

# Retain Advance Woo



ADVANCED  
CUSTOMER ANALYTICS  
FOR BUSINESS GROWTH

| TELECOMMUNICATIONS & MEDIA |

# **RETAIN, ADVANCE, WOO:**

THE R-A-W GUIDE OF ADVANCED CUSTOMER  
ANALYTICS FOR BUSINESS GROWTH

| TELECOMMUNICATIONS & MEDIA |



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# THE STATE OF THE MARKET:

## INCREASING NEED OF CUSTOMER ANALYTICS FOR MOBILE NETWORK OPERATORS

*The telecommunications industry is struggling to find new sources of growth, threatened by value erosion and blurring boundaries between subscription industries. Mobile network providers are affected by global trends and need to reinvent themselves:*

### COMMODISATION OF SERVICES THREATENS GROWTH.

Traditional networks services are turning into a commodity. It is hard to stand out and even harder to acquire new customers at an optimal ROI rate.

### THE ERA OF RECOMMENDATIONS.

Word of mouth, recommendations, referrals and reviews are among the deciding factors of choice. Businesses need to follow millions of consumer conversations and understand the bigger patterns behind them to stay ahead of the curve.

### DECREASING CUSTOMER LIFETIME VALUE.

Decreasing prices and tenures are reducing customer value. Having worked so hard to attract them, mobile network providers are wondering: How to retain them and offer them the right products for maximum return?

### SATURATION DRIVES NEW PRODUCT DEVELOPMENT.

With an abundance of options at their fingertips, consumers are looking for value-added propositions. Developments such as 5G, IoT and the eSIM, and increasing push for data security and sustainability are all presenting both numerous challenges and opportunities for growth.

### BLURRING INDUSTRY BOUNDARIES CHANGE THE RULES.

Once part of an industry known for its fixed structure and high entry costs, mobile network providers are competing with media, technology companies, broadband and cable operators, on-demand video content providers, even social media giants. Competition can be over anything from content to customer service to the design of completely new products. When you don't know who your competitors will be tomorrow, how do stay ahead of them today?

### MULTIPLE CHANNELS FRAGMENT AN ALREADY NON-LINEAR JOURNEY.

In an omni-channel universe, you can get and later lose a customer, without them ever getting in touch with your staff. How do you keep track of multiple, dynamic digital journeys and delight customers at every touchpoint?

How do mobile network operators navigate this increasingly complex market and maintain healthy growth rates?  
For years, customer experience, marketing and product executives have been repeating the old mantra: "Focus on the customer".  
What happens in practice, however, is another story.

Globally, mobile/internet service providers rank among the industries with the largest gap between customer experience expectations and reality (PwC, 2018).  
So is there a successful strategy to address the increasing demands and expectations of mobile network clients while sustaining business growth?

*Retain, Advance, Woo offers you a game plan to design and execute well-structured, easy to manage, high-impact customer experience insights and analytics programmes.*

1

First, we briefly outline each of the three major challenges in the sector - boosting retention, revenue (ARPU and lifetime value), and referral.

2

For each of these challenges we then present a brief guide to solving it:

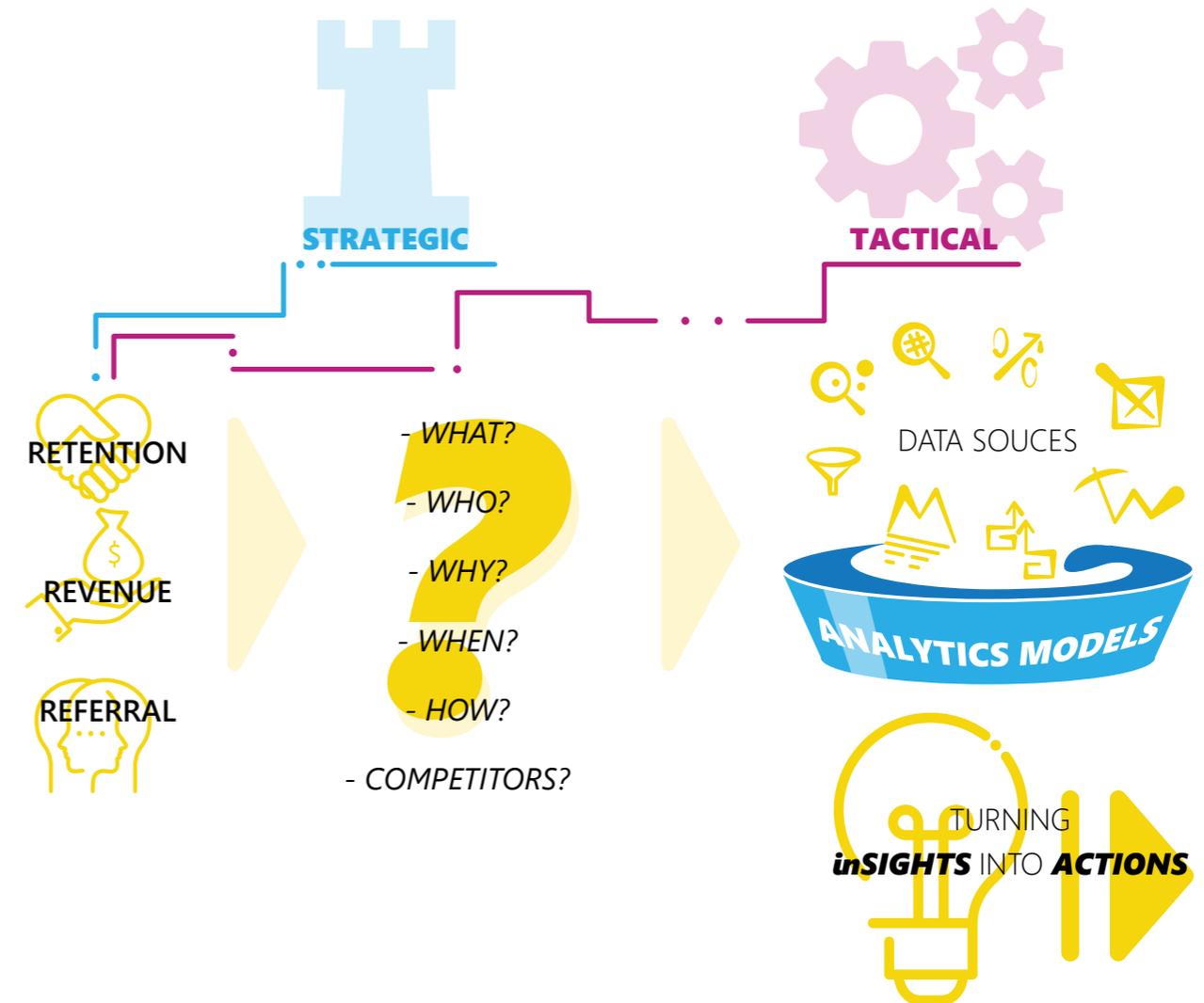
DEFINE THE  
**HORIZON  
OF IMPACT**

CHOOSE THE  
RIGHT **DATA  
SOURCES** AND  
**ANALYTICS  
MODELS** TO  
ANSWER THEM

ASK THE RIGHT  
**QUESTIONS**

TURN **INSIGHTS**  
INTO **CUSTOMER  
PROGRAMMES**

FOR MAXIMUM EFFECT,  
CONSULT  
FREQUENTLY  
AND EXPERIMENT  
**BOLDLY.**





# THE BUSINESS CHALLENGES

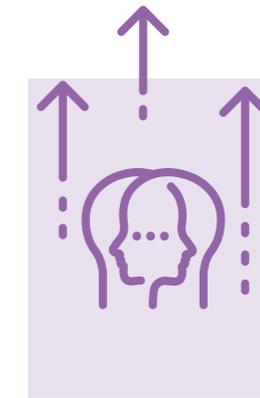
Broadly speaking, customer experience analytics can help you boost the three crucial elements of business performance:

How do you...

**retain customers?**

**upsell & cross-sell?**

**grow your business with customer referrals?**



## BOOST RETENTION:

Boosting retention (decreasing churn) has been the holy grail of customer experience analytics for decades now and for a good reason. It is a challenge to keep your clients from taking their custom elsewhere in a highly saturated and competitive market.

