

Taking a Next Best Action Approach to Strengthening Telecom Customer Relationships

One of the biggest challenges that telecom industry executives face is customer churn. While churn rates vary by country and by provider, annual churn rates for telecom companies average between 10 percent and 67 percent, according to the Database Marketing Institute. And while there are a variety of reasons that customers disconnect from wireless providers in particular - dissatisfaction with the quality of service, cost, poor customer support - the use of customer data and analytics is providing decision-makers with new ways to identify potential triggers for churn and opportunities to strengthen customer relationships.

I had a chance to discuss these issues at Pegasystems' PegaWORLD conference a few weeks ago with Cretien Brandsma, managing executive of customer value management at Vodacom, a subsidiary of Vodafone and the largest telecom company in South Africa.

In his role, Brandsma supervises a 50-person team comprised of data scientists and customer value management marketers who manage Vodacom's customer relationships throughout the entire course of the customer lifecycle. Vodacom has been using Pegasystems' software as its decisioning hub since 2010.

If a Vodacom customer calls into one of its call centers for support, for example, the Pega software can analyze all of the known information about that customer, including the type of

plan they're on, the customer's lifetime value, their support history, the most recent interactions the company has had with that customer, and other information which prompts the software to generate a "Next Best Action" to take with that customer.

As Brandsma explains, the next best action isn't always a commercial offer. It could be a recommendation for guiding a customer to a particular channel for additional information they may be interested in.

Meanwhile, Vodacom's data scientists focus on developing and analyzing churn and propensity models, evaluating customer lifetime value, determining changes in customer revenue and profitability, changes in

behavioral patterns, etc.

By taking a data-driven approach to better understanding the needs, behaviors, and preferences of its customers and then acting on these insights, Vodacom is forging tighter relationships with its customers - and reducing its churn rate. For Vodacom's fiscal year ended March 31, 2015, customer churn was reduced to 9.2 percent, one of the lowest levels in the company's history.

Fierce competition for customers is forcing wireless service providers to distinguish themselves from their rivals. While price promotions can help provide a short-term edge, wireless providers that go the last mile in delivering on customer expectations stand to reduce churn and strengthen loyalty.

