Μεθοδολογία Σύνθεσης Μεθόδων

Εξόρυξης Επιχειρηματικών Δεδομένων & Έρευνας Αγοράς

για την Βελτιστοποίηση της Πολιτικής Διατήρησης Πελατών

Απόστολος Ν. Γιοβάνης   Γιώργος Πολυχρονόπουλος

Τμήμα Διοίκησης Επιχειρήσεων
ΤΕΙ Αθήνας

Πελάτες & επιχειρήσεις στην εποχή της κρίσης

Πελάτες

Μείωση Εισοδήματος

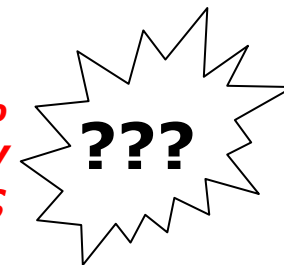Ραγδαίες Τεχνολογικές Εξελίξεις

Πελάτες

Περισσότερο ενημερωμένοι

Περισσότερο απαιτητικοί

Περισσότερο ευαίσθητοι

Επιχειρήσεις

F. Reichheld: *μια αύξηση κατά 5% στη διατηρησιμότητα των πελατών μπορεί να βελτιώσει από 25% έως 100% τα κέρδη της επιχείρησης*

???

True Loyalty =
Satisfaction x Involvement x Affinity

Satisfaction: ικανοποίηση
Involvement: εμπλοκή πελάτη
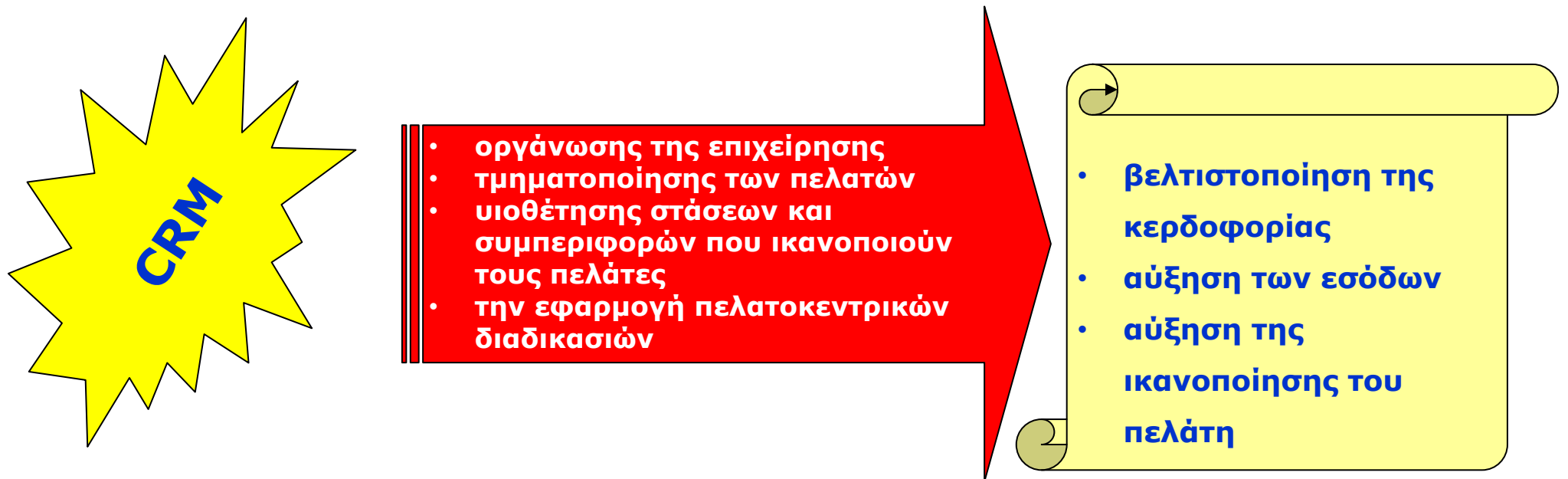Affinity: συναισθηματικό δέσιμο/έλξη για τη μάρκα

Customer Retention – Διατήρηση Πελατών

Ο Maslow στην υπηρεσία της... διατηρησιμότητας

	Τι κάνω	Τι κερδίζω
TRANSFORM →	Ικανοποιώ μη συνειδητές ανάγκες	→ Δημιουργώ «Ευαγγελιστές»
SUCCESS →	Ικανοποιώ τις επιθυμίες	→ Δημιουργώ Δέσμευση
SURVIVE →	Ικανοποιώ τις προσδοκίες	→ Δημιουργώ Ικανοποίηση

Πηγή: Βιβλίο «PEAK» του Chip Conley

CRM (Customer Relationship Management)

<u>Σύστημα διοίκησης</u> που επιτρέπει στον οργανισμό να εντοπίσει, να προσελκύσει και να αυξήσει τον αριθμό των **αφοσιωμένων** και **επικερδών** πελατών του, κάνοντας ορθή διαχείριση των πελατειακών σχέσεων μέσα από την κατανόηση, την εκτίμηση και τη διαχείριση των αναγκών των πελατών με βάση τη γνώση που έχει αποκτηθεί για αυτούς (Bradshaw και Brash, 2001).

CRM

- οργάνωσης της επιχείρησης
- τμηματοποίησης των πελατών
- υιοθέτησης στάσεων και συμπεριφορών που ικανοποιούν τους πελάτες
- την εφαρμογή πελατοκεντρικών διαδικασιών

- **βελτιστοποίηση της κερδοφορίας**
- **αύξηση των εσόδων**
- **αύξηση της ικανοποίησης του πελάτη**

Εταιρεία Συμβούλων Gartner & Thompson και Moscardini, 2002

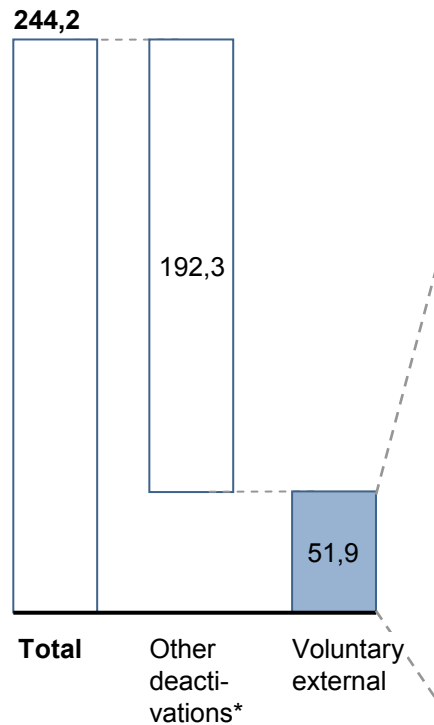# Διατήρηση Πελατών – Μεθοδολογική προσέγγιση

1. Μεθοδολογία ανάπτυξης πολιτικών διατήρησης πελατών

- Μοντέλο πρόβλεψης διαφυγής
  Churn prediction model

- Τμηματοποίηση πελατειακής βάσης
  Churn segmentation

  } Data mining

- Ανάπτυξη προγραμμάτων διατήρησης πελατών
  Retention campaigns development

  } MKT research
  +
  Technology

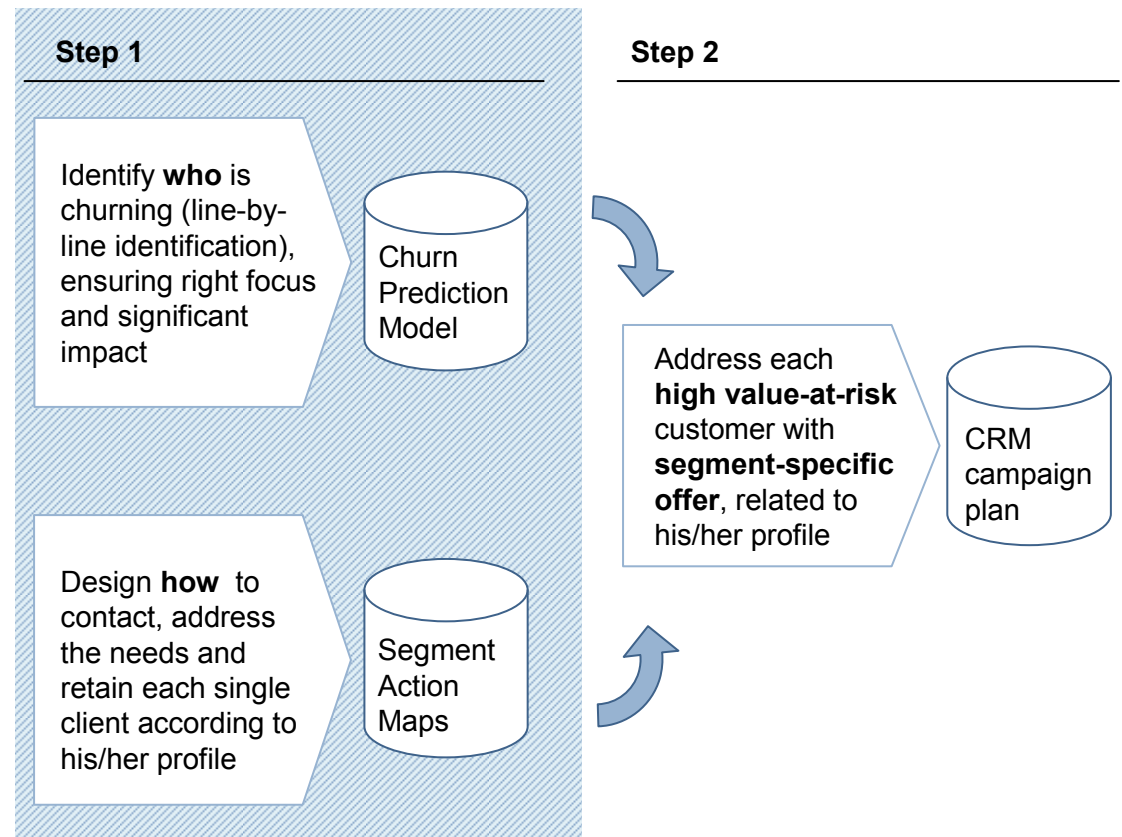## 2. Εφαρμογή στον κλάδο της κινητής τηλεφωνίας