## BOOST AVERAGE REVENUE PER USER:

Once you make sure your customers aren't going to a rival, how can you entice them to more of your products and services? What is the value of a bundle or a supplementary subscription for both the organisation and the customer?

## BOOST REFERRAL-BASED ACQUISITION:

Despite all the recent buzz around word of mouth marketing or micro-influencers, few telecommunications companies have anything than a standard referral programme that relies on the customers actively seeking to make a recommendation. Can you identify all the other customers, otherwise passive, who might be happy and willing to bring a friend?



# BOOST RETENTION:

## HORIZON OF IMPACT

*So, you are looking to reduce churn rates, to prevent clients from going to a rival. The first decision you need to make is about the breadth and depth of the impact you are looking to make for your organisation. This is a crucial step, as your choice at this point will determine the questions you need to ask yourself and the way you implement the answers.*



ARE YOU LOOKING FOR **STRATEGIC**, LONG-TERM, MASS MARKET IMPACT?

OR ARE YOU GOING FOR MORE IMMEDIATE, **TACTICAL**, CUSTOMER-LEVEL IMPACT?



### PREREQUISITE

Identify the root causes of churn: for example, product experience, service experience, pricing, etc.

Identify the likelihood that a specific customer will switch in the next 1-6 months and the probability of saving them.



### ACTION

Act by implementing product improvements, developing new propositions, customer service process enhancements.

Act by proactively reaching out to individual customers, giving them the platform and opportunity to voice their concerns, and work to mitigate them.

# BOOST RETENTION:

## DATA SOURCES AND ANALYTICS BLUEPRINT

### Strategic QUESTIONS

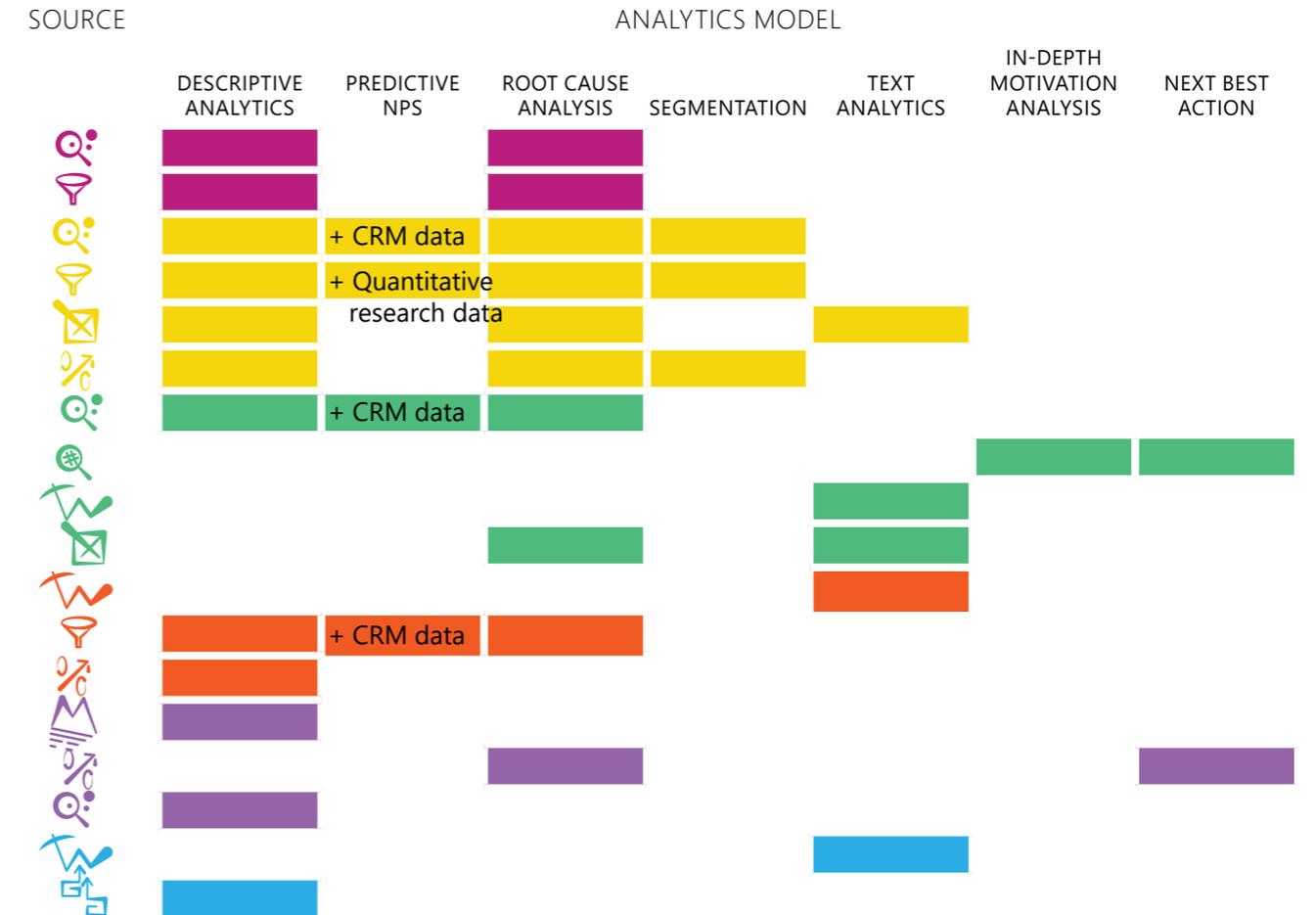
### Tactical QUESTIONS

- |   |  |
|---|--|
| <p><b>1.</b> - What is the current churn rate?<br/>- What's the trend?</p>  | <p>N/A</p>                                     |
| <p><b>2.</b> - Who's switching?<br/>- Who's not?</p>  | <p>- Which customers are likely to churn?</p>  |
| <p><b>3.</b> - Why do customers switch?</p>   | <p>- Why are they likely to churn?</p>         |
| <p><b>4.</b> - When do customers switch?<br/>- What's the threshold?<br/>- Is there a specific interaction that makes them more likely to switch?</p>   | <p>- When are they likely to churn?</p>        |
| <p><b>5.</b> - What communication channels are most widely used?<br/>- Which are the most appropriate ones?</p>   | <p>- What's the best way to approach them?</p> |
| <p><b>6.</b> - What's the churn rate of competitors?<br/>- What are they doing to save customers?<br/>- What are they doing to attract your customers?<br/>- Which competitors are stealing customers from you?</p> | <p>N/A</p>                                     |

Use this blueprint as a starting point to define:

- what questions do you need answered about your customers
- what analytics models answer those questions
- what data sources you need to drive analysis

The list is by no means exhaustive but is a good base to create effective insights-based customer experience initiatives and programmes.



Quantitative Research    CRM Data    Complaint forms    Digital journey data

Qualitative research    Web mining    Media monitoring reports    Competitive Intelligence data

# BOOST RETENTION:

## TURN INSIGHTS INTO IMPACTFUL INITIATIVES



Generating meaningful insights about customers' attitudes and behaviours is one thing. However, the true mastery lies in the ability to translate these insights into actionable recommendations and devise initiatives that address the heart of any customer issues. It takes willingness, persistence, empowerment, and sometimes pure bravery to follow up on the customer insights with meaningful organisational initiatives.

Nevertheless, customer analytics holds enough transformative power when applied at an individual customer level as highlighted in these two example programmes. The first is a traditional CX initiative, whilst the second bypasses the limitations of surveys with the power of predictive analytics.

## OUTBOUND **CLOSE THE LOOP** FOR RETENTION

**WHAT** A process in which you follow up on what customers have shared with you. Most widely used for retention. For example, if a customer has said they are looking to switch to a different mobile network operator, you can try to save them by contacting them to understand more and mitigate any issues they have.

**APPLICATION** Tactical

**IMPACT** High

**HOW** By utilising quantitative research and your database of complaint forms. Unfortunately, not all customers complain and even if they do, it might be too late to save them. Running an NPS or a satisfaction survey on a regular basis, for example after each interaction, is a good way to gather feedback before it's too late. Once you identify which customers are likely to churn, you can then reach out to them to try and save them.

