How User Behavior Data Can Help CSPs Prosper in an OTT Era

A Frost & Sullivan White Paper
Stratecast Analysis by Jeff Cotrupe
INTRODUCTION

For communications service providers (CSPs), the advent of broadband ubiquity has meant an onslaught of competition, because once a consumer is connected to a broadband pipe, theoretically, anyone can provide service. The growth of over-the-top (OTT) service delivery has opened the market to a pool of competitors that now extends far beyond “other carriers” to Web giants and content providers such as Google, Hulu, Netflix, Facebook, and more. This Stratecast white paper analyzes how—by correlating social media and customer satisfaction ratings with what customers are experiencing with CSP services—CSPs can differentiate themselves from this rapidly expanding lineup of large, well-funded competitors.

CUSTOMER SATISFACTION AND SOCIAL MEDIA CAN EQUIP CSPS FOR THE OTT BATTLE

Consumers are defined by their choices, experiences, and activities. Much of this information is available simply by observing what they do—and what they say in surveys and on social media.

CSPs are Not Faring Well in Net Promoter Score and Other Customer Satisfaction Ratings

By the year 2020, customer experience will overtake product and price as the key brand differentiator across all industries.\(^1\) Even with five years to go, however, CSPs are behind that curve. Research indicates that only one in six customers is an advocate for his or her CSP, and just 12% strongly agree their CSP listens to them and collects the right amount of information to meet their communications needs.\(^2\)

That is one important data point, but CSPs are not faring well in any of the major consumer satisfaction ratings assessments used across industries:

- CSPs lowest in Satmetrix Net Promoter Score among seven industry groups evaluated
- No CSP in the top 100 in Temkin Ratings
- No CSP in the top 50 in Brand Keys rankings
- Wireless industry ranked 44th out of 50 industries by ACSI

Some in the market take issue with Net Promoter Score (NPS) data because it applies to a small sample of subscribers who have taken customer satisfaction surveys. Also, CSPs do not have the opportunity to correlate their responses with their experiences with the network and services, which would help CSPs take corrective measures.

In Stratecast’s view, NPS is a valid indicator of customer satisfaction, not on a standalone basis, but when viewed along with other indicators. It is also a crucial metric in many of the world’s largest CSP organizations, where part of the compensation packages of C-level executive is tied to NPS.

Collection of Consumer Data is Acceptable—if Used to Serve Consumers Better

Consumer privacy is paramount, but as reflected in Figure 1, consumers themselves have told Stratecast they actually want companies to collect data about them as long as the companies act on it by providing better products and services.\(^3\)
Social Media is Not Just Talk; a Majority of Consumers Use it in Buying Decisions

The consumers who CSPs need to win and retain are active on social media, and rely on it when evaluating CSPs and their offerings. More than half of consumers (56%) use social media as a source of information to evaluate CSPs and their products and services. Less than half of consumers (38%) contact their CSP when they have a negative experience—but, significantly, more of them (40%) always or often tell family, friends and peers instead, and they do it through all channels, including social media. The good news is that more than half of consumers (53%) tell family, friends, peers, and their social networks when they have a positive experience. Clearly CSPs need to be monitoring social media channels and mining data from them to optimize customer experiences.

One of the most important developments when it comes to leveraging social media data is the partnership between IBM and Twitter to crunch Big Data and gain insights that CSPs can use to better understand customer needs and experiences.
Social media monitoring applications and services abound, but one of the most important developments when it comes to leveraging social media data is the partnership between IBM and Twitter to crunch Big Data—specifically, the half-billion tweets that appear on Twitter daily—to gain insights that brands, including CSPs, can use to better understand customer needs and experiences. The partnership uses IBM's Watson artificial intelligence (AI) technology and its customized version of Hadoop, IBM BigInsights, to analyze Twitter data. One of the early use cases of the IBM/Twitter partnership was to combine tweet data with local weather data to help predict where CSP customers, whose service might be impaired by severe weather, were most likely to switch suppliers; this helped IBM's CSP customers reduce churn by 5%.

CORRELATE NPS WITH SUBSCRIBER EXPERIENCE TO REDUCE CHURN, INCREASE SALES

By closing the gap that currently exists between NPS scores and subscriber experience data, CSPs can help themselves proactively identify and address service problems; reduce churn; deliver profitable new services; and possibly also increase their NPS scores. Stratecast urges CSPs to do the following, as illustrated in Figure 2:

1. Correlate each subscriber’s transactional NPS score with the experiences he or she is having with a CSP’s network and services. This means drilling down into data for all subscriber usage and experience with the network—including mobile Web browsing, and usage of apps, voice, and text—across all technologies (2G, 3G, 4G LTE) to determine which specific concerns are causing a low NPS score.