Customer retention

The fact	The issue	The plan

The fact

244,2

192,3

51,9

Total | Other deacti-vations* | Voluntary external

The issue

How to reduce customer base external churn rate?

The plan

Step 1

Identify **who** is churning (line-by-line identification), ensuring right focus and significant impact

Churn Prediction Model

Design **how** to contact, address the needs and retain each single client according to his/her profile

Segment Action Maps

Step 2

Address each **high value-at-risk** customer with **segment-specific offer**, related to his/her profile

CRM campaign plan

Business, involuntary and internal voluntary deactivations
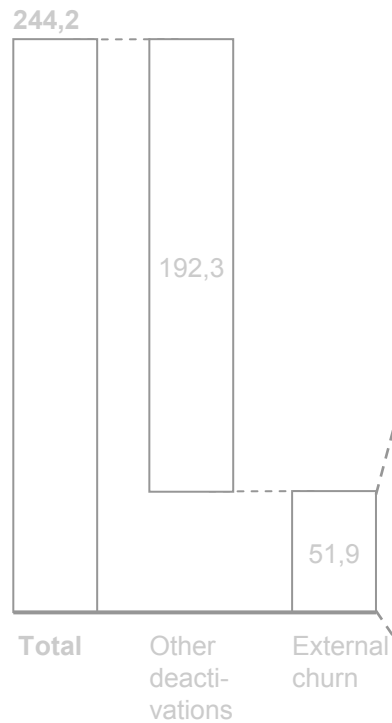
Proposed Methodology Steps

- **Churn prediction model**

- Churn segmentation

- Retention campaigns development

Churn prediction model development

The fact

The issue

The plan

244,2

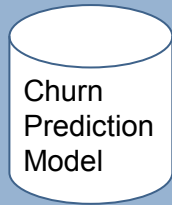192,3

51,9

Total

Other deacti-vations

External churn

How to reduce customer base external churn rate?

Step 1

Identify **who** is churning (line-by-line identification), ensuring right focus and significant impact

Churn Prediction Model

Design **how** to contact, address the needs and retain each single client according to his/her profile
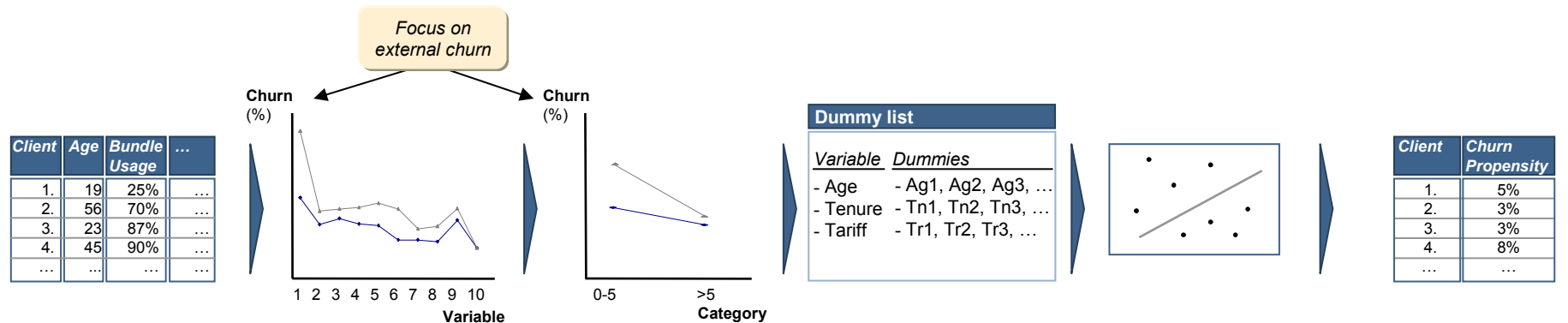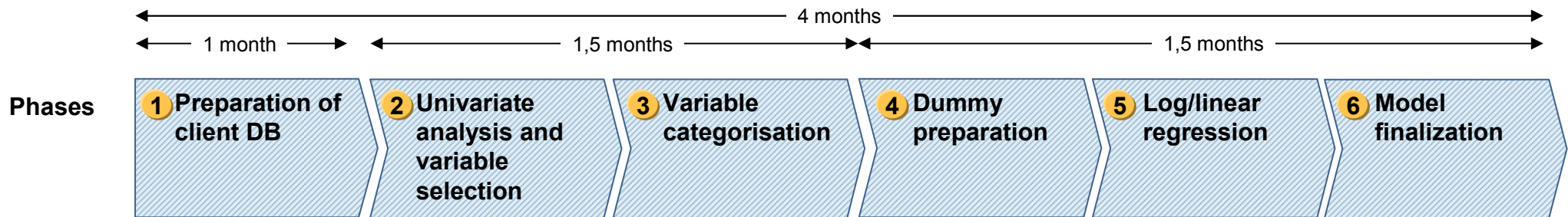
Segment Action Maps

Step 2

Address each **high value-at-risk** customer with **segment-specific offer**, related to his/her profile

CRM campaign plan

Phases of the prediction model update

Phases					
1 Preparation of client DB	**2 Univariate analysis and variable selection**	**3 Variable categorisation**	**4 Dummy preparation**	**5 Log/linear regression**	**6 Model finalization**

Timeline: 4 months total — 1 month (Phase 1), 1,5 months (Phases 2–3), 1,5 months (Phases 4–6)

Focus on external churn

Main activities

Phase 1:
- Definition of **DB technical characteristics**
- Integration of **variables from external DB** (e.g. call centre) **and** set up of **new variables**
- Calculation of **external churn**

Phase 2:
- **Univariate analysis on external churn** to identify variables significantly related to deactivation rate

Phase 3:
- **Group variables in categories** in order to increase sample significance

Phase 4:
- Construction of **dummy variables**

Phase 5:
- **Backward** (stepwise) **regression** in order to discard low significance variables
- Launch the **generalized log/linear regression** to estimate coefficients with hypothesis of Poisson distribution

Phase 6:
- Construction of **equation for probability of losing client** (external churn)
- Calculation of **loss probability for each client** in portfolio
- Evaluation of **client value at risk**

According to the results of backward regression, 12 variables are used in churn prediction model update, after discarding those with low predictive ability and reviewing or introducing others

Variables used in the churn prediction model update

	Variables tested in the churn prediction model update	Variable used in churn prediction model update
Client personal data	- Age - Gender	- Age
Contract characte-ristics	- Tenure - Tariff plan - Payment type (e.g. bank payment) - Value segments	- Tenure - Tariff plan
Mobile usage	- % of outgoing calls to fixed lines over total calls - Total calls (average of last 6 months) - % of SMS revenues* over total revenues - % of calls during weekdays over total calls - Roaming clusters (nr. of months with minimum roaming activity) - Effective bundle usage (average of last 6 months) - % of minutes to competition over outgoing minutes - % of minutes outgoing over total minutes - % of last 2 months calls vs. last 6 months	- % of outgoing call to fixed lines over total calls - Total calls (average of last 6 months) - % of SMS revenues* over total revenues - Effective bundle usage - % of minutes to competition over outgoing minutes - % of minutes outgoing over total minutes - % of last 2 months call vs. last 6 months**
Service fruition	- Number of upgrades - Complaint calls to Call Centre	- Number of upgrades
Handset characte-ristics	- MMS enabled - Handset age	- Handset age

Further variables correlated with churn have been **identified**	After the backward regression, **12 variables result highly correlated** with the external churn

