

# Articulating Customer Value: The Value Statement Must Be Table Stakes for Telcos

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Over the past 20 years, telecoms operators have played a key role in enabling the digital advertising and marketing industries, providing channels and connectivity through which brands have become able to reach their customers anytime and anywhere. This shift has created hundreds of billions of dollars of marketing real estate. Yet, despite their role, telcos themselves haven't been able to truly maximize their own marketing investments through the channels they own, even though their customers are reachable from their first connected minute.



While there are many reasons for this, for now I want to focus on the sheer volume and frequency of the marketing messaging that inundates customers—as often as hourly in some markets—yet remains sadly ineffective. In many cases, telcos themselves are the culprits. In a hyper-competitive environment, CSPs (communications services providers) are forced to react to market conditions with new promotions on a daily basis. Our research suggests that their customers simply don't remember all the offers and benefits available to them. Add to this the many other messages that customers are exposed to across email, app and SMS channels, and it is little wonder that marketing's response rates continue to drop.

An advertisement for Pipeline Video Services. The background is dark with a large, detailed image of a professional video light fixture. The text is white and orange. At the top, it says "Pipeline Video Services" in a large, bold font. Below that is a list of services: "On-site Videos", "User Interface Demonstrations", "Editorial Interviews", and "Animation and Whiteboard". A prominent orange button with white text says "GET STARTED &gt;&gt;". At the bottom left, the word "Pipeline" is written in a bold, white font. At the bottom center, there is a small white text link: "Click this ad for more information".

An increasingly diverse range of products and services, often reaching beyond the scope of core telco offerings, have become the bedrock of differentiation. Simply put, there is more to sell. As prices drop and customers focus on value for money—for instance, on how much data they get for every dollar spent—CSPs, particularly those operating in the premium space, are increasingly reliant on marketing to articulate what they offer in the most effective way possible, and deliver it in a personalised way to the customers who are most likely to respond. When they struggle to do this effectively, telcos are forced to give away a lot of value in terms of additional services, free offers, discounts and more in order to compensate while still carrying the risk of being easily imitated by competitors.

In simple terms, to justify their prices and differentiate themselves from the competition, telcos have recently been taking the approach of providing added value to their customers to secure competitive advantage. Given that Net Promoter Scores in the telecom sector are some of the lowest across all industries, it's not hard to see how and why increasing 'value perception' within the customer base has become so central to success.

Despite this scenario in which marketing becomes a focal point, telco marketing departments continue to struggle. In relative terms, though pressure is high, investment in enabling innovation remains relatively low.

This is ironic, given that improving NPS through effective communication of value provided to customers should now be table stakes for any telco that wants to improve its competitive status.

## **Marketing is a challenge, and it's getting more challenging**

With the above context in mind, how can telcos cut through the noise to reach an ever-demanding customer who is deluged by marketing messages, often from the various divisions of the same telco? It's a serious challenge and it requires a clever solution that is both dynamic and personalized, one that helps address customer perception of value and also creates 'unique marketing real estate.' In my experience, the Holy Grail that telcos should be aiming for is the creation of a 'Value Statement.'

This is the crux of the matter: research has shown that, despite the increase in the volume of marketing and promotional information (via web marketing, direct email, SMS and in-app marketing) in recent years, customers haven't changed their perception of the value that the telco is providing them. An example of this comes from a European Tier 1 that, to address its low NPS, decided to provide all kinds of offers including data caps, movie downloads, and more to its customers. When recipients of these offers were subsequently asked in focus groups about the price they were being charged, they thought they were being offered terrible VALUE for money simply because they didn't remember all the services made available to them.

This is one reason why Value Statements are the way forward. They provide a way of aggregating and clearly articulating all the value that a telco provides to an individual, including (a) what offers are available (the value a customer can access); (b) what offers the customer has used (the value the customer has actually utilized); and (c) other targeted informational and marketing offers (the additional value that can still be accrued).

With a Value Statement in hand, the customer has a clear sense of the overall value he or she receives from the service provider. Customers are aware that, for instance, "I pay \$10/month but in return I get X amount of data, \$4 of vouchers and unlimited texts. vs. paying \$8 simply for the same amount of data but no downloads (and/or limited texts) from a competitor."

