and customer insight expertise to optimize processes and deliver multiple, highly targeted micro-marketing campaigns
- Flexible tariffs encourage targeted customer segments to make better use of off-peak services
- Segmenting customers more effectively optimizes the impact of strategies such as discounting in terms of service usage and customer retention

### Benefits

- Revenue received a 5 percent boost, as accurate and timely customer targeting encouraged them to increase their service usage and some of those who might otherwise have churned remained with the CSP
- Solution prevented nine percent revenue losses due to incorrectly implemented marketing campaigns
- The CSP retains its market-leading position in mobile communications
- Flexible tariffs deliver effective yield management and get the most from existing network assets.