* Calculated on n° of outgoing SMS times average SMS fee;
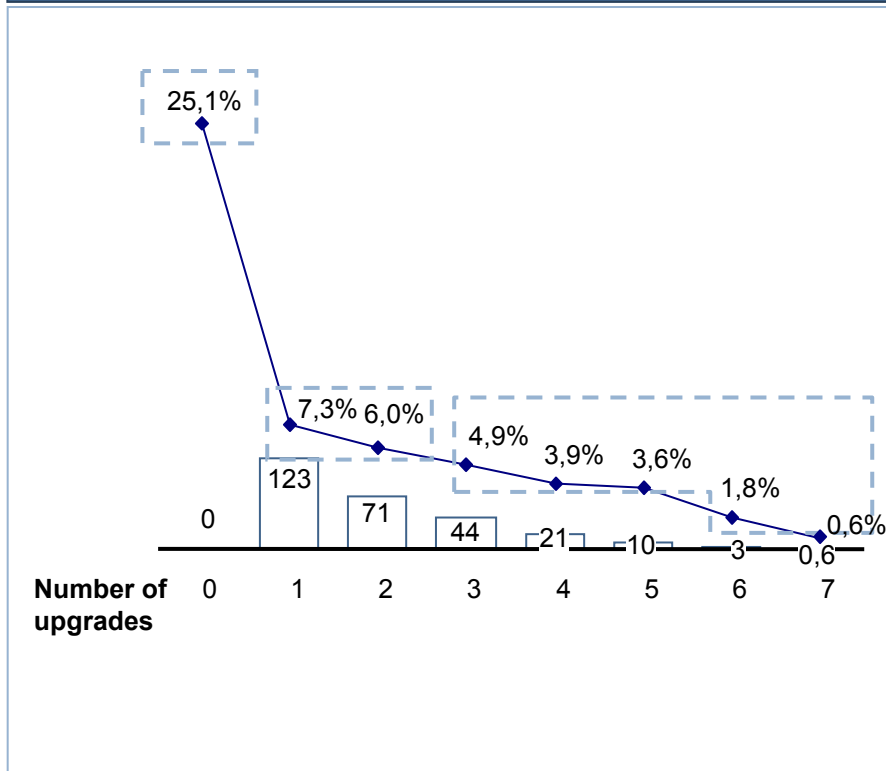** In order to evaluate increasing/decreasing call trends

Variables have been grouped in wider categories, in order to increase sample population and, therefore, statistical significance

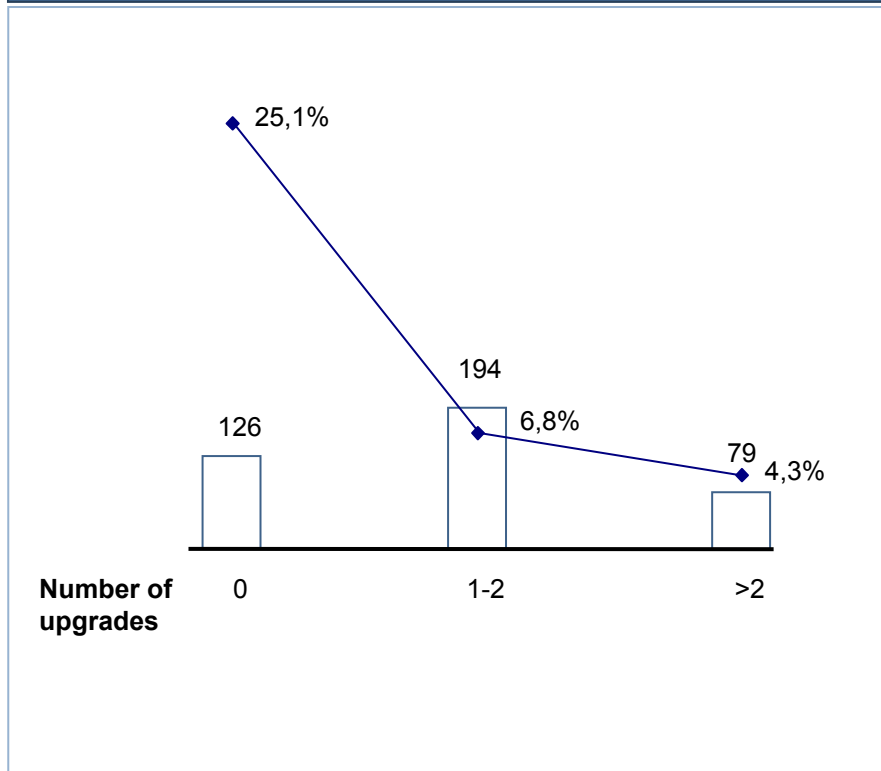# Variable categorization

Annualized external deactivation rate*

☐ Number of customers X1000
◆— Voluntary external deactivation rate

Univariate on variable

25,1%

7,3% 6,0%
4,9%
3,9% 3,6%
1,8%
0,6%

0   123   71   44   21   10   3   0,6

Number of upgrades   0   1   2   3   4   5   6   7

Variable categorization

25,1%

194
6,8%
126
79
4,3%

Number of upgrades   0   1-2   >2

Univariate analysis allows to **highlight similar churn rate** behaviour along the variable trend

Grouping variables in wider categories presenting similar behaviour **allows to increase** the sample population and, therefore, the **statistical significance**
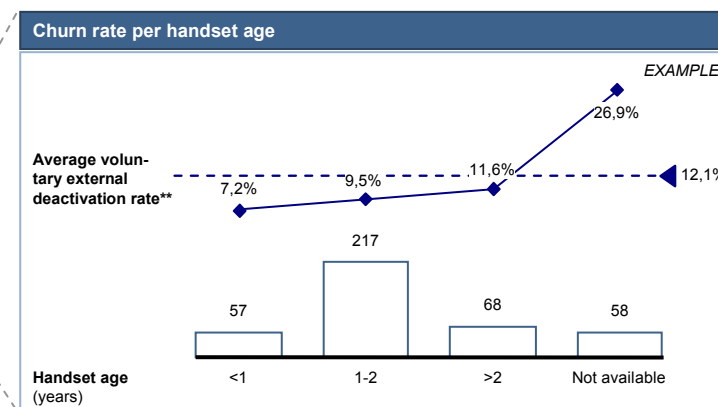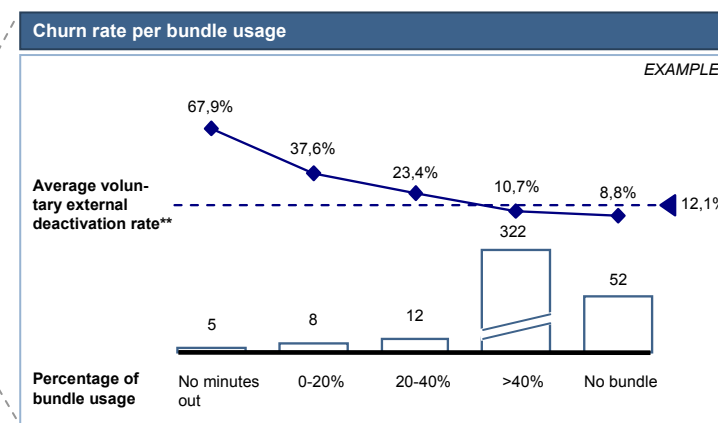
Churn drivers have been identified among variables regarding client profile, contract characteristics, mobile usage, service fruition and handset characteristics

Univariate analysis of external churn drivers

Annualised external voluntary deactivation rate*, Thousand of customers

Proportionality among variable and churn rate:
↗ Direct   ↘ Inverse

	Analysed variables	Relation to churn
Client personal data	- Client's age	↘
Contract characteristics	- Client's tenure (activation year)	↗
	- Bundle tariff (eg. low, medium or high bundle)	↘
Mobile usage	- Actual bundle usage	↘
	- Incidence of minutes to competition over outgoing minutes	↗
	- Incidence of outgoing minutes over total	↗
	- Incidence of calls to fixed lines over total	↗
	- Total calls	↘
	- Incidence of SMS revenues over total revenues	↘
	- Trend of mobile use (incidence of last 2 months calls over 6 months)	↘
Service fruition	- Nr. of upgrades	↘
Handset characteristics	- Handset age	↗

Churn rate per bundle usage

EXAMPLE

67,9%
37,6%
23,4%
10,7%
8,8%
12,1%

Average voluntary external deactivation rate**

322
52
5
8
12

Percentage of bundle usage: No minutes out | 0-20% | 20-40% | >40% | No bundle

Churn rate per handset age

EXAMPLE

26,9%

Average voluntary external deactivation rate**

7,2%
9,5%
11,6%
12,1%

57
217
68
58

Handset age (years): <1 | 1-2 | >2 | Not available

* Estimated reproportionating 3 months observations on an annual basis

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Equation to predict the external churn