Looking at this, it's both easy to see why the creation of these statements should be table stakes for telco marketers but also why creating them is challenging. The various tiles that make up a Value Statement must reflect all the offers relevant and available for the customer in question at any specific point in time ... so it needs to be both personalized and dynamic for each individual.

The fact that CSP marketers must make every interaction matter today—and also give customers and prospects a good reason to provide their consent to receiving marketing messages—underlines how vital it is to guarantee that any customers' fears and frustrations related to the thought of being bombarded by multiple individual offers and messages are ameliorated. Marketing communications have to be driven by content that is meaningful, interesting and useful to recipients.

The Value Statement is designed to achieve all of these things. It provides a unique way of communicating with the customer and increasing value perception. It is a tool that cuts through all the other marketing noise and gives the telco 'real estate' to communicate unique benefits as well as relevant and personalized upsell offers in a clear and consolidated manner.

## **Imagining the Customer Value Statement**

In terms of implementation, the Customer Value Statement (CVS) is best described as a digital engagement initiative that enables the CSPs to put key marketing messages in front of priority customers to animate their behavior and encourage their relationship with the business.

The customer experience that the Value Statement delivers can be thought of as a digital visualization of several value reinforcement messages that can be combined with relevant offers. In a mobile (or web) setting, these can best be displayed as tiles on a handset (or a web) screen. Each tile will have a unique call-to-action (CTA) button that enables the recipient to find out more about a relevant offer or to initiate a process to accept it. This, along with the selection of the best offer for each tile presented to the individual, must be configured in real-time.

As each customer is unique, so each customer must see a different set of tiles with content that is selected on the basis of its relevance to the customer in question. When this happens, the result, far removed from the traditional generic 'one-size-fits-all' message on an invoice, is a unique and personalized statement built for the individual.

## **How to realize the CVS**

To implement a CVS approach and create statements that are unique for each customer, 5elcos have to invest in enabling technology. This technology must first be able to mine the telco's data to capture key statistics using agreed-upon metrics that enable the creation and management of an online, 360-degree customer profile. By combining traditional status, usage and demographic registration data that CSPs hold in their BSS environments—along with an indication of customer interests and preferences derived via third-party APIs as well as any legacy loyalty, engagement and offer programs—building an enriched 360-degree customer profile becomes possible.

The enriched customer profile is the foundation stone of a CVS. From that, the CSP can look to design and then configure several behavioral segments. It can set up a catalog containing its products and services and create an offer portfolio populated by a variety of available gifts, benefits and value-enforcing messages. These can be aligned using eligibility settings to provide a multitude of the aforementioned unique Value Statement tiles.

Depending on the personalization granularity that the CSP desires, it is possible to create as many as several hundred different tiles, each with its own settings, and each applicable to customers based on their value, tenure, location, device, usage and other preferences.

These tiles lie at the heart of generating the Value Statement that each individual customer sees. By adding and deploying a real-time offer manager using Machine Learning algorithms to rank-order all configured tiles related to a particular objective category, the CSP can identify the best matching tile for each visual screen position for every customer based on metrics such as:

- Available offers
- Propensity of the Customer to Accept
- Relevance to the Customers Interests
- Uplift Value Generated from Acceptance
- ...and combinations of each of the above

Once a Value Statement is sent out in emails or viewed within the CSP's mobile app or self-care portal, the CVS can track the resulting engagement of customers and also the business KPIs that are affected by it.

## **Summarizing the benefits of the CVS**

CSPs today can use the Customer Value Statement use case to meet a multitude of business objectives. These include:

- Automated, intelligent decisioning
- Increased Net Promoter Score

- Faster new product awareness
- Improved individual customer interaction
- More effective cross-selling and upselling
- Increased revenue
- Better offer uptake
- Improved retention

In my experience, the Value Statement is a unique way of communicating with the customer and increasing his or her value perception. It is a tool that cuts through marketing noise and gives the telco 'real estate' to communicate unique benefits as well as relevant and personalized upsell offers in a consolidated manner. It is the root of both improved NPS and, ultimately, a strengthened position in a competitive market.