

One-Size is Dead: Personalization as a Business Imperative

By Tim Young

Communications service providers, particularly in the mobile space, are doing a delicate bit of tightrope-walking as of late. On one hand, the all-you-can-eat model of data usage has proven to be a bit of a disaster, sending usage spiraling out of control and triggering massive backlash when CSPs have to engage in the inevitable dial-back of data usage.

Which leads to the problem that exists on the other hand: bandwidth caps can be jarring for customers, and can end in all sorts of public relations (PR) nightmares for carriers.

Both the unlimited model and the draconian bandwidth cap model run into problems because they make certain assumptions about what consumers want and in what form they want it. But, of course, there is a third way. I touched on this a little in my July issue feature on service tiers, but tiers are only the beginning. There is a universe of possibilities available to CSPs who can find the right formula for making services a touch more personal.

Personalization isn't just a nice-to-have. It can be a useful tool in reducing churn while ALSO addressing problematic user behavior. It's a kinder gentler face for usage tiers and bandwidth throttling. Moreover, it's a key tool for customer retention once the honeymoon of massive and widespread growth abates.

"When exponential growth peters out as it has done in most developed markets, and is beginning to do in some developing ones, then CSPs have to pay closer attention to retaining their customers – particularly those that are loyal and profitable,"

says Teresa Cottam, Research and Publications Director at Telesperience, an independent



communications IT analyst firm. However, Cottam notes that these efforts are clearly falling short, as customer satisfaction numbers border on the appalling for many carriers. In a recent study, Telesperience, "found 9 out of 10 customers currently feel that their needs are not being met by their operator, and this is

creating frustration and churn," which both translate to discrete costs that are incurred by the CSP in the form of either CRM costs or costs associated with acquiring new customers.

The latter costs are huge, obviously. A recent report by Kantar Media, an analyst firm which

focuses on marketing and brand reputation, found that of the top five advertisers in the U.S. market in Q1 2012, three were CSPs. Comcast, AT&T, and Verizon spent \$482.7, \$388.9, and \$358.6 million, respectively, on advertising alone. That's not including handset subsidies or other customer acquisition costs. Furthermore, these expenses represent what Cottam calls a "scattergun approach".

Of course, no one is arguing for a massive reduction in these expenditures. Brand awareness, alone, is a major concern. However, many CSPs are making these massive spends on customer acquisition while at the same time failing to take the time to fully understand and cater to the customers that they already have. "However, to sell more they first have to understand what customers want," Cottam noted. "This is pretty basic stuff in retailing, but still something of a revelation in telecoms where the utility mindset still lurks."

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In addition, subscribers have grown to expect certain levels of personalization. Take the instance of personalized alerts regarding service outages or other adverse network conditions. [“Amdocs sponsored a global survey](#) of 2,900 consumers that found 96% of the customers expect to be notified proactively about impending issues,” said Nibha Aggarwal, Director of Product Marketing with Amdocs’ Customer Management Business Unit, “with 30% expecting to be notified only if the problem was likely to affect them.”

Guy Maidan, Solutions Marketing Manager for Amdocs’ OSS Business Unit agrees: “Unless the service provider is aware of their customer’s type of service, plan, device, and account, it cannot offer solutions tailored to that specific customer,” Maidan said. “Generic services do not address customer inquiries and will end with a call to the contact center for resolution.” Call centers mean direct cost. Dissatisfied customers mean churn, which means direct cost.

The good news, however, is that personalized services can help keep these costs under control by injecting customized services for the end-user at a number of different points and using a variety of communication information technology (ComIT) tools.

The story of personalization is, in essence, a series of stories about OSS and BSS infrastructures interacting in a way that makes services easy to roll out in a way that is unique to each consumer and with relatively little human interaction on the CSP side.

For example, personalization is, in a way, a product catalog story. Solutions that centralize and productize the various services offered by a company into a centralized catalog, like those offered by Tribold and ConceptWave, help to enable easy and efficient pricing, provisioning, billing, etc.