$\begin{bmatrix} \end{bmatrix}$ = Arrays of coefficients

Probability of external churn* = 0,000216 **x** $\begin{bmatrix} 1,1 \\ 1,1 \\ 1 \\ 1 \end{bmatrix}$ Age **x** $\begin{bmatrix} 1 \\ 1,4 \\ 1,7 \\ 2 \end{bmatrix}$ Tenure **x** $\begin{bmatrix} 1 \\ 1,1 \\ 1 \\ 3,2 \\ 1 \end{bmatrix}$ Tariff **x** $\begin{bmatrix} 1,7 \\ 1,4 \\ 1,1 \\ 1 \end{bmatrix}$ Calls **x** $\begin{bmatrix} 1,1 \\ 1 \\ 1 \\ 1,3 \end{bmatrix}$ Min. competition **x** $\begin{bmatrix} 1 \\ 1 \\ 1,5 \end{bmatrix}$ Min. outgoing **x**

x $\begin{bmatrix} 3,0 \\ 2,0 \\ 1,3 \\ 1 \\ 1 \end{bmatrix}$ Call trend **x** $\begin{bmatrix} 1 \\ 1 \\ 0,8 \end{bmatrix}$ Calls to fixed **x** $\begin{bmatrix} 1 \\ 9,0 \\ 9,0 \\ 10,3 \end{bmatrix}$ % SMS revenues **x** $\begin{bmatrix} 1 \\ 3,2 \\ 3,4 \\ 3,6 \\ 3,6 \\ 1 \end{bmatrix}$ Bundle usage **x** $\begin{bmatrix} 2,5 \\ 1 \\ 1 \end{bmatrix}$ Upgrades **x** $\begin{bmatrix} 1 \\ 0,9 \\ 1 \\ 1 \end{bmatrix}$ Handset age

Variables with largest range among coefficients

Variable explanation

- **Age** = Client age
- **Tenure** = First activation year
- **Tariff** = Tariff plan
- **Calls** = Total calls (average of 6 months)
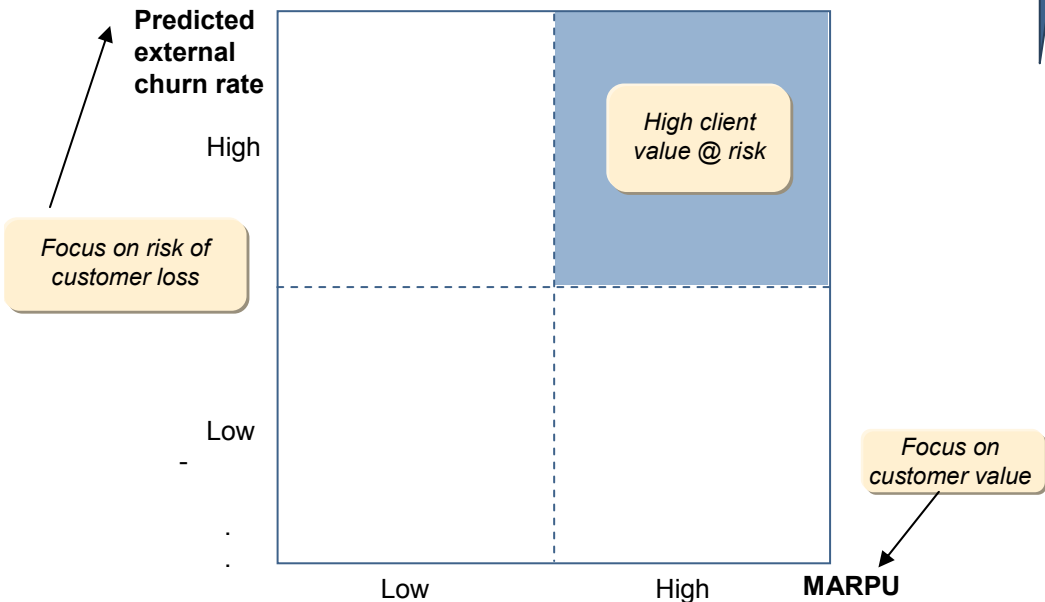- **Min. competition** = % of minutes to competition over outgoing minutes
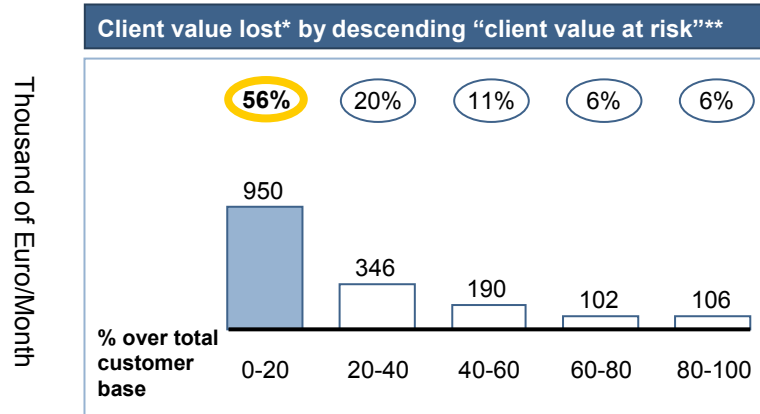
- **Min. outgoing** = % of minutes outgoing over total
- **Call Trend** = % of last 2 months calls over 6 months
- **Calls to fixed** = % of outgoing calls over fixed lines over outgoing calls

- **SMS revenues** = % of SMS revenues over total revenues
- **Bundle usage** = Effective bundle usage (%)
- **Upgrades** = Number of upgrades
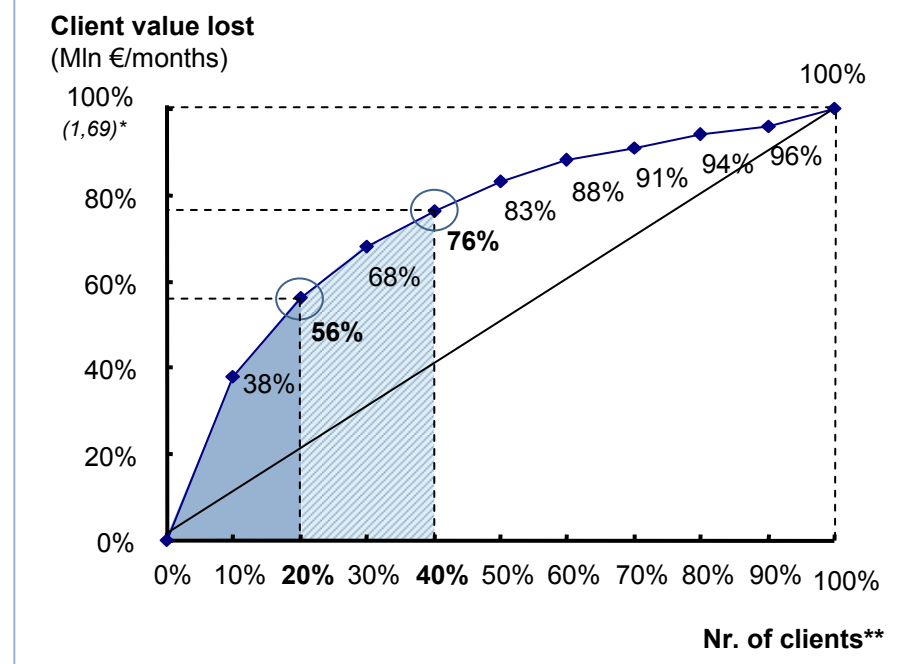- **Handset age** = Age of the mobile device

Identification of customers with highest level of value at risk

Nr. of customers, Euro/month,

Estimation of client value @ risk …

Client value lost* by descending "client value at risk"**

56% | 20% | 11% | 6% | 6%

950 | 346 | 190 | 102 | 106

% over total customer base

0-20 | 20-40 | 40-60 | 60-80 | 80-100

Predicted external churn rate

High client value @ risk

High

Focus on risk of customer loss

Low

Focus on customer value

Low | High | **MARPU**

… minimizing actual loss of value

Client value lost
(Mln €/months)

100%
(1,69)*

100%

80%

76%

68%

83% | 88% | 91% | 94% | 96%

56%

60%

40%

38%

20%

0%

0% | 10% | **20%** | 30% | **40%** | 50% | 60% | 70% | 80% | 90% | 100%

Nr. of clients**

- Customer **prioritization by** the estimated **client value @ risk**

- Highest value @ risk population (first 10% of customer base) represents more than 1/3 of total actual value lost
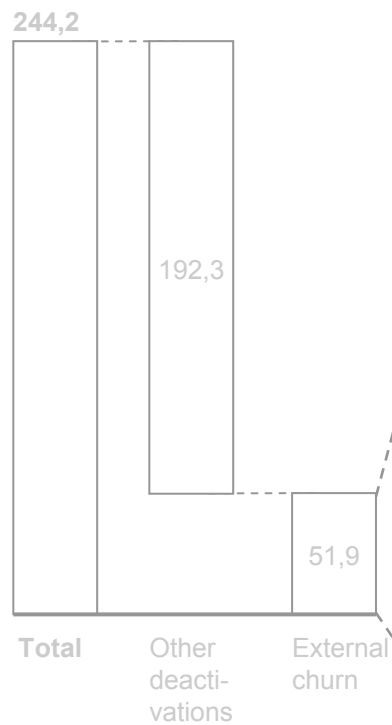
Proposed Methodology Steps

- Churn prediction model

- **Churn segmentation**
  - **Segmentation**
  - Interviews on benefits acceptance

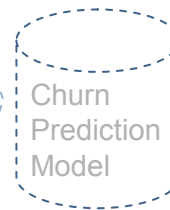- Retention campaigns development

Customer base segmentation

The fact	The issue	The plan

244,2

192,3

51,9

Total Other deacti-vations External churn

How to reduce customer base external churn rate?