**WATCH OUTS** Throwing gifts and discounts at customers just to save them. This might backfire as you increase the service baseline for customers and in subsequent transactions they expect more. Furthermore, external incentives are often a short term solution.

## CHURN PREVENTION PROGRAMMES BASED ON **PREDICTIVE NPS**

Similar to closed-loop programmes, but applied to your whole customer base. While close the loop is dependent on the customer input you have, a churn prevention programme is based on predictions about customers' intention to churn unlocked by Predictive NPS. With a traditional closed-loop or Voice of Customer Programme you can save a third of the customers willing to switch who explicitly told you so, with a Churn prevention programme you can save a third of all customers willing to switch. The impact, compared to traditional customer rescue initiatives, is much higher and can be easily scaled across different markets or customer bases.

Tactical

Very high

Step 1: Run an NPS or a satisfaction survey with your customers.  
Step 2: Match the results to your CRM database.  
Step 3: Understand which behaviours predict customer satisfaction (driver analysis).  
Step 4: Create an algorithm that extends these findings beyond the scope of the survey to your whole customer base.  
Step 5: Follow the same close-the-loop process.

You need to ensure you have enough resources to act on the scale of opportunities unlocked by Predictive NPS.

# SUCCESS STORY:

## HOW A LEADING TELCO APPLIED PREDICTIVE NPS TO DECREASE CHURN

### KEEPING CUSTOMERS IN:

A client of ours, a leading mobile network, TV & broadband provider in the UK and Europe, aimed to improve its customer experience and satisfaction as well as decrease churn rates. One of the key challenges was that only a small number of highly dissatisfied customers ever contact the call centres with complaints. To tackle this challenge we created a machine learning model which predicted dissatisfied customers based on their behaviour, products, customer service interactions, and usage patterns. The model increased the likelihood to accurately identify unhappy customers without having to ask them seven fold.

### HOW WE DID IT:

Our process started by mapping respondents from survey research with their respective digital footprint from the existing internal database (CRM, usage etc.). A model was then applied using a set of carefully selected variables from both sources. At a later stage, the predictive model mapped possible outcomes on all existing customers, regardless if they took part in the actual survey or not. The machine learning model used a gradient-boosting technique based on 1200 individual variables. This technique was chosen due to its robustness with regards to over laying the predictions, multiple interactions in the process, ease of handling missing data and overall accuracy levels, with comparisons to other loss functions considered.

### SCALING UP:

We embedded our model in the operational systems of customer service employees. Autonomous scripts were set to run the process once a month. We looked at the call centre systems and the way calls were prioritised to employees using an extensive list of potential Super Detractors, which was supplied on a daily basis. We integrated the churn model within the existing call routing system to increase the effectiveness of customer service employees on a daily basis. With close to real-time capabilities, the churn prediction model enabled employees to tackle dissatisfaction pro-actively. Retention efforts were recorded and analysed to maximise effectiveness.

### BUSINESS IMPACT:

Following successful tests, the client has implemented the model, enabling them to identify customers ranked highest in terms of dissatisfaction. The model increased the likelihood of identifying a Super Detractor by 7 times (versus picking a customer at random). Once the company knew who was unhappy, the call centre agents were able to target them and solve their issues. As a result, the operator is able to retain 34% more dissatisfied customers than before. General churn rates decreased from 12% to 8%.



# BOOST AVERAGE REVENUE PER USER (ARPU):

HORIZON OF IMPACT

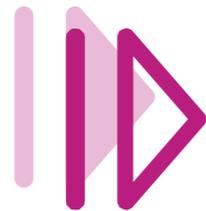
*As with the other business challenges the first step is to decide on the level of impact you are looking to make.*



## PREREQUISITE

Identify the successful and unsuccessful customer journey patterns to build a deeper understanding of your customers issues.

Identify micro-segments of customers with the highest probability to accept an upsell or cross-sell offer in the next 1-6 months.



## ACTION

Act by designing optimised product/services bundles that create additional value for your customers and for your business.

Act by proactively reaching out to customers with personalised deals and prioritise customers with the highest CLV, or address issues affecting specific customer pockets.

