Vlassis Papapanagis  
Operations Director – PREDICTA Group

Using Analytics to predict Customer’s Behavior
Today’s organizations are facing many DISRUPTIVE FORCES fueling the need for analytics

1. The emergence of big data
   Creating new opportunities to capture meaningful information from new varieties of data and content coming at organizations in huge volumes and at accelerated velocity

2. The shift of power to the consumer
   Creating the need for organizations to understand and anticipate customer behavior and needs based on customer insights across all channels

3. Accelerating pressure to do more with less