Step 1

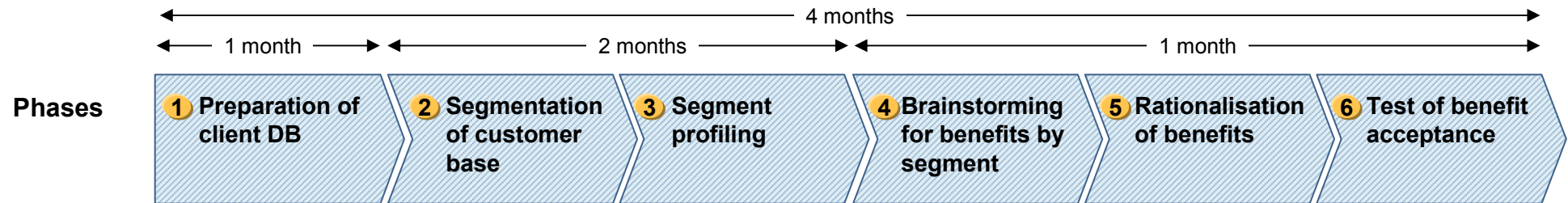Identify **who** is churning (line-by-line identification), ensuring right focus and significant impact

Churn Prediction Model

Step 2

Address each **high value-at-risk** customer with **segment-specific offer**, related to his/her profile

CRM campaign plan

Design **how** to contact, address the needs and retain each single client according to his/her profile

Segment Action Maps
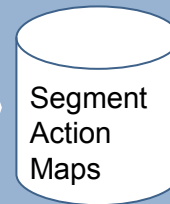
Phases of the customer base segmentation

	4 months					
	1 month	2 months		1 month		

Phases

1 Preparation of client DB	2 Segmentation of customer base	3 Segment profiling	4 Brainstorming for benefits by segment	5 Rationalisation of benefits	6 Test of benefit acceptance

Client	Age	Bundle Usage	...
1.	19	25%	...
2.	56	70%	...
3.	23	87%	...
4.	45	90%	...
...	...	...	...

Segment 1 — Clients get into the company, use the service for short time, …

Segment 2 — Medium-value clients, probably not satisfied by current offer and service…

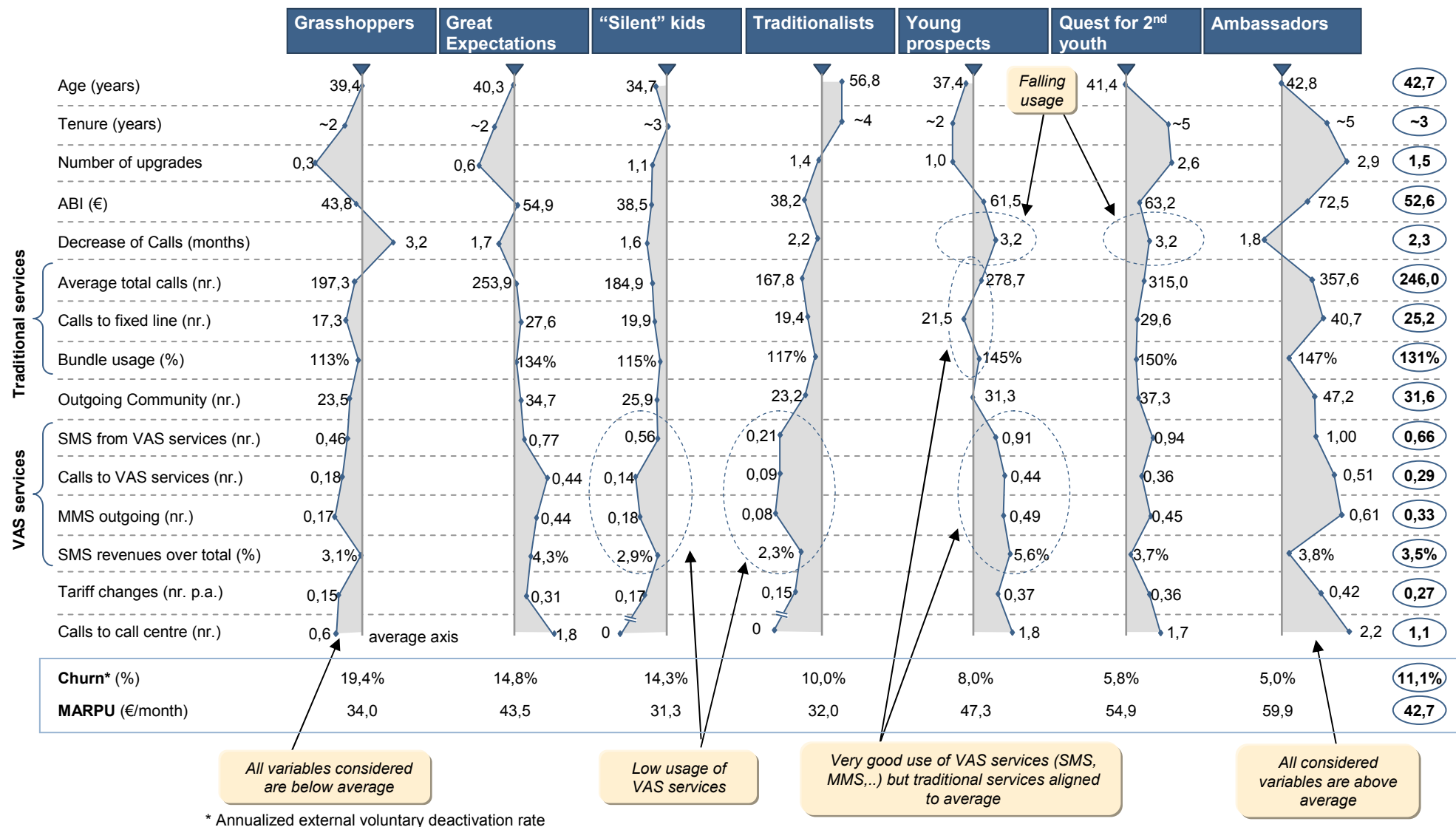**Segment 3** — Young clients low-value with low loyalty to the company…
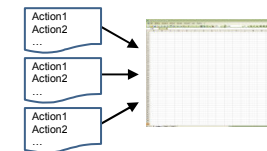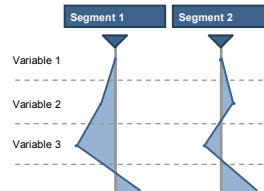
Main activities

- Definition of **DB technical characteristics** Integration of **variables from** - **external DB** (e.g. call centre) **and** set up of **new variables** Calculation of **external churn** -	- **Cluster analysis** in order to find segments with behavioural homogeneity (age, tenure, bundle usage...) - Segment **plotting in the Churn - MARPU** matrix - Evaluation of the **client value-at-risk** by segment	- Analysis of a wide set of variables to achieve **in-depth understanding of segment characteristics**	- **Brainstorming sessions** with employees to identify / conceive benefits to reduce churn	- **Rationalization** of benefits lists by type - **First selection** of most significant benefits	- **Outbound calls** (~900 interviews) in order to: . Deeper understand segment profile . Test benefits effectiveness

ustomer base segmentation

Segments present profiles with different behaviours in terms of usage of traditional and VAS services and other variables