# BOOST AVERAGE REVENUE PER USER (ARPU):

## DATA SOURCES AND ANALYTICS BLUEPRINT

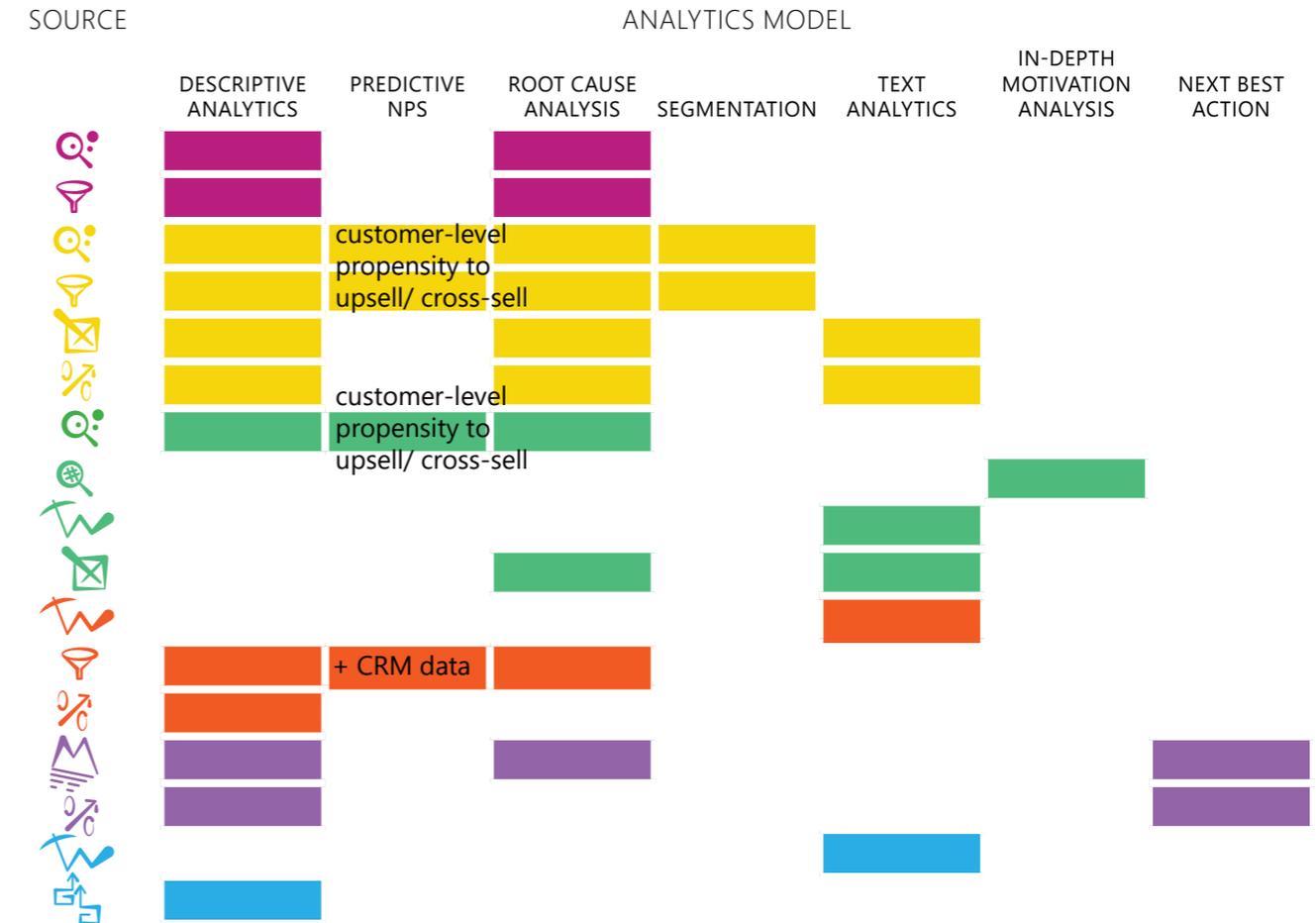
### Strategic QUESTIONS

### Tactical QUESTIONS

- |  |   |
|--|---|
| <p><b>1.</b></p> <ul style="list-style-type: none"> <li>- What is the cross-purchase rate?</li> <li>- What is the share of customers with more than one product?</li> </ul>              | <p>Not relevant</p>   |
| <p><b>2.</b></p> <ul style="list-style-type: none"> <li>- Who is more likely to buy more?</li> </ul>   | <ul style="list-style-type: none"> <li>- Which customers are likely to purchase more products?</li> </ul> |
| <p><b>3.</b></p> <ul style="list-style-type: none"> <li>- What makes customers buy more?</li> <li>- Under what conditions do they buy more?</li> </ul>                                   | <ul style="list-style-type: none"> <li>- What would make them buy more?</li> </ul>                        |
| <p><b>4.</b></p> <ul style="list-style-type: none"> <li>- When do customers buy more?</li> <li>- What's the trigger?</li> </ul>  | <ul style="list-style-type: none"> <li>- When are they likely to buy more?</li> </ul>                     |
| <p><b>5.</b></p> <ul style="list-style-type: none"> <li>- What communication channels are most widely used?</li> <li>- Which are the most appropriate ones?</li> </ul>                   | <ul style="list-style-type: none"> <li>- What's the best way to approach them?</li> </ul>                 |
| <p><b>6.</b></p> <ul style="list-style-type: none"> <li>- What are competitors doing to attract your customers?</li> <li>- Which competitors are stealing customers from you?</li> </ul> | <p>Not relevant</p>   |

Use this blueprint as a starting point to define:

- what questions you need answered about your customers
- which analytics models answer those questions
- what data sources you need to drive analysis



Quantitative Research    CRM Data    Complaint forms    Digital journey data

Qualitative research    Web mining    Media monitoring reports    Competitive Intelligence data

# BOOST AVERAGE REVENUE PER USER (ARPU):

TURN INSIGHTS INTO IMPACTFUL INITIATIVES

## DRIVING UP **USAGE** AND **SERVICE ADOPTION** TO PREPARE CUSTOMERS FOR **UPSELL**

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### APPLICATION

Strategic

### IMPACT

High

### HOW

Look closely at product usage patterns for different client segments and identify segments with high customer lifetime value but low adoption rates of a service or product – look for the white spaces with lots of room for customer education and new habit creation.

### WATCH OUTS

Driving up rates of adoption is a long-term process – by the time you educate customers enough there will be a herd of direct and indirect competitors looking to feast on a customer segment that is profitable yet demanding. Driving adoption goes hand in hand with continuous innovation to make sure you have something to upsell with.

## TARGETED **CROSS-SELL** AND **UPSELL** CAMPAIGNS FOR **DYNAMIC CUSTOMER SEGMENTS**

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Tactical

Very high

Similar to churn prevention programmes based on Predictive NPS but applied to cross and upsell opportunities. Predictive algorithms can pinpoint those individuals who are most likely to increase their current plan or to opt for a larger bundle based on similar customer journeys or specific triggers identified as critical for such decisions.

You need to ensure you have enough resources to act on the scale of opportunities unlocked by Predictive NPS.

# SUCCESS STORY:

## IDENTIFYING RELEVANT UPSELL AND CROSS-SELL OPPORTUNITIES WITH PREDICTIVE ANALYTICS

### **INCREASING CUSTOMER VALUE:**

A major British insurance company was facing a less than satisfactory upsell rate for their automotive insurance customers.

### **HOW WE DID IT:**

We created a model that predicts how likely each customer is to accept an offer for complementary products and services – each of them is assigned a “propensity to buy” score from 0% to 100%. The model is based on customer, transactional, service and NPS survey data. After initial validation the model was implemented into the customer service processes and started generated regular recommendations, optimisation suggestions, more accurate prioritisation of customer segments.

### **BUSINESS IMPACT:**

After the first 6 months of targeted marketing initiatives for customers with a high likelihood to buy, upsell success rates increased by 28%.





# BOOST REFERRAL-BASED ACQUISITION:

## HORIZON OF IMPACT

*The first step to boosting referral is choosing the horizon you will be looking at – will you approach the problem by implementing strategic improvements or executing personalised activities aimed at the individual customers?*



ARE YOU LOOKING FOR **STRATEGIC**, LONG-TERM, MASS MARKET IMPACT?

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### PREREQUISITE

Understand the most important aspects of your services that drive customer delight, which factors increase the likelihood of a successful referral (rewards, messages, etc.) and what are the most appropriate moments of your customer's journey to ask for a recommendation.

Estimate the likelihood of a specific customer recommending your business to a friend, which are their preferred channels and what type of incentive will work best?



### ACTION

Act by redesigning your referral programme with relevant mechanics (channels, CTA) and incentives to achieve optimal results (costs vs. ROI).

Act by proactively reaching out to happy customers to ask for a recommendation.

# BOOST REFERRAL-BASED ACQUISITION:

## DATA SOURCES AND ANALYTICS BLUEPRINT

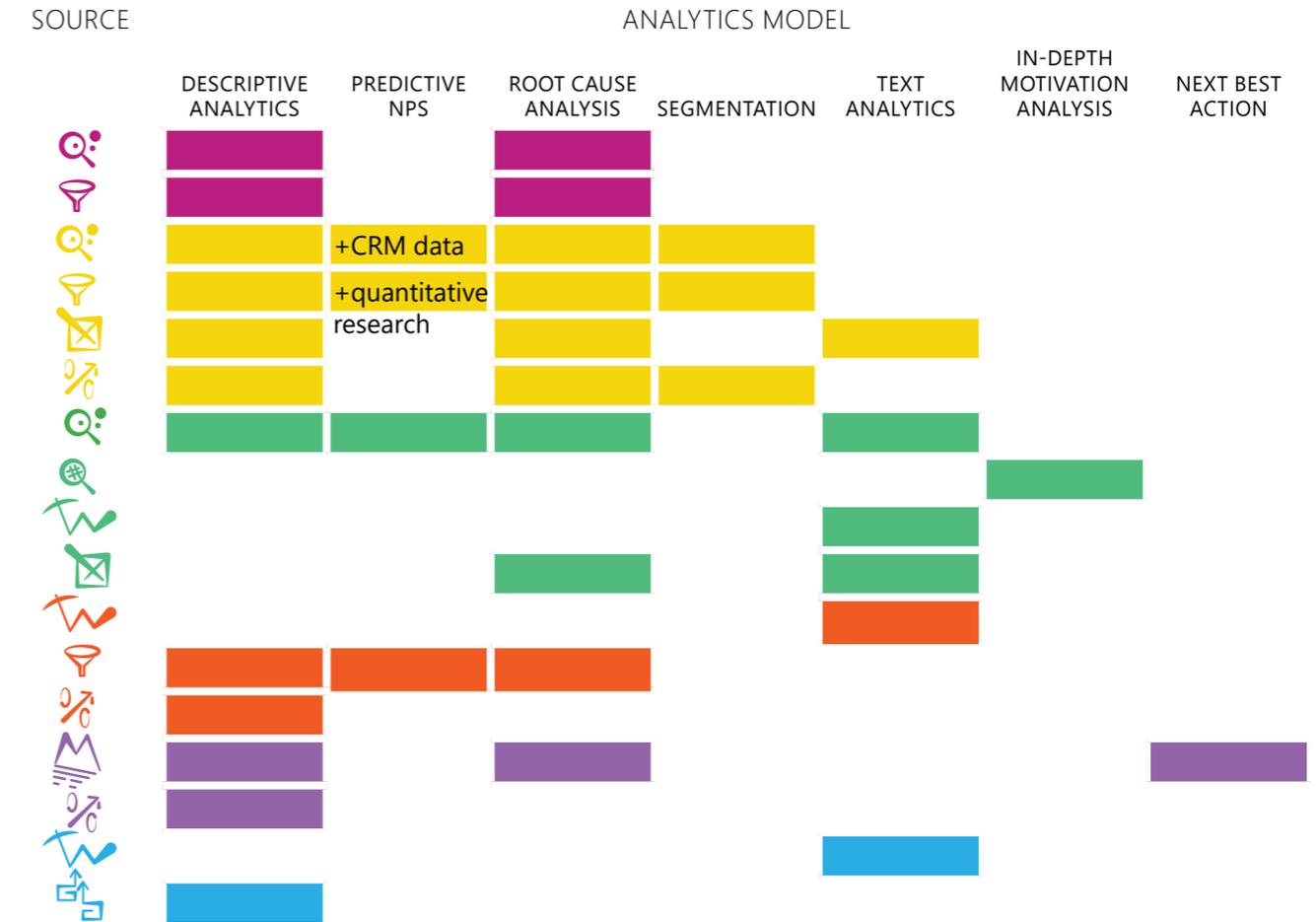
### Strategic QUESTIONS

### Tactical QUESTIONS

1.	- How many customers recommend you?	Not relevant
2.	- Who is more likely to recommend? - Who's likely to advise against?	- Which customers are likely to recommend?
3.	- What do you need to do for a customer to refer you to a peer? - Why are customers referring other companies?	- What would make them recommend?
4.	- In what situations do customers recommend you?	- In what situations are they likely to recommend? - When do we want them to?
5.	- What communication channels are most widely used? - Which are the most appropriate ones?	- What's the best way to approach them?
6.	- What are your competitors doing to make customers recommend them?	Not relevant

