

IBM SPSS Real-time Customer Insight for Telco Churn Management

IBM's Real-time Customer Insight improves the effectiveness of existing churn prediction and mitigation efforts.

Overview

In today's highly volatile and competitive telco market, subscribers can change carriers with greater ease and speed than ever before. Keeping high-value subscribers loyal is central to success and growth.

Predictive analytics has proven its worth for many as a technique for identifying likely churners and targeting retention efforts. This approach leverages a wide range of customer data, but has traditionally lacked the ability to utilize real-time information which can add more immediate indicators of churn with key subscribers.

When traditional predictive analytics is combined with social network capabilities contained in the new IBM Real Time Customer Insight Suite (RTCIS), telcos gain the additional ability to better prioritize their retention efforts toward influential subscribers. The value at risk is linked to the whole group of subscribers influenced by these "leaders". Identifying these groups and their leaders, and recognizing in real-time when they face immediate risk of churn, augments traditional predictive approaches and enables telcos to take timely action to retain the subscribers who are truly most valuable – in terms of the revenue they influence. This combined with the *right offer* at the *right time* can lead to exponential gains in the effectiveness of their churn management strategies.

Solution description

Who's (most) worth keeping?

You will never be able to retain all possible churners. Nor would you want to. Only customers who contribute to your net profits justify retention costs, and with no carrier having limitless retention budgets, you have to target your most valuable at-risk subscribers.

So how do you measure *true* customer value?

Historic measures of a customer's value may not reflect future worth, and lifetime value calculations often use simplistic formulae that are unreliable for many customers.

Predictive modeling tools offer an option to more accurately estimate the likely future value of a customer. However, this represents a customer's individual value and misses a crucial dimension: the value from other subscribers that they influence.

The social dimension

Many telcos have thought of their subscribers as individuals. However, they are really parts of social groups – consisting of friends, family, business contacts, etc. A high proportion of their calling will typically be within these interconnected groups.

Such groups typically have a leader, recognizable by calling patterns and the degree to which they are connected to other group members. These leaders

are often highly influential. A leader changing carrier is likely to trigger similar defections within the group and may even take the whole group with them. And groups link to other groups, giving the potential for “waves” of defection to ripple through the subscriber base.

These patterns of influencers and the effects of their actions have redefined the way we look at the relative value of customers.

IBM's RTCIS includes social network analysis to identify groups and leaders from CDRs and detects churn candidates in real time.

A holistic approach

RTCIS is unique in leveraging the best of both approaches – existing traditional predictive analytics and social network analysis, applied to offline and real-time churn detection.

Traditional churn models, based on a wide range sources - demographics, calling behavior, media and web activity, attitudes, service center interactions, etc. - become even smarter by incorporating social network information. This increases their accuracy and effectiveness in identifying high-value, high-risk subscribers to target in retention campaigns.

Additionally, to augment real-time churn, RTCIS social network capabilities can leverage existing

predictive models to give a more accurate assessment of an influencer's likely behavior than is available from calling data alone.

The overall effect of this is to deliver greater accuracy and timeliness in detecting churn risk among high-value, revenue influencing subscribers than has ever before been possible.

Turning insight into action

Identifying churn candidates means nothing, unless you can take *effective* action to retain them.

RTCIS includes a recommendation engine which predicts the most appropriate treatment given the individual's past activities correlated to like behavior of similar subscribers. This recommendation may be further supported with real-time awareness of context for the individual (i.e. in a meeting vs. available, walking or driving, time of day and GPS location, etc...). The end result is to present the consumer with an individually tailored offer in circumstances where there is the greatest likelihood of acceptance.

RTCIS also provides retention teams and marketers with insights into customer propensities and product preferences, and an understanding of how particular offers or marketing campaigns are received and how effective they are for particular customer profiles. This allows the best human expertise to be combined with

powerful predictive models to ensure the offers made have the best chance of ensuring retention.

Empower decision makers

RTCIS includes dashboards for historical and predicted churn patterns and provides feedback on the effectiveness of churn mitigation efforts. Real-time alerts flag time-sensitive value-at-risk subscribers as well as notify when SLAs are not being met for contacting high-value customers.

Executives can monitor churn performance in the context of their enterprise strategy.

Benefits

- Reduction in churn and associated replacement acquisition costs
- Understanding of true subscriber value, based on revenue influence in addition to personal spend
- Savings in retention marketing costs through more accurate and focused targeting
- Prioritization of retention efforts toward high value customers at immediate risk
- Context-aware product recommendations maximize offer conversion and acceptance rates
- Active, real-time monitoring of churn mitigation efforts ensuring action occurs within target customer contact windows while providing early feedback into campaign effectiveness
- Optimization of churn mitigation strategy

About SPSS, an IBM Company

SPSS, an IBM Company, is a leading global provider of predictive analytics software and solutions.

The company's complete portfolio of products – data collection, statistics, modeling and deployment – captures people's attitudes and opinions, predicts outcomes of future customer interactions, and then acts on these insights by embedding analytics into business processes. IBM SPSS solutions address interconnected business objectives across an entire organization by focusing on the convergence of analytics, IT architecture and business process.

Commercial, government and academic customers worldwide rely on IBM SPSS technology as a competitive advantage in attracting, retaining and growing customers, while reducing fraud and mitigating risk. SPSS was acquired by IBM in October 2009.

For further information, or to reach a representative, visit <http://www-01.ibm.com/software/data/>.



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