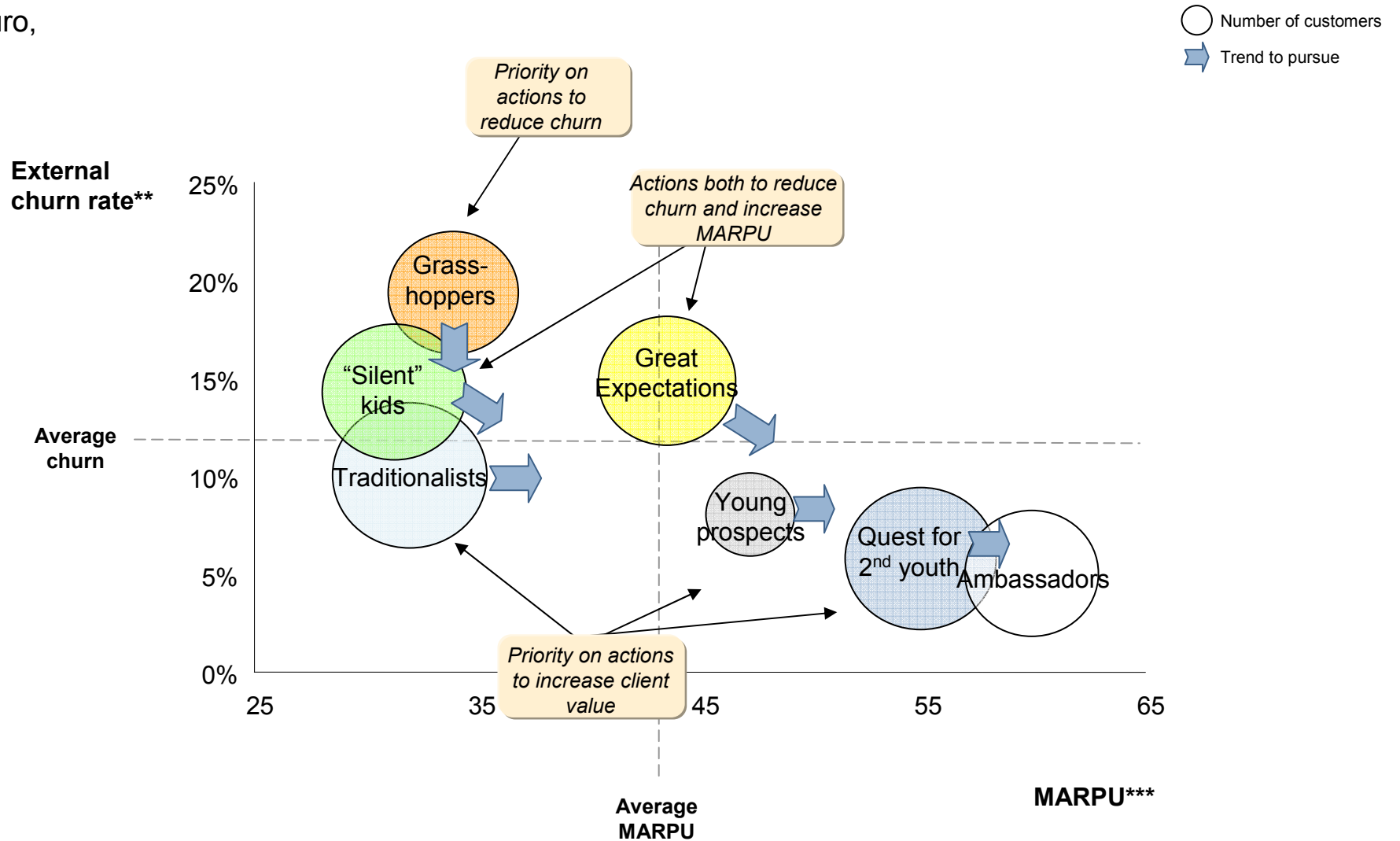|	Grasshoppers	Great Expectations	"Silent" kids	Traditionalists	Young prospects	Quest for 2nd youth	Ambassadors	Avg
Age (years)	39,4	40,3	34,7	56,8	37,4	41,4	42,8	42,7
Tenure (years)	~2	~2	~3	~4	~2	~5	~5	~3
Number of upgrades	0,3	0,6	1,1	1,4	1,0	2,6	2,9	1,5
ABI (€)	43,8	54,9	38,5	38,2	61,5	63,2	72,5	52,6
Decrease of Calls (months)	3,2	1,7	1,6	2,2	3,2	3,2	1,8	2,3
Average total calls (nr.)	197,3	253,9	184,9	167,8	278,7	315,0	357,6	246,0
Calls to fixed line (nr.)	17,3	27,6	19,9	19,4	21,5	29,6	40,7	25,2
Bundle usage (%)	113%	134%	115%	117%	145%	150%	147%	131%
Outgoing Community (nr.)	23,5	34,7	25,9	23,2	31,3	37,3	47,2	31,6
SMS from VAS services (nr.)	0,46	0,77	0,56	0,21	0,91	0,94	1,00	0,66
Calls to VAS services (nr.)	0,18	0,44	0,14	0,09	0,44	0,36	0,51	0,29
MMS outgoing (nr.)	0,17	0,44	0,18	0,08	0,49	0,45	0,61	0,33
SMS revenues over total (%)	3,1%	4,3%	2,9%	2,3%	5,6%	3,7%	3,8%	3,5%
Tariff changes (nr. p.a.)	0,15	0,31	0,17	0,15	0,37	0,36	0,42	0,27
Calls to call centre (nr.)	0,6	1,8	0	0	1,8	1,7	2,2	1,1
Churn* (%)	19,4%	14,8%	14,3%	10,0%	8,0%	5,8%	5,0%	11,1%
MARPU (€/month)	34,0	43,5	31,3	32,0	47,3	54,9	59,9	42,7

Traditional services / VAS services

average axis

Falling usage

* Annualized external voluntary deactivation rate

All variables considered are below average

Low usage of VAS services

Very good use of VAS services (SMS, MMS,..) but traditional services aligned to average

All considered variables are above average

Segments are plotted in a churn-MARPU matrix and for each one an action priority has been placed

Churn-MARPU matrix and desired priority path per segment

Percent, Euro,

○ Number of customers

⇨ Trend to pursue

Priority on actions to reduce churn

Actions both to reduce churn and increase MARPU

External churn rate**

- 25%
- 20%
- 15%
- **Average churn** — 10%
- 5%
- 0%

Grass-hoppers

"Silent" kids

Great Expectations

Traditionalists

Young prospects

Quest for 2nd youth

Ambassadors

Priority on actions to increase client value

- 25
- 35
- 45
- 55
- 65

Average MARPU

MARPU**

** Annualized external voluntary deactivation rate
*** Calculated as billed revenues + interconnection and roaming revenues – interconnection and roaming costs

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A rich pool of retention actions has been identified via several brainstorming sessions with the involvement of CRM employees

Identified actions in brainstorming sessions:
the example of Great Expectations

- **5 brainstorming sessions** with 8-10 employees from CRM in order to draw actions to reduce churn

- Meetings conducted to favour "**free thinking**"

- **Minimization of hierarchical constraints**

Actions	Pros	Cons
1 - At the 11th month, **contact high-risk clients**, through outbound calls, **proposing to choose a benefit** for renewal among: . A handset subsidy (also to not eligible clients and higher than the normal one on low ABI) . Free services (Voice, SMS, VAS) . Discounts on the tariff, and send, after two weeks of no client feedback, an SMS reminding the promotion	- Proposes an **alternative** to whom is **not handset sensitive** - Leads certain clients towards solutions less expensive than an upgrade - Highly effective on clients otherwise receiving low subsidy	- **Highly expensive** and applicable only on a small number of clients
2 - At the 11th month, **contact clients**, through mailing, **proposing a passage**, for 4 months, **to a Flexy tariff**, in a higher bundle, at the same price of current tariff At the 15th month call client proposing to - activate the Flexy bundle promoted	- Increases **client satisfaction** with a tariff that better fits his/her needs in terms of services (SMS and VAS) - Proposes an alternative to whom is not handset sensitive - Leads certain clients on less expensive promotions than an upgrade	- Trade-off between a potential increase of MARPU and **client dissatisfaction** due to passage to unexpected high tariff cost at the 15th month
3 - At the 10th month, **health-check call**, with a short interview to verify customer satisfaction	- **Identify** customers for retention **proactive actions** - Potential increase of client perception of caring - Feed info DB	
4 - **Offer higher bundle to clients** that exceed the bundle minutes for 4 or 6 months	- Increase **customer satisfaction** fitting his/her tariff needs	- Possible **reduction of revenues**
5 - **Free SMS package** offer at a certain amount of outgoing SMS, at a monthly fee	- **Stimulate use** of SMS	- **Reduce unitary revenues**, especially on "SMS-savvy" cli
6 - **VAS service promotion**, offering: . Free trials . SMS to advertise and explain new	- Stimulate the use of VAS - Increase custo	

For each action, coming from brainstorming sessions and categorized by type (benefits, promotions, …) the correspondence to segment characteristics has been evaluated, in order to finally obtain a comprehensive list of actions

Rationalization of the benefits

Ambassadors

Quest for 2nd youth

Young prospects

Traditionalists

"Silent Kids"

Great Expectations

Grasshoppers

Rationalization criteria

- **Categorization** of the actions by type (benefits, promotions, tariff refinement, loyalty programs)
- Qualitative evaluation of the **action correspondence** to segment characteristics and objectives

Action identified

Benefits

1. Free amount of minutes, SMS or MMS
2. Free VAS services (eg. free trial of services)
3. Discounted internet services (eg. discounted megabyte) linked to bill
4. 4 or 6 months of discount on the bundle
5. Discounts after some months of over usage
6. Discounted tariff on international calls or SMS
7. Higher bundle after some months of over usage, with 4 or 6 months discounts
8. Tariff change with temporary discounted monthly fee
9. Free services (minutes, SMS) at the condition of bank payment on credit card