Use this blueprint as a starting point to define:

- what questions you need answered about your customers
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Quantitative Research CRM Data Complaint forms Digital journey data

Qualitative research Web mining Media monitoring reports Competitive Intelligence data

# BOOST REFERRAL-BASED ACQUISITION:

TURN INSIGHTS INTO IMPACTFUL INITIATIVES

## **SOCIAL SHARING PROGRAMME** FOR CUSTOMER SEGMENTS WITH HEAVY SOCIAL MEDIA USAGE

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### APPLICATION

Tactical

### IMPACT

Moderate to High

### HOW

Identify customer segments who are active on social media and understand why they are sharing – to exchange ideas, to stay ahead of the curve, to gain acceptance or build social currency. Design your programme around a deeper understanding of the motivations of different segments gained by applying advanced text algorithms to publicly shared content.

### WATCH OUTS

If you want your customers to spend their “social currency” on talking about you on social media, craft an exciting message they would share with their friends.

## PERSONALISED REFERRAL PROMPTS PROGRAMME BASED ON **PREDICTIVE NPS**

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Tactical

Very high

Predictive NPS algorithms can be applied to identify usage patterns for customers who are very happy with their mobile provider experience. Once you have identified how satisfied your customers are, you can prompt them to refer a friend with personalised incentives.

Be sure to personalise incentives and include not only cash-based rewards such as discounts, but also other types of recognition such as exclusivity, premium services, etc.

# SUCCESS STORY:

## REFERRAL ACTIVATION AMONG TOP BRAND PROMOTERS THROUGH PREDICTIVE NPS & SOCIAL MEDIA ANALYSIS

### ACQUIRE NEW CUSTOMERS THROUGH REFERRALS:

Our client, a mobile network provider in Northern Europe, was facing the widespread challenge of slowing growth and rising acquisition costs. New entrants to the market from adjacent or even distant industries were continuously stealing the more price-sensitive customers. That's when we were tasked to come up with insights to drive new signups by other mechanisms than price promotions.

### HOW WE DID IT:

One of the best behavioural predictors in the telecommunications industry is the interaction between customers. Unhappy customers influence others and can cause them to churn; happy customers, too, can influence others and attract them to their own network provider. However, happy customers are more likely to stay quiet about their experience and are far too often ignored when CX efforts are designed.

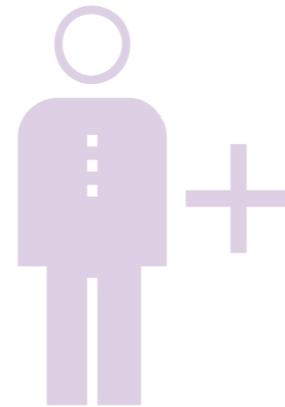
Because of this we built a model that predicts who the most satisfied customers in our client's database are (utilising our Predictive NPS) approach. In addition, we mined social media, forums and other customer feedback to better understand why and when people are willing to put in good words for their provider. The insights were used to amplify our existing model to predict which customers were most likely to want to share these kind of experiences with their social media following, boosting the impact that each activated referral had.

Armed with a list of potential brand advocates, our client came up with a renewed incentive mechanism that was launched as an ongoing programme.

### BUSINESS IMPACT:

The combined model has shown immediate results and a 14% uplift of referral-based acquisition since the launch of the programme.

# PROVING THE ROI OF YOUR CUSTOMER EXPERIENCE INITIATIVES



Most customer experience practitioners face troubles linking their initiatives with an exact number and proving a return on the resources invested. In fact, this is one of the top three challenges that customer experience practitioners face around the world, alongside “building a client-first culture” and tackling “competing priorities” (CX Network, 2019).

Apart from struggling to secure senior management buy-in, failure to attribute an exact ROI number to projects leads to poor prioritisation decisions and low engagement rates of the customer-facing workforce.

Historic research demonstrates a clear correlation between lifetime value and customer satisfaction. Satisfaction ultimately impacts the three key variables of customer lifetime value (CLV):

Retention – how long your customers stay with you

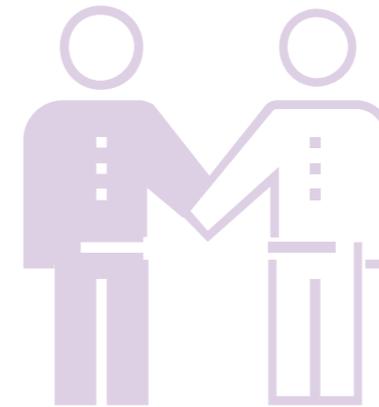
Average Revenue per User – how much they spend on average

Cost to serve – the costs of truck rolls and service calls

However, is there a way to calculate exactly how much more your organisation will earn if you invest in specific CX initiatives to improve satisfaction? Also, which initiatives fall into the “sweet spot” of delighting customers without exceeding the potential value it can generate? There are two crucial elements to this question:

Present: Understand how unhappy customers are currently impacting revenue

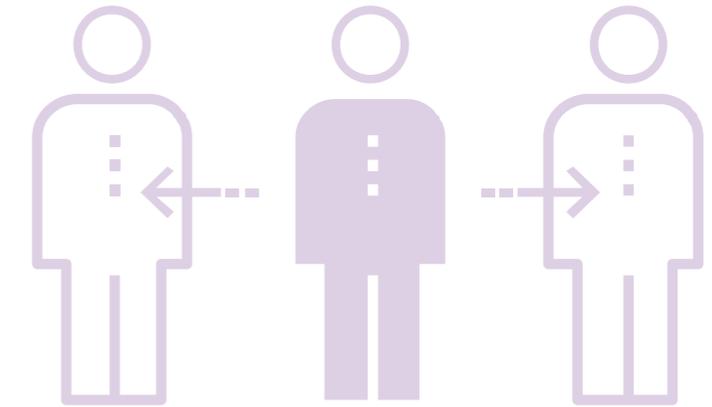
Future: Estimate the future increase in top-line revenue caused by improvement initiatives



## PRESENT: HOW IS CUSTOMER SATISFACTION IMPACTING PROFITABILITY

We analysed an emerging market for one of the top 10 mobile operators in the world and, not surprisingly, found out that 16% of the customers are unhappy and they are 11% more likely to churn. But more interestingly, the operator starts losing money even before they switch to a competitor. It turned out that churners spend on average 2.2 times less money per month than the other customers.

We also segmented the customers by the type of monthly subscription plan they are signed up for and identified the “riskiest” plans - the ones that are most likely to “generate” unhappy customers that eventually leave. This allowed for informed product decisions by the operator’s executives – discontinuing expensive plans that generate a lot of dissatisfaction or focusing on the best “value for money” plans.



## FUTURE: ESTIMATION OF IMPACT OF IMPROVEMENT ACTIONS ON REVENUE

We built a model to estimate the return on investment of CX initiatives, based on the following data:

WACC (Weighted Average Cost of Capital) and Gross Margin

Call Centre Effectiveness – what is the average number of clients the call centre team can save per day through targeted calls

The difference generated from improving satisfaction for unhappy customers – what will be the increase in their Customer Lifetime Value and rate of retention

The retention rate of strategic improvement initiatives at scale

Combining all previous aspects and assumptions, we calculated the net present value based on total retained revenue for the next 5 years to a total of 5 million (local currency).

