Telecommunications

Improve Insights to Gain a Competitive Edge

As technology advances, service and pricing plans evolve, and the market becomes more saturated, telecommunications companies face increasing competition for customers. How are the top companies gaining a competitive edge in the marketplace?

Using predictive analytics from SPSS Inc., telecom companies gain the insight they need to make better, faster, more effective decisions. By learning more about their customers, and those customers' preferences and needs, telecom companies can be more successful in this highly competitive industry.

Telecoms that use predictive analytics software from SPSS are in good company. Eight out of 10 telecommunications services companies on the S&P 500 have used software from SPSS. More than half of the telecommunications companies on the Forbes 500, Forbes International 500, S&P 500, S&P Global 1200, and S&P Europe 350 have also used SPSS software. These companies use predictive analytics for:

- Analytical customer relationship management (CRM)
- Marketing and sales analysis
- Segmentation management
- Fraud detection

To gain a deeper understanding of their customers' attitudes and opinions, many telecom companies also use survey and market research software from SPSS.

Reduce customer churn, and acquire and retain customers

Predictive analytics enables telecom companies to develop more effective customer retention strategies by identifying both their "at risk" and most valuable customers. Providers can:

- Increase customer retention
- Acquire profitable customers
- Create more effective cross-selling and up-selling strategies
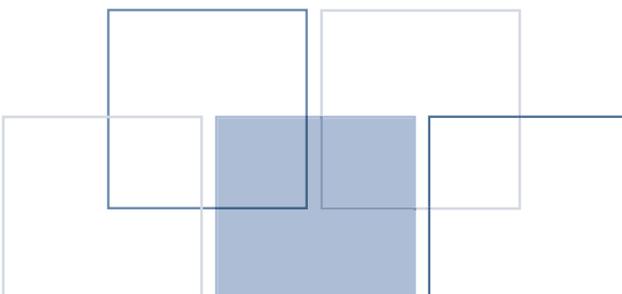
For example, by identifying the greatest number of customers likely to churn within a small percentage of the customer base, telecommunications companies can develop effective customer retention solutions and reduce costs. Companies can also identify their most profitable customers by value, as well as propensity to churn. With this knowledge, they can target the right customers with offers, such as a package that bundles DSL and long-distance services, to keep them loyal.

Develop more focused marketing and sales campaigns

Predictive analytics enables marketers in telecom companies to plan marketing programs and campaigns—and closely monitor results—using skills they already have. Marketers receive a complete, current view of their customers, and insight into customer attitudes and behavior.

For example, BT (formerly British Telecom) has used predictive analytics from SPSS to better understand its business customers and develop new products targeted to specific subscriber groups. The company:

- Provided sales and marketing a targeted "best prospects" list
- Improved direct mail campaign response rates by 100 percent

Telecom companies can make even greater use of these predictive insights by sharing them with all those who have customer contact—account executives, retail managers, independent agents, call center staff, and even Web personnel—to more successfully cross-sell and up-sell products and services. In addition, sales managers can develop more accurate sales forecasts, and quickly spot where customer activity is hot. With accurate, accessible information on sales activity, telecom companies can better control marketing costs and more accurately project revenues and margins.

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  – Standard & Poor's

Target messages to the right customers

Understanding the similarities and differences among customers in specific geographic regions and demographic segments can make all the difference to telecom companies—especially if they serve a large and varied population. Predictive analytics can help companies more effectively customize their strategies, offerings, and campaigns by providing a clearer understanding of the common characteristics or behaviors of certain groups.

Segmenting enables a telecom company to create more precise campaigns, rather than sending general offers to the entire customer database. A company could look at customer segments to create targeted customer retention strategies for certain segments. For example, it might create a special campaign for small business customers located in suburban office parks that are likely to be lured by a competitor's lower prices and extended local calling areas. Or, looking at geographic regions and demographic segments, the company might design a specific bundle for single women in the northern region, and another bundle for families with multiple lines in the northwest region.

Identify patterns common to fraud—to stop fraudulent activity

Addressing fraud is a challenge the telecom industry faces every day. Fraud detection and prevention can be very difficult, affect a diverse range of departments, and significantly strain resources. Predictive analytics can help telecom companies identify patterns that are common to fraud. Providers can easily detect and investigate possible cases of fraud, including unauthorized use of another subscriber's minutes, billing fraud, and fraudulent payments. All this enables telecom companies to recoup more money and put a stop to fraudulent activity.