Tariff related

10. Better upgrade for low ABI high MARPU clients
11. New handset to customer with old (or low end) ones via direct contact
12. Better proactive upgrade at the condition of moving to higher bundle
13. Proactive upgrade with extra benefits of free minutes, SMS or MMS

Handset related

Promotions

14. "Friends & Family" offer
15. "No Stop" offer (H24 free limited minutes and voice traffic towards a number)
16. "Bring a friend" offer (discounted handset, on-net traffic or SMS)
17. "Free to date" offer (discounted tariff among a community)
18. Discounted traffic towards two fixed lines at monthly fee

Tariff refinement

19. Free SMS after x SMS sent
20. Free minutes after x minutes billed

Loyalty program

21. SMS or mail to customers eligible to Loyalty program
22. SMS to Loyalty program customers eligible to prizes
23. Launch of a new loyalty program
24. Launch of a VIP care program

Proposed Methodology Steps

- Churn prediction model

• Churn segmentation

  - Segmentation

- Interviews on benefits acceptance

- Retention campaigns development

A wide telephone survey (~900 interviews) highlighted different preferences per segment and room for gradually introducing new types of benefits apart from the handset subsidy

Test of benefit effectiveness: findings of the outbound interviews

Interview test

Objectives

- **Test effectiveness of benefits and offers** identified during the brainstorming sessions

- First indications on **segment preferences**

- Broadening of customer base profile

Methodology

- Selection of **short list of benefits and offers** to be tested

- Random draw of a significant customer sample (only active clients)

- Interviews carried out by CS operators

- Almost **900 interviews**

Part ① Customer Identification

- Identification of main user

- Evaluation of overall customer satisfaction

Part ② Research on benefit and promotion preferences

- Evaluation of benefit preferences

- Evaluation of alternatives to the contract renewal

- Evaluation of offer preferences

Part ③* Research on customer behaviour

- Investigation on usage preferences (e.g. fixed vs. mobile telephone)

- Investigation on behaviour towards subsidy and tariff (e.g. behaviour in case of bundle over-usage)

Main findings

- **Benefits other than subsidy** for handset (free minutes, discounts on bundle), **enjoy very good acceptance rate** within customer base

- Still, it appears early to expect significant impact from benefits related to **innovative offers** (VAS services, internet)

- Diverse expressions of preference on a per segment level, confirm the **importance** of using distinctive **action plans per segment**

- The persistence of strong preference of handset-related benefits suggests, anyway, a **gradual approach to the changes of benefit structure**

* Only for 175 interviews

The survey showed a very good acceptance of benefits other than subsidy (free minutes, discounts on bundle)…

Investigation on benefit acceptance

Nr. of interviewed clients, Average score

Question	First preference	Average score
Please, give me your preference for following benefits:		1 2 3 4 5
10 13 A subsidy for handset	24% 209	4,3
1 A certain amount of free minutes of voice traffic	22% 193	4,1
4 4 or 6 months of discount on the bundle	19% 164	4,2
5 A better monthly fee discount after some months of over-usage	12% 108	3,5
6 Discounted tariff on international calls or SMS	6% 54	2,4
7 A migration to an higher bundle with 4 or 6 months of discounted tariff	6% 50	3,2
8 A migration to a more flexible tariff (free choice between voice, SMS, MMS included in the bundle) with some months of discounts	4% 40	2,8
9 Better benefits (ex. free voice) at the condition of bank payment or credit card	2% 21	2,2
3 Discounted internet subscription	2% 20	1,9
2 A certain amount of free VAS service (SMS, MMS, other services)	2% 20	2,6
19 Better benefits at the condition of reaching a certain level of usage (ex. X SMS every Y SMS sent or received)	0	2,3
Total	100% 879	

More than 50% of the "first preference" is concentrated on three non handset-related benefits

23

… and confirmed that the 7 churn segments have different preferences towards possible retention benefits…

Investigation on benefit acceptance:
first three preferences per segment

% of preferences

(1) First choice (2) Second choice (3) Third choice

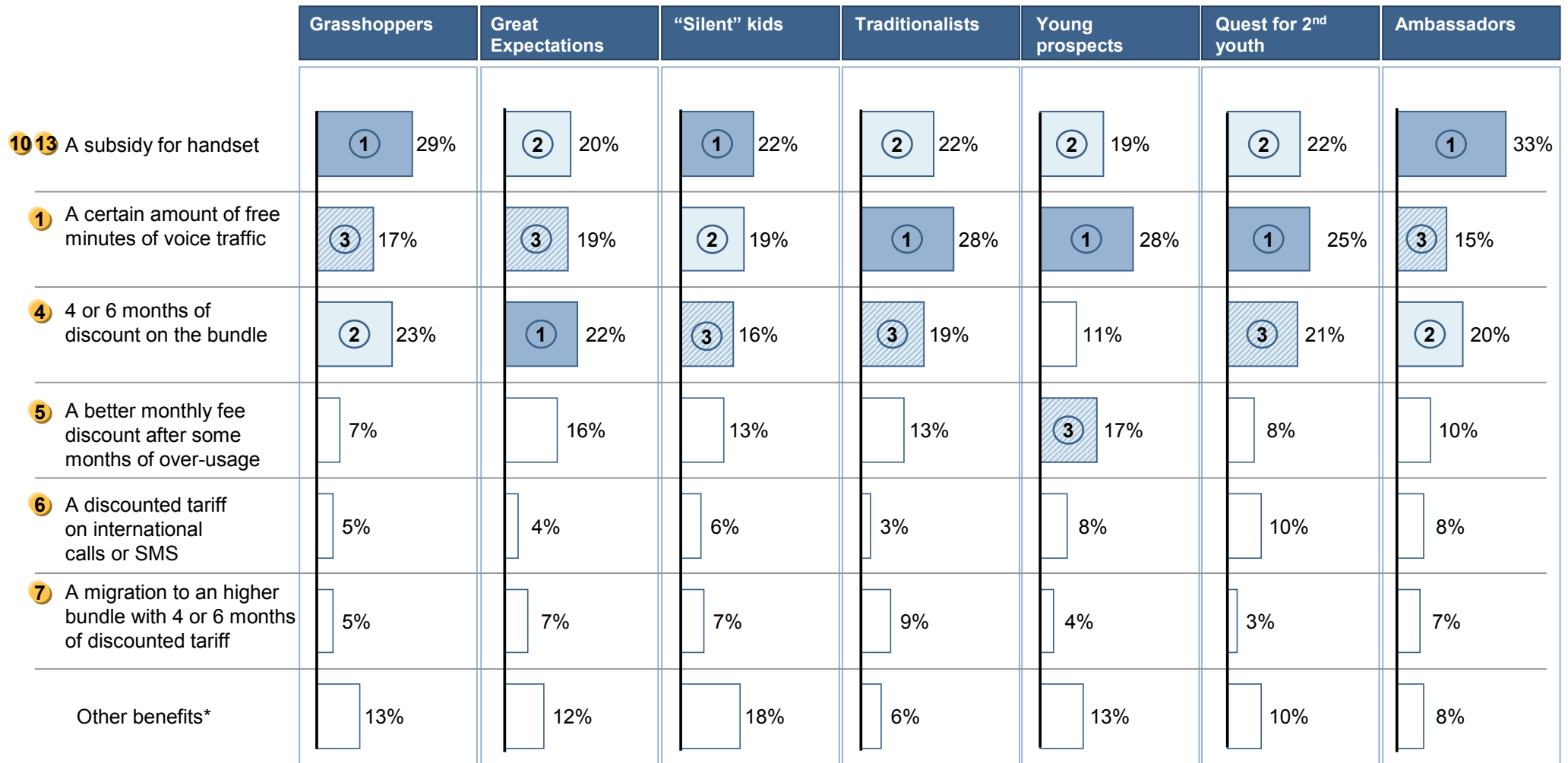|	Grasshoppers	Great Expectations	"Silent" kids	Traditionalists	Young prospects	Quest for 2nd youth	Ambassadors
10 13 A subsidy for handset	(1) 29%	(2) 20%	(1) 22%	(2) 22%	(2) 19%	(2) 22%	(1) 33%
1 A certain amount of free minutes of voice traffic	(3) 17%	(3) 19%	(2) 19%	(1) 28%	(1) 28%	(1) 25%	(3) 15%
4 4 or 6 months of discount on the bundle	(2) 23%	(1) 22%	(3) 16%	(3) 19%	11%	(3) 21%	(2) 20%
5 A better monthly fee discount after some months of over-usage	7%	16%	13%	13%	(3) 17%	8%	10%
6 A discounted tariff on international calls or SMS	5%	4%	6%	3%	8%	10%	8%
7 A migration to an higher bundle with 4 or 6 months of discounted tariff	5%	7%	7%	9%	4%	3%	7%
Other benefits*	13%	12%	18%	6%	13%	10%	8%