# THE MOBILE NETWORK EXECUTIVE'S GUIDE TO DATA SOURCES AND ANALYTICS

## DATA SOURCES

With the advent of digitalisation and Web 2.0 the pool of data sources and the amount of data we can use to answer business questions grows exponentially.

Some of these (quantitative research, qualitative research, complaint forms) have been in places for decades now); others are full of unexplored potential – web mining and text analytics, for example.

In recent years there have been exponential advancements, not only in the types of data we have about a customer, but also in the ways we use it. Think customer journey analytics – gathering and analysing all the known interactions of a consumer with an

organisation to try and represent them in a variety of paths that real customers take across channels. This is just one example of how fusing multiple data sources can unleash the unprecedented power of customer-level analytics.

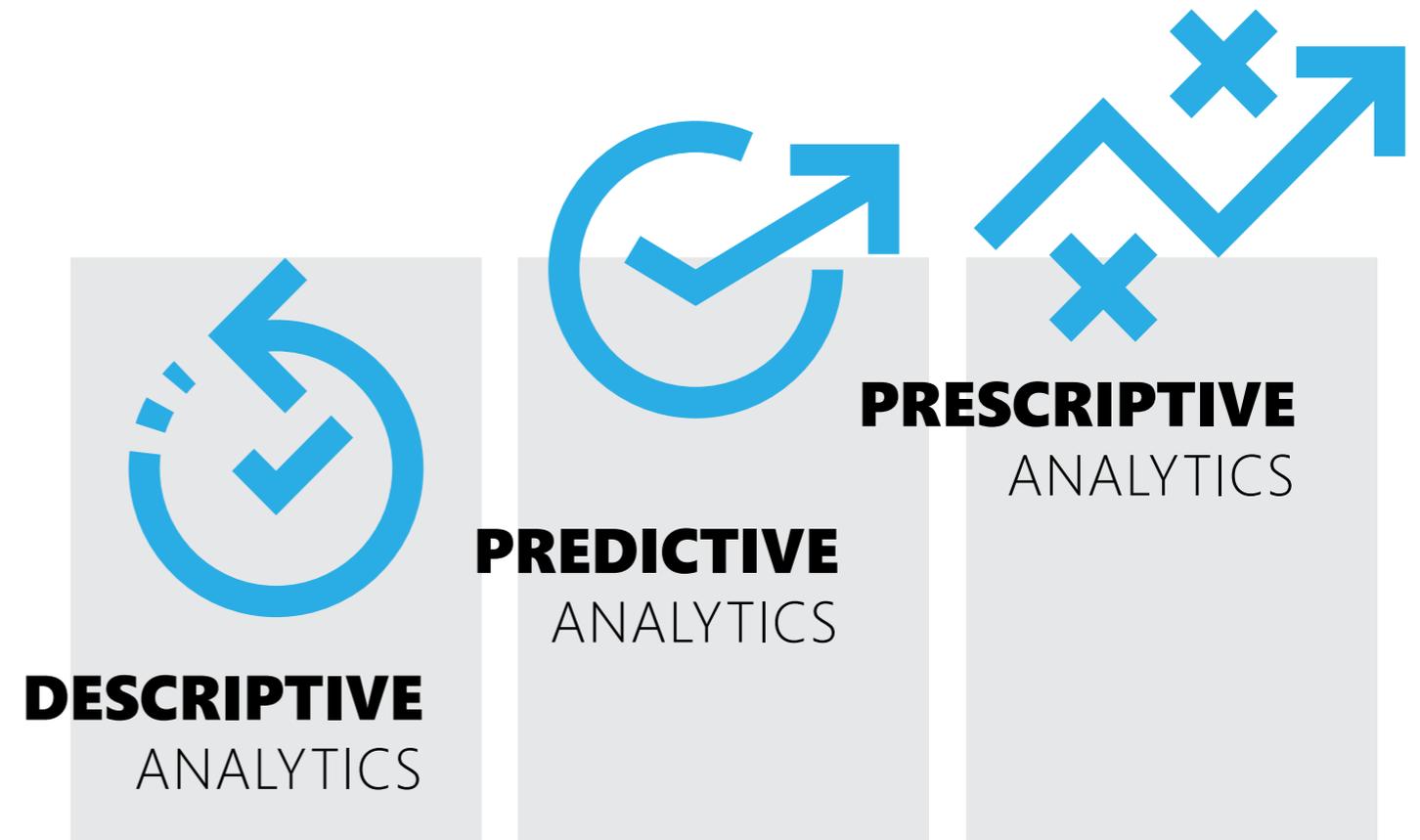
What were previously discreet data sets can now be combined either 'naturally' (think about and NPS survey and CRM data for example), or via advanced data analytics, such as micro segmentation. Either way, the result is a compelling increase in our capacity to combine multiple data points for the same customer, thus enabling customer-level predictions.

This is an overview of the main data sources that can be used to boost retention, revenue and referrals:

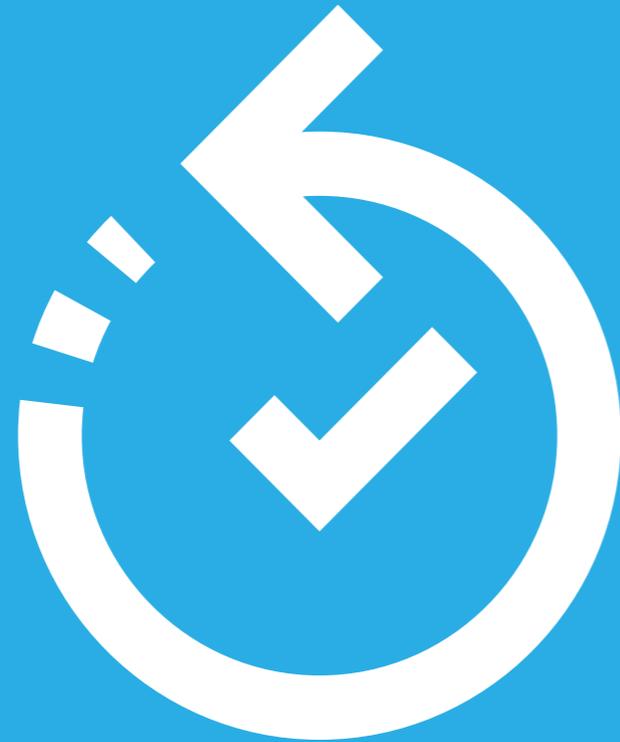
DATA SOURCE	WHAT	STRENGTHS	WEAKNESSES
 <b>QUANTITATIVE RESEARCH</b>	Mid to large-scale investigation via customer interviews: <ul style="list-style-type: none"> <li>• Ad-hoc to investigate specific issues</li> <li>• Trackers to monitor the development of an issue or its resolution</li> </ul>	<ul style="list-style-type: none"> <li>+ Reliable</li> <li>+ Comparable over time</li> <li>+ Flexible</li> <li>+ Include competitors</li> <li>+ Can be used in analytics models</li> </ul>	<ul style="list-style-type: none"> <li>- Limited in-depth investigation of motivations</li> <li>- Limited tracking of behaviours</li> </ul>
 <b>QUALITATIVE RESEARCH</b>	Small-scale investigation via in-depth interviews, focus group discussions, or ethnographic research	<ul style="list-style-type: none"> <li>+ In-depth investigation of customer motivations</li> <li>+ Can include competitors</li> </ul>	<ul style="list-style-type: none"> <li>- Open to multiple interpretations – no 'hard' facts</li> </ul>
 <b>WEB MINING</b>	Automated gathering of content from the internet: user-generated content, competitors' actions, or third-party publications	<ul style="list-style-type: none"> <li>+ Scalability</li> <li>+ Speed</li> <li>+ The unbiased opinions of customers</li> <li>+ Competitive information</li> </ul>	<ul style="list-style-type: none"> <li>- We cannot ask additional questions to investigate further</li> <li>- Some self-selection bias</li> </ul>
 <b>MEDIA MONITORING REPORTS</b>	Syndicated reports of customers' media consumption	<ul style="list-style-type: none"> <li>+ Historical data available</li> <li>+ Reliability</li> </ul>	<ul style="list-style-type: none"> <li>- Not tailored towards your specific target group</li> </ul>
 <b>CRM DATA</b>	Company-owned interaction, usage, and technical driver's data	<ul style="list-style-type: none"> <li>+ Comprehensiveness</li> <li>+ Focus on behaviours</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of competitor data</li> </ul>
 <b>COMPLAINT FORMS</b>	Company-owned data on customer complaints	<ul style="list-style-type: none"> <li>+ Comprehensiveness of data</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of competitor data</li> </ul>
 <b>DIGITAL JOURNEY DATA</b>	Typically, client-owned data for the journeys customers take online to accomplish certain actions. Can also be done in competitive context.	<ul style="list-style-type: none"> <li>+ Comprehensiveness</li> <li>+ Focus on behaviours</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of competitor data</li> </ul>
 <b>COMPETITIVE INTELLIGENCE DATA</b>	Automated or manual monitoring of competitive activities	<ul style="list-style-type: none"> <li>+ Provides the context for your actions</li> </ul>	<ul style="list-style-type: none"> <li>- Does not account for customers' perspective</li> </ul>

