

Reducing Subscriber Loss With Connected-Home Intelligence

By proactively focusing on maintaining quality of experience, service providers can thwart costly customer churn.

By Yossi Geller / Veego

Maintaining relationships with existing telecommunication services subscribers is far more cost-effective for service providers than acquiring and setting up new customers. According to recent industry research, the time and energy required to solicit new customers can be five times more expensive

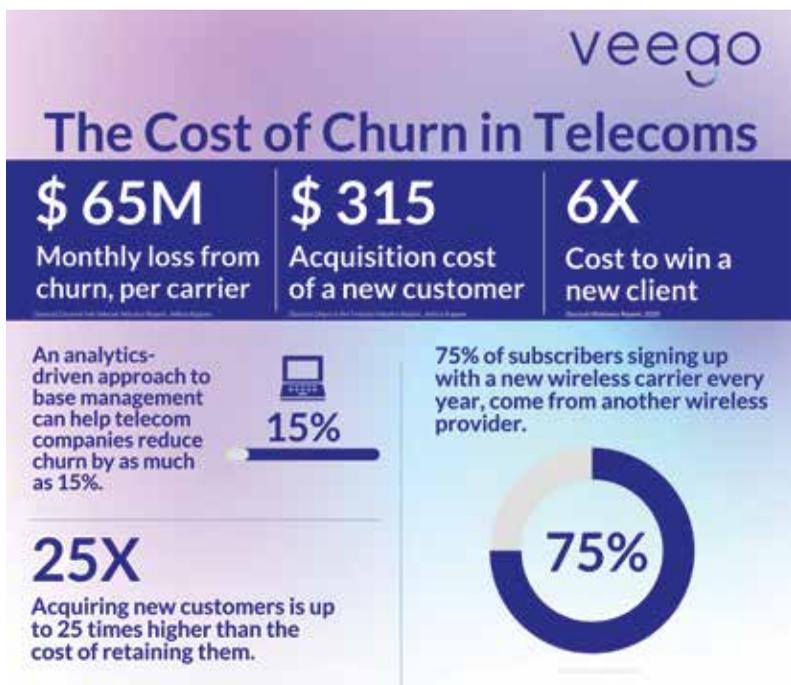
than maintaining a provider's existing customer base. Frederick Reichheld of Bain & Company detailed in a 2021 report that a 5 percent or more increase in the retention rate can lead to a 25 percent increase in profits, a finding that requires more attention.

Because of customer volatility in the telecommunications market, driven in significant part by the pandemic and the international growth of connected-home services and solutions, customer retention has become an even greater focus for internet service providers (ISPs), communications service providers (CSPs) and telcos. Subscriber turnover keeps industry executives awake at night as they look for strategies to stabilize the shift.

The impetus to maintain a positive customer quality of experience (QoE) is that losing customers erodes a provider's profits and reputation, putting the entire business in precarious danger. Growing the customer base starts with keeping existing customers happy. This mindset carries through as new customers adopt the organization's services, building a solid foundation of growth and profitability.

FOCUS ON QUALITY OF EXPERIENCE

The preservation of a solid customer base requires insight, engagement and oversight. To begin, CSPs need to know which subscribers are likely to end their subscriptions. Second, they need to identify and prioritize the organization's most valuable customers. Third, they need to



Churn is a major expense for service providers.

identify the areas in which to focus retention efforts. The primary goal is to catch the most valuable customers before they leave.

Telecommunication providers must be more proactive in terms of customer retention. By reducing the number of departed customers by 5 percent, profitability jumps by 25 percent to 125 percent. In addition, for every 2 percent increase in retention, CSPs reduce operational costs by about 10 percent. Why such a jump in profitability? It's the result of the added value from retention – loyal customers.

Loyal customers are more involved customers. They are the heart of thriving businesses, both in spirit and in sales for higher ARPU. Loyalty leads to upselling – 90 percent more new deals happen with existing customers than with those who feel disengaged with a company or dissatisfied with its services. In addition, a loyal customer usually is willing to spend more than 60 percent more on a single transaction than new or disgruntled customers, guaranteeing unit profitability 23 percent higher than the average customer.

CUSTOMER RETENTION AS AN ART

Throughout the evolving world of ISPs/CSPs, speed is no longer the only driver of QoE. As people move forward with more devices, apps and IoTs in the home, many factors influence customer QoE. Savvy consumers often check out the alternatives in today's busy digital marketplace. They shop around to get the best deals easily and quickly.

It's hard to maintain brand loyalty with more churn as revenues from renewals become increasingly challenging to achieve. QoE is a key added value today for consumers. Therefore, QoE can be a strong differentiator for operators to stop churn – whether in the sales process or the retention stage. With premium QoE, CSPs connect better with customers for higher retention rates. The best relationships are built on deep knowledge, mutual support and understanding.

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BENEFITS OF APPLICATION INTELLIGENCE

The connected home experience is greatly affected by many connected applications, such as gaming, streaming, video conferencing and more. The applications are sensitive to the home environment and specific connectivity conditions, which presents a new support issue for ISP care teams.

Care teams need to understand what's happening in a customer's home and how to help. They require relevant, timely data to provide real-time responses. Poor response to customer care needs is a prime factor in customer churn. Today's customer doesn't want to wade through a confusing knowledge base, converse with a bot, or interact with a poorly trained call center employee.

With application intelligence solutions, ISPs automatically detect QoE issues and their root cause, inside and outside of a home, shortening support calls and improving first-call resolution. They also deliver quick problem reports, analyses and actionable insights for problem resolution to Tier 1–3 customer care.

At the heart of application intelligence technology are five unique, leading-edge components: ID, QoE scoring, root-cause analysis, recommendations and resolutions. Together they form a powerful tool that governs contextual awareness – the secret sauce for generating unmatched insights.

With increased home activity, understanding more about QoE and being proactive in customer care becomes more critical. Proactive engagement with subscribers provides operators with a sea of insightful data that can be used to halt churn. For example, data analytics can provide information on a poor customer-product fit.

With application intelligence, ISPs get new essential information to predict a customer's churn risk within a specific time frame, acting even before the customer threatens to leave. This new approach to QoE automatically identifies subscribers' pains and needs. It enables profiling and segmentation of the subscriber base by trends, events, geography and more, creating groups of likely buyers for dedicated "churn-busting" campaigns.

ISPs need to upgrade their customer care with application intelligence for a premium QoE to reduce churn and facilitate troubleshooting with new visibility and troubleshooting tools. Ideally, weaving the reactive, real-time needs of customer care units and proactive, near real-time marketing requirements together is a good investment.

RETAINING CUSTOMERS WITH SUPERIOR CX

Reducing churn is key to sustaining long-term growth for telecommunication companies and service providers. Operators need to embrace the new-age, data-driven approach to identify potential customer issues for prevention and use KPIs to track the best way to rectify them.

Business intelligence powered by application intelligence solutions with analytics, operators, marketing intelligence and research enable service providers to make data-driven decisions to optimize the business process. ♦

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