Predictive analytics enable telecom companies to:

- Work with even the largest volumes of data, because predictive analytics from SPSS has the strength and scalability to handle large datasets. Companies discover significant insights that they might not otherwise have found.
- Detect unusual or suspicious activity, even with limited data, because SPSS' predictive analytics can fill in missing data based on similar cases

For example, more than 150 blue-chip telecommunications providers worldwide rely on ECtel Ltd. for real-time fraud detection. ECtel, in turn, has relied on predictive analytics from SPSS to create its fraud detection system. These telecom providers:

- Significantly reduce telecommunications fraud
- Save money by enabling real-time fraud detection

Understand what matters most to customers

Survey and market research software helps telecom companies gauge their customers' opinions and analyze results. With SPSS' solutions for market assessment and testing, telecom providers can:

- Predict which customers are more likely to churn over time
- Gauge satisfaction with regard to a particular service or rate plan
- Evaluate the effectiveness of customer service
- Understand which features and options encourage customer retention
- Determine the likelihood a new logo or tagline will succeed in the marketplace
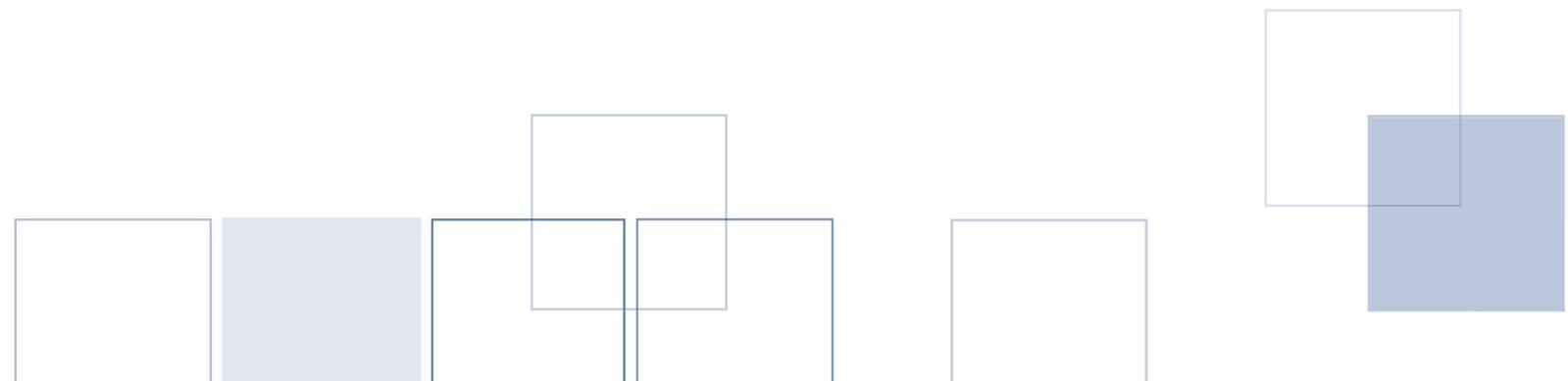
One wireless communications provider, Rural Cellular Corporation (RCC), has used SPSS software to better position its features and service plans, improve resource allocation, and increase brand awareness. RCC surveyed its customers before investing money in a new feature to determine exactly which functionality customers desired, what they wanted a particular feature to do, and what they were willing to pay for it. Marketing communications project manager Noel Roos explained, "SPSS helps us better understand where we should spend our money. . . .Without SPSS delivering the answers to these questions, there's the possibility of making some very large mistakes, such as spending money on new features when what the customer really wants is higher-quality service."

To learn more about SPSS predictive analytics solutions for telecommunications, and the companies using them, visit **www.spss.com/telecommunications**.

SPSS Inc. (NASDAQ: SPSS) is the world's leading provider of predictive analytics software and solutions. The company's predictive analytics technology improves business processes by giving organizations consistent control over decisions made every day. By incorporating predictive analytics into their daily operations, organizations become Predictive Enterprises—able to direct and automate decisions to meet business goals and achieve measurable competitive advantage.

More than 250,000 public sector, academic, and commercial customers, including more than 95 percent of the Fortune 1000, rely on SPSS technology to help increase revenue, reduce costs, and detect and prevent fraud. Founded in 1968, SPSS is headquartered in Chicago, Illinois. For additional information, please visit **www.spss.com**.