# ANALYTICS

*If data sources are the bread of customer analytics, analytics are its butter. From descriptive through predictive to prescriptive analytics, the actionability of contemporary, state of the art statistical analyses is formidable. In what follows, we give you a map for navigating the complex world of analytics.*



# DESCRIPTIVE ANALYTICS



A broad class of analytics used to provide a view on behaviour. Applied to all data sets.

# TEXT ANALYTICS

**TYPE:** Descriptive

**INGREDIENTS:** Web mining, Complaint forms and other text sources.

**WHAT:** Automated analysis of text: topics (what people are talking about) and sentiment (what is their attitude towards it). Plainly said, text analytics distils the voice of the customer, raw and unbiased, as it was shared in the spur of the moment. A very suitable method to gain a deeper understanding of the motivation and drivers of switching/ cross-purchase/ referral.

## Example:



For a client of ours we mined the help forum of one of their competitors, downloading more than 20.000 customer comments related to TV; we then ran these through our automatic text analytics engine to classify the topics and the sentiment of these comments.

What we found out, on top of expected evaluations of product and sound quality, reliability, and others, is an issue with the TV service of the competitor our client didn't know about. It is something that our client does regularly and is included in the standard package they provide, and they always assumed that it's the same for all other providers.

Armed with this information, they are now launching an advertising campaign to target this issue competitors' clients are experiencing to attract them.

# COMPETITIVE INTELLIGENCE

**TYPE:** Descriptive

**INGREDIENTS:** Marketing research, Qualitative/ Desk research, Panel data, Search engine data, Web mining, etc.

**WHAT:** Contributes to the analysis of your own customers by providing the context and richer insights into how to boost retention, revenue and referrals by placing your actions in the context of the general market.

## Example:



Our client, a large UK-based mobile network provider, wanted to compare the performance of its installation and repair customer services not only to direct competitors, but also to other providers of subscription services (utilities, for example).

We ran a quarterly unbranded market research survey to understand what the consumers' experience with technical services was and which network operators and companies from other sectors were doing the best.

Our client was able to focus on improving service in the underperforming regions of the country, but also initiated strategic changes based on what customers expect in general from support and engineering services.

# SEGMENTATION

**TYPE:** Descriptive

**INGREDIENTS:** Quantitative research, CRM data, Digital journey data.

**WHAT:** The creation of clusters of customers with similar characteristics such as age, income, consumer behaviour, etc. Segmentation enables better customer targeting than the mass “spray and pray” strategy, without going into the specifics of individual-level action. Segmentation is a tool that is most powerful when combined with other analytics models. For example, within an NPS Analytics Programme, Promoters and SuperPromoters can be analysed by customer segment to understand in greater detail what are the must-have and nice-to-have drivers of satisfaction. Then, you can prioritise the segments with highest Customer Lifetime Value when fixing any underlying issues with experience.

## Example:



Our client, a large television network based in the UK, was interested in understanding the composition of its viewer base better and target them with customised commercials/ sponsorship ads.

We compiled viewership and marketing spend data, as well as other brand KPIs provided by the client. Our Data Science team combined the various data sources and ran cluster analysis (K-means and decision trees) to specify client micro-segments based on gender, age, education, and viewership habits.

Our client had not previously attempted to do such segmentation, and as a result of our analysis, was able to understand the ROI of advertising across various viewer segments. As a next step, our client used this information in their pitch to attract more advertising and sponsorship investment.

# PREDICTIVE ANALYTICS



# ROOT CAUSE ANALYSIS

**TYPE:** Descriptive / Predictive

**INGREDIENTS:** Any data source.

**WHAT:** A broad class of analyses aiming to identify the drivers of an outcome and their impact. Identifies not only the top, most important drivers that directly affect the outcome (1st order effects) but also how the different drivers interact with each other (2nd order effects). The method also identifies nice-to-have (delighters), must-have (one-dimensional) and hygienic (basic) drivers.

## Example:

Our client, one of the largest manufacturers of sportswear in the world, annually collects more 2 million individual feedbacks from their customers. They were using the default impact analysis tool in their NPS platform, but were not satisfied with the accuracy and depth of the insight.

Our Data Science team developed the bespoke root cause analysis model using linear regressions and machine-learning algorithms to identify 1st and 2nd order effects. We also included a penalty-reward analysis to establish which drivers are hygienic, i.e. customers punish disproportionately when their expectations are not met, so it is key to address them first to boost satisfaction. The analysis was performed across channels and individual store locations.

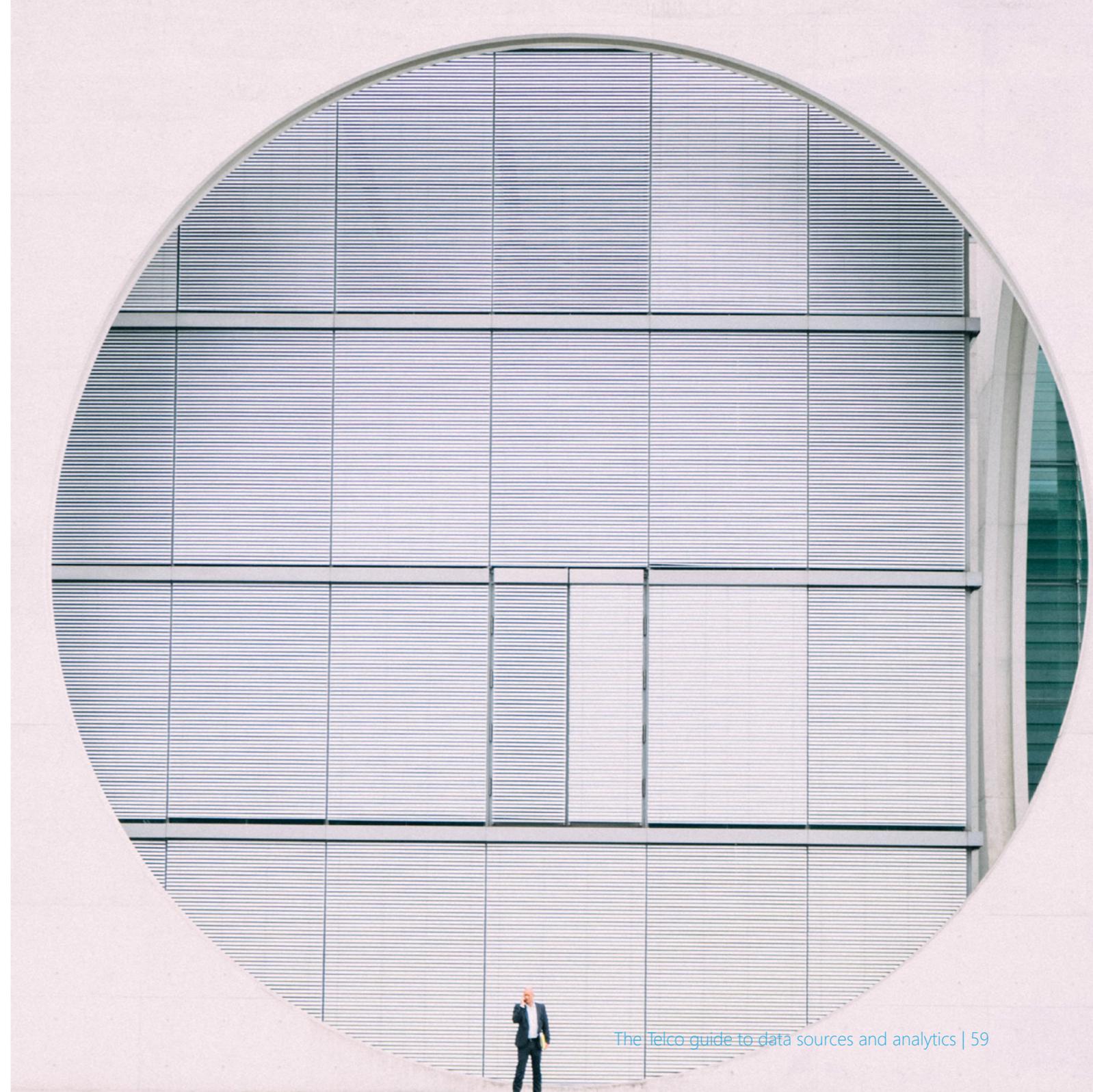
As a result, our client received a completely different view on what the top drivers were and a clear picture of the size the 1st and 2nd order effects of improvement actions would drive. The nice-to-haves, must-haves and hygienic drivers view provided a clear differentiation what to focus on for each channel and retail location.