It’s also a self-configuration/self-service story. In order for personalization to work, it needs to involve little active effort on the CSP side. Subscribers should be able to make changes through self-service portals, which should ideally be implemented automatically. “Providing the tools for customers to discover what they want, self-configure and set preferences is really

“The key to doing this profitably is.. automation and self-configuration.”

important,” Cottam noted. “It’s then up to the CSP to make sure that preferences are acted upon.”

In addition, personalization is a policy control story. Policy control and management solutions (like those offered by CSG International, Comverse, and Openet) can ensure that each subscriber gets full access to those services to which he or she is entitled, and that those who haven’t included such services in their plans don’t get free rides. When personalization means picking which offerings and special features you want, policy controls are essential parts of that story.

It’s also a customer analytics story. The customer analytics-style CEM solutions (offered by Aito, Connectiva, and Comptel, to name a few) allow a better

understanding of what customers are doing, which enables a better understanding of what they might like to do and how their services can be better personalized. Moreover, Aggarwal breaks out the concept of understanding customer behavior into three parts:

Customer History: “[CSPs] need to obtain customer context on service, plan, products, bill, interaction history and devices for each specific customer.” CSPs should understand if the customer has multiple subscriptions across the various lines of business that the operator offers, and should make sure that the customer information is integrated into all relevant systems.

Customer Preferences: CSPs should endeavor to understand how a customer prefers to interact with the provider across all channels and touchpoints in order to ensure a consistent response across preferred channels. “This requires investment into tools that ensure consistency across these touchpoints,” Aggarwal said.



Which lead to a third:

Customer Anticipation: “Service providers need tools that monitor customer events across various systems to gain insight into customer behavior and anticipate issues,” said Aggarwal. When customers interact with the subscriber, whether purchasing new services or requesting support, “these events need to be constantly monitored and fed into intelligent engines to anticipate and determine the next best action for that specific customer,” said Aggarwal. If these interactions are monitored carefully enough, customer reactions can be anticipated and proactive steps can be taken to avoid negative customer interactions.

However, Cottam notes that having data is not the same as effectively using data. “It’s not that CSPs don’t have sufficient data about their customers,” said Cottam. “It’s more a case of them still struggling to open up their data silos so that they can use the information they have. In this sense the personalization (band)wagon has been put before the data horse.”

There’s much work to be done in enabling effective personalization. “Although carriers realize the importance of personalization, they still have a ways to go in order to offer it to their customers,” said Aggarwal. She noted another recent Amdocs survey in which 50 service providers around the world were asked about personalized services. “About 56% of service providers personalize outbound notifications specific to a customer’s product, service, or past behavior, and about 30% are planning to offer these services. “

Cottam, likewise, notes that many CSPs aren’t getting personalization right yet, though many are trying. She notes that the underlying issue in this failure to achieve effective personalization strategy stems to a lack of understanding of subscriber behavior. “ We just completed some research on the 360 degree view and we found very few CSPs have still managed to deliver this,” said Cottam. “Obviously, it’s hard to fully personalize services if you don’t understand your customer so the SDM/360 degree view initiatives are really important.

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However, it’s worth remembering that personalization, though crucial, is a means to an end rather than an end unto itself. “Meeting customers’ needs – that is personalizing their service offering – cannot be done though at any cost,” said Cottam. “The key to doing this profitably is through automation, self-configuration of services and supporting the flexibility to change options.”

And Cottam offers one additional note of caution: “One thing we do know is that bad personalization is a major business risk because there’s nothing worse than a business presuming to know you and then demonstrating they don’t know you at all!” What’s more, over personalization does exist, and can send customers away, so the right level of customization is key.

In short, personalization can provide a middle road for CSPs seeking to avoid the pitfalls of offering too much for too little, while also avoiding the PR headaches of constantly playing the heavy with bandwidth hogs.

If one-size-fits-all isn’t yet dead, it’s certainly dying. Tiers are the first step. Personalized service may just be the next.

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