24
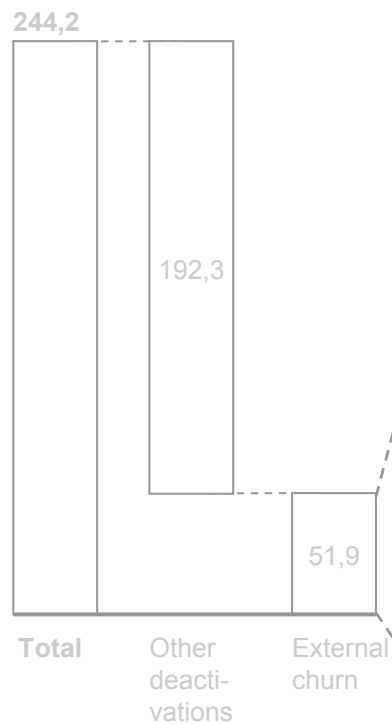
Contents of the document

- Churn prediction model

- Churn segmentation

- **Retention campaigns development**

New CRM approach to retention campaigns

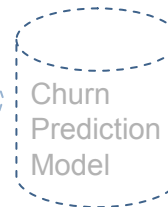| The fact	The issue	The plan

244,2

192,3

51,9

Total Other deacti-vations External churn

How to reduce customer base external churn rate?

Step 1

Identify **who** is churning (line-by-line identification), ensuring right focus and significant impact

Churn Prediction Model

Design **how** to contact, address the needs and retain each single client according to his/her profile

Segment Action Maps

Step 2

Address each **high value-at-risk** customer with **segment-specific offer**, related to his/her profile
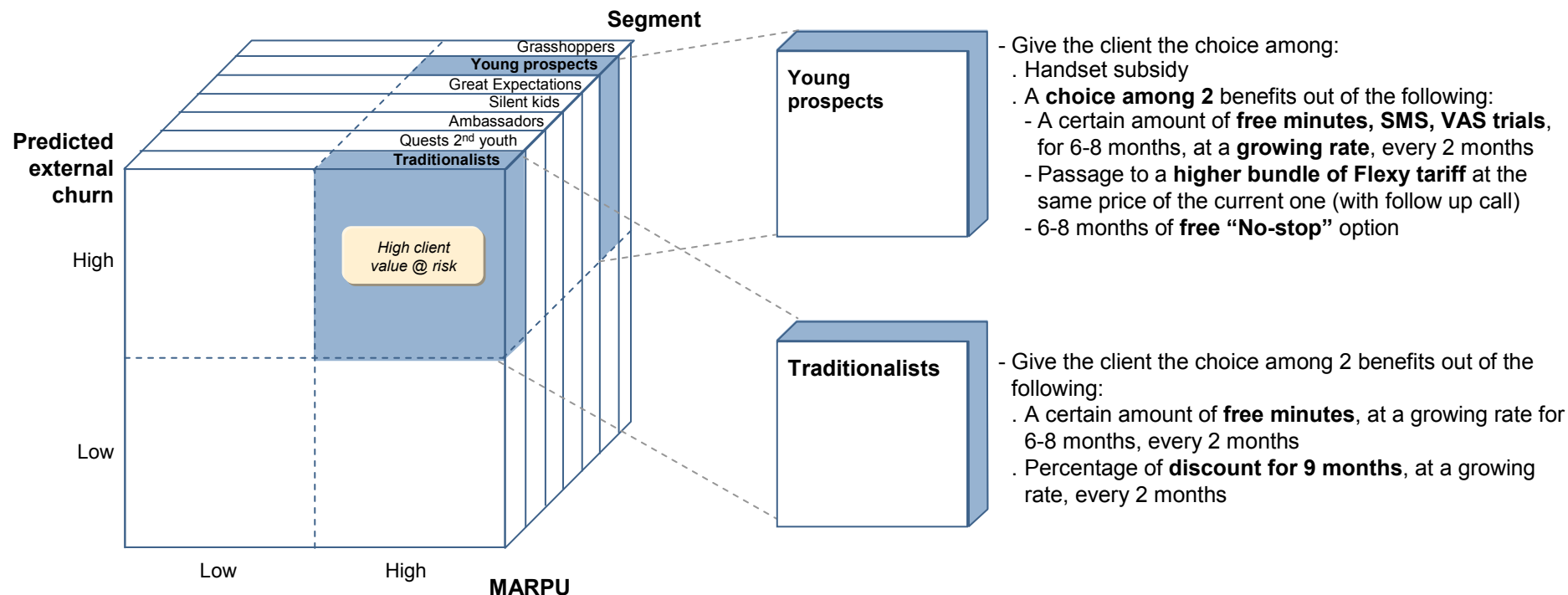
CRM campaign plan

Implementation of new retention approach leads to improve retention effectiveness, through campaigns specifically targeted to different segment needs

Campaigns targeted to segment needs

New retention approach

Examples of actions targeted to segment-specific needs

Segment

Grasshoppers
Young prospects
Great Expectations
Silent kids
Ambassadors
Quests 2nd youth
Traditionalists

Predicted external churn

High

High client value @ risk

Low

Low   High

MARPU

Young prospects

- Give the client the choice among:
  . Handset subsidy
  . A **choice among 2** benefits out of the following:
    - A certain amount of **free minutes, SMS, VAS trials**, for 6-8 months, at a **growing rate**, every 2 months
    - Passage to a **higher bundle of Flexy tariff** at the same price of the current one (with follow up call)
    - 6-8 months of **free "No-stop"** option

Traditionalists

- Give the client the choice among 2 benefits out of the following:
  . A certain amount of **free minutes**, at a growing rate for 6-8 months, every 2 months
  . Percentage of **discount for 9 months**, at a growing rate, every 2 months

- In the new retention approach, the design of campaigns is based on a deeper client understanding with a **combined evaluation** of:
  . Probability of **external churn**
  . Level of **MARPU**   } Client value @ risk
  . **Segment-specific** needs

Campaigns will be included in company's CRM application ensuring the same access to every contact channel

Illustration of the campaign process
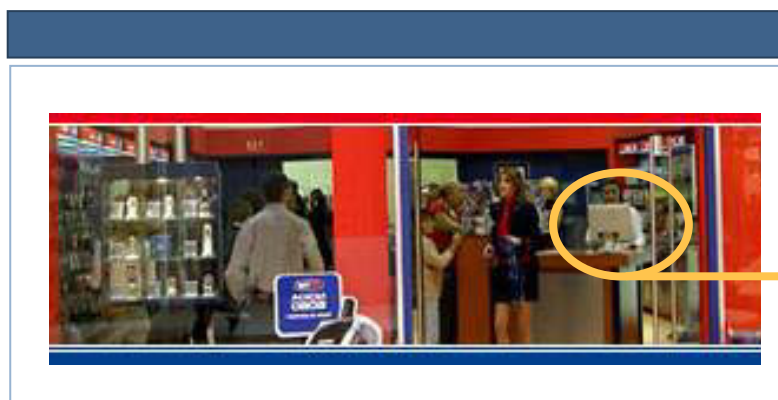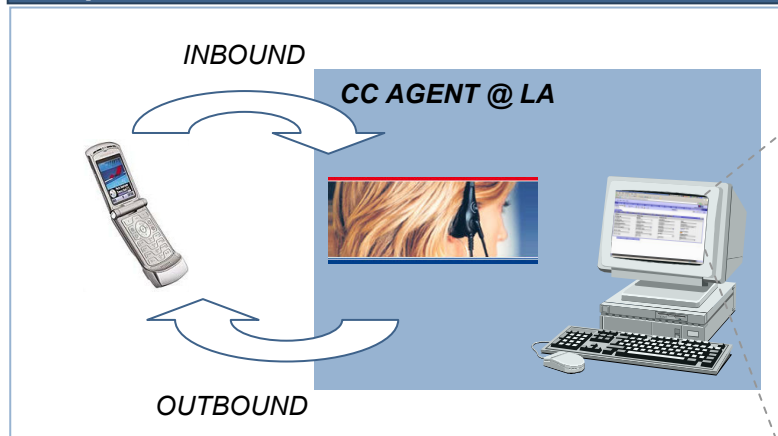
3-step application:

1st *CRM system adaptation to include proactive retention campaign*

2nd *Preparation and launch within **CS** environment*

3rd *Roll out into **POS**, ensuring access to same Siebel tool*

Prepare and launch in CS environment in

INBOUND

CC AGENT @ LA

OUTBOUND

Reviewed CRM tool screenshot
(including retention proactive campaigns)

3rd *STEP*

Μεθοδολογία Σύνθεσης Μεθόδων

Εξόρυξης Επιχειρηματικών Δεδομένων & Έρευνας Αγοράς

για την Βελτιστοποίηση της Πολιτικής Διατήρησης Πελατών

Ευχαριστώ για την προσοχή σας