# PREDICTIVE ANALYTICS – PREDICTIVE NPS

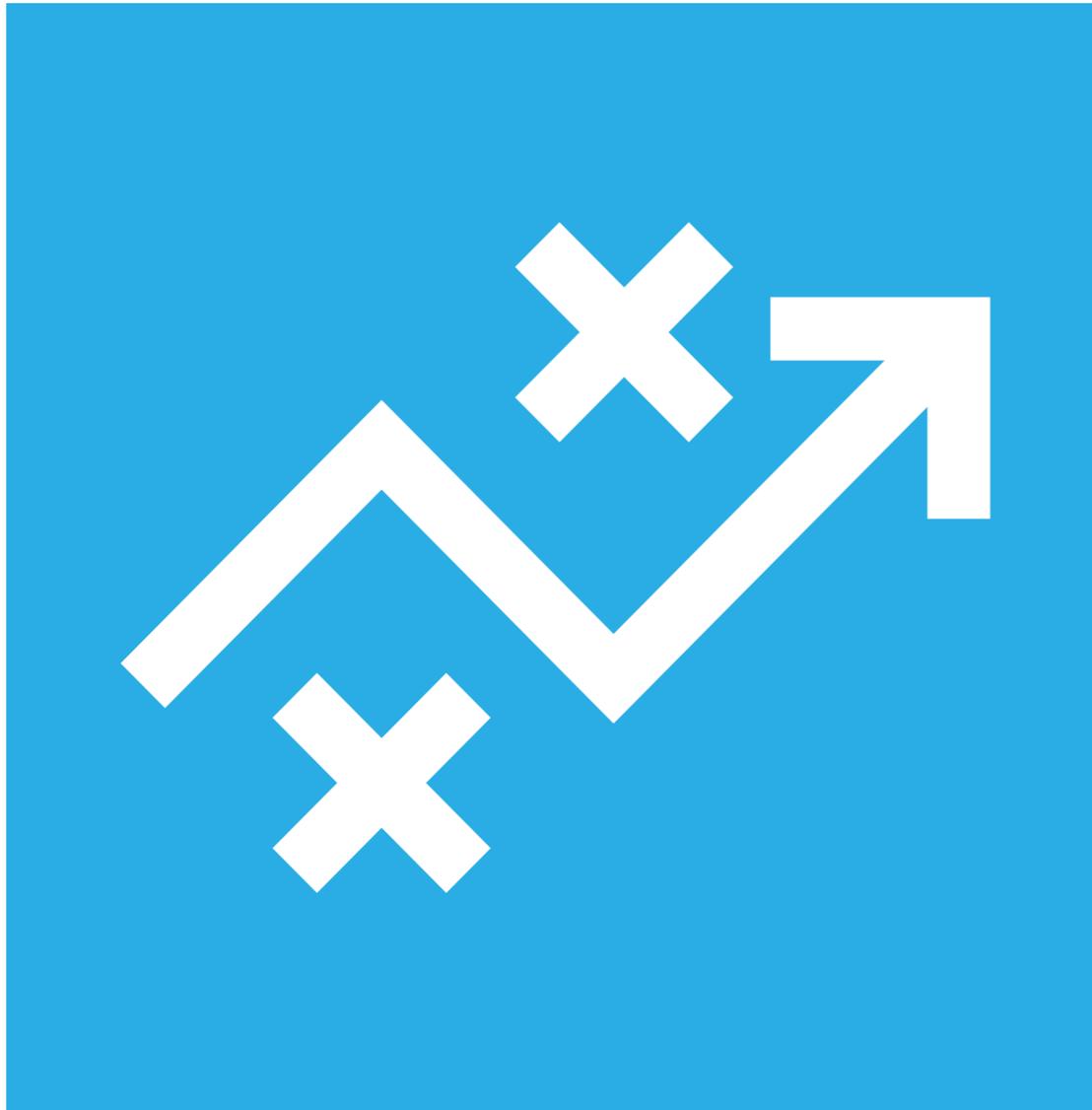
**TYPE:** Predictive

**INGREDIENTS:** Quantitative research, CRM data, Operational and Transactional data.

**WHAT:** It is a well-known fact that more than 80% of customers do not respond to CX surveys, making it difficult for companies to understand how their entire customer base feels about their product/service. Predictive NPS is a sophisticated machine-learning model that dynamically leverages past data from customers who have answered CX surveys to estimate the satisfaction score of non-respondents once they have a touchpoint/interaction with the company. See section BOOST RETENTION – Success Story for more details.



# PRESCRIPTIVE ANALYTICS



# NEXT BEST ACTION

**TYPE:** Predictive

**INGREDIENTS:** CRM data, operational and transactional data.

**WHAT:** An analysis centered around the customer's needs and interests in combination with the company's business objectives. Generally, the model predicting the impact of actions on desired outcomes. Typically, the output is suggested actions with various degrees of success probability. Next Best Action recommendations are usually the final step after other types of descriptive and predictive analysis have been done (segmentation, pNPS, upsell/cross-sell analysis, etc.)

## Example:

Our client, a large UK-based online retailer for Plus-Size ladies and gentlemen, had implemented an NPS programme and had been gathering data for over a year. Unfortunately, they were struggling to derive the necessary insights to act on.

Our team performed root cause analysis categorising the main drivers of customer satisfaction (NPS) and identified the main customer segments based on common behavioural and shopping patterns.

Combining the results from our analytical models and customer care data, our team devised next best action recommendations how to target the different customer segments through different communication channels (call centre, email, Facebook ads) with various propositions (upsell/cross-sell) based on assigned success probabilities.

# WORKSHEET:

## THE R-A-W CUSTOMER ANALYTICS CANVAS

Start planning your next CX initiative with our customer analytics canvas:

**RETENTION**

Describe your **problem** here:

What do we aim to **achieve**:

**HOW**  
ARE WE GOING TO SOLVE IT?

1. What...

2. Who...

3. Why...

4. When...

5. How...

**WHAT**  
ARE WE GOING TO USE?

**SOURCES**

- Quantitative research
- Qualitative research
- Web mining
- Media monitoring reports
- CRM data
- Complaint forms
- Digital journey data
- Competitive intelligence data

**Other:**

**WHAT ACTIONS**  
WILL WE TAKE?

**WHAT IMPACT**  
DO WE EXPECT:

HIGH   MODERATE   LOW

**MODELS**

**DESCRIPTIVE**

- Text Analytics
- Competitive Intelligence
- Segmentation
- Digital Journey

**PREDICTIVE**

- Root Cause Analysis
- Predictive NPS

**PRESCRIPTIVE**

- Next Best Action

**Other:**

## STILL STRUGGLING

with some aspect of your business problem?

## OR JUST LOOKING

for confirmation that you have prepared  
a sound plan to retain, advance or woo  
your customers?

## GET IN TOUCH

with us now and get a free consultation  
with our analytics experts.

LET'S SOLVE  
YOUR PAIN  
**TOGETHER!**



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