

Stephen Denby, Business Development Director of Experian Scorex EMEA, talked about the applications and techniques that increase customer value in the telecommunications sector.

**In which way can a telecoms organisation classify its customer base?  
We are talking about hundreds of subscribers each one with different habits...**

Stephen Denby: The most important and simple data that providers too often do not take into consideration is the valuable information found in the monthly billing account. For example, by examining the data on voice and text messages, we can see how often a user calls a specific number. This analysis obviously becomes more interesting when we pass to the 3G area, where we can see the kind of content that interests each user. We can also identify relationships between the different kinds of content (for example, soccer and music) that interest most users and predict that because a specific user utilizes the first one they will be interested in the second one too.

**Which methodologies do you use for the telecoms sector?**

**S. Denby:** We continue to use techniques such as segmentation and regression, but we also examine the customer's position in their relationship with the provider using data available from all possible sources. Through the use of this approach many models can be developed relevant to the kind of services that the customer uses (for example, messages, voice or content).

At the cycle point where each customer is billed we analyse their usage data. We may, for example, identify some customer groups that, even though they made many calls in the past, in the present month have almost a zero balance. Taking additional data sources for these groups, we could explain their behaviour through relevant models. Through this analysis, we can draw the conclusion that even those subscribers with the zero balance account could possibly be good, low-risk customers. Furthermore, we can analyse the reason for their lower level of use. For example, we can look at the number of calls not answered or identify that the phone they use is quite old. And if the

provider's strategy is to sell to the specific customer, it would make no sense call him/her to tell them we have observed a reduction in the use they make of the phone. It would have been more reasonable to call the customer and focus on the age of his mobile and find out whether this causes some problems in making calls. Therefore, we are interested to identify the high value customers and develop models relevant to the use, fraud and churn patterns. Combining these models, we can identify our strategy and implement a better and more personalised way of communication with each subscriber.

**Which are the success factors for the provider's communication with the customer, after its classification?**

**S. Denby:** Success is based on the combination of two key factors. We should examine the data available, in order to better understand the customers' needs and characteristics. Obviously, we cannot call a subscriber and say: "according to our data you have entered the category of high risk of churn". The discussion should begin with a specific reason for that communication. For example, a customer service representative can call the customer to observe that for the first time the customer has made a call from abroad. The key for a normal discussion is this combination of business focussed data analysis to deliver customer insight and the use of this to drive relevant communication with the customer.

**Many providers launch new services without knowing whether they will have the results they desire. How can the results from the use of a new service can be predicted with the methodology that you propose?**

**S. Denby:** I believe that some providers make the mistake of relying on an internal group to design a new service. They do not, though, use the data that they have available to conclude that, for example, a specific group of subscribers will need a specific service. Appropriate customer segmentation should be used to select a focus group in order to learn from them whether a solution really interests them before they launch it.

## **BOX**

### **Case Study**

A leading Telecommunications provider in the UK with 14 million subscribers suffered a churn rate of 27%. The company was responding to this problem by offering all customers who requested to close their account a new phone.

A budget of 450 million UK pounds was spent on this strategy each year.

Experian-Scorex was able to prepare an alternative solution that required less investment but allowed the provider to identify the highest value customers. It was then possible to focus retention activity of this high value group and the initial investment will lead to a profit of 100 million pounds.