2. Build on this correlated data about NPS respondents to create “Likely NPS Scores” for nearby subscribers with similar usage patterns. Consider the following example:
   a. Subscriber NPS survey ratings in the San Francisco Bay Area have dropped this month.
   b. After correlating subscribers’ network experience with their NPS survey ratings, slow speed for video streaming when using YouTube and Netflix shows up consistently as the likely cause for drop in the ratings.
   c. If the CSP has 100,000 subscribers in the Bay Area who are heavy users of video streaming from YouTube and Netflix, and they live and commute in the areas with poor performance, the CSP can derive what might best be termed a “Likely NPS Score” for all of these 100,000 subscribers—including those who have not provided Satmetrix with NPS responses—and take corrective action to improve subscriber experience and satisfaction with the service.

3. Combine usage and experience data with NPS, customer care, and provisioning data to create customer profiles. This means combining service and app usage; NPS scores; customer care data (call center, store visits, and the Web); and provisioning data (cell, CRM, and device) to enable targeted marketing offers. In this way, mapping external NPS data into CSP internal data transcends revenue retention to accelerate revenue creation, as well.
One provider of customer behavior insights is IBM; its Behavior-based Customer Insight (BBCI) solution is helping CSPs leverage market and customer data to reduce churn, proactively identify and address service problems, and bring new services to market. A dashboard from the product, as presented in Figure 3, shows how it combines NPS with other data to identify that the key contributing factors in this negative rating, in order, were heavy traffic on the GSM Edge radio access network (GERAN); which devices subscribers were using; and, likely, heavy traffic on the road, since the third-highest factor was average distance these users traveled per weekday.
Figure 3: IBM’s BCCI Combines NPS and Subscriber Data to Isolate Contributing Factors

Using BCCI, CSPs can triangulate NPS, subscriber, and device data to create micro-segments—one example: Suburban, Dual-income, Affluent Sports Fan interested in Golf, Football, and Soccer—to drive targeted marketing offers for:

- New services—such as mobile streaming of the PGA Masters tournament, NFL Sunday, or World Cup
- Upgrades—prepaid to postpaid; 2G to 3G, or 3G to 4G LTE
- Add-ons—e.g., voice or data roaming; unlimited WhatsApp/Facebook
- Special retention offers
STRATECAST: THE LAST WORD

The era of broadband ubiquity is great for everyone who uses broadband services, but for CSPs, broadband everywhere means OTT competitors from all sides. Theoretically, once a consumer is connected to a broadband pipe, anyone can provide service, and some of those “anyones” are online and entertainment giants such as Google, Netflix, and Facebook.

The good news for CSPs, or any company finding it difficult to compete on the basis of product or price, is that by 2020, customer experience will have overtaken product and price as the key to differentiating a brand. CSPs, however, are not moving at warp speed in that direction; as a group, they are not faring well in any of the major customer satisfaction ratings services, including the Net Promoter Score (NPS). If CSPs could map external NPS data against their own internal network, service, usage, and customer experience data, they could take direct corrective action to make customers happier and boost those scores.

CSPs can now do that and much more. By correlating each subscriber NPS score with customer usage and experience data, a CSP can get to the heart of what is generating all of this dissatisfaction. By extending the resulting models to other subscribers in nearby and similar communities, the CSP can proactively remedy service issues for broad swaths of subscribers, and thereby head off churn. Taking it a step further by combining NPS scores with usage, customer experience, provisioning, and customer care data, the CSP can create user profiles to drive targeted campaigns and offers.

IBM’s Behavior-based Customer Insight solution helps CSPs combine data from NPS responses and a variety of other sources to ensure better customer experiences, reduce churn, and create new services and packages to reach customers who are likely prospects. In what is fast becoming a golden age of OTT, CSPs need every advantage they can get, and this IBM solution helps CSPs transform data into a substantial marketplace advantage.

Jeff Cotrupe
Industry Director—Big Data & Analytics
Stratecast | Frost & Sullivan
jeff.cotrupe@frost.com

ENDNOTES

2. IBM Institute for Business Value (IBV), 2014 Global Telecom Consumer Survey of 22,000 consumers in 35 countries, including both mature and emerging markets.
3. Stratecast, Consumer Communication Services Preferences Survey 2014
Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today’s market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies?

For information regarding permission, write:
Frost & Sullivan
331 E. Evelyn Ave., Suite 100
Mountain View, CA 94041

CONTACT US
For more information, visit www.stratecast.com, dial 877-463-7678, or email inquiries@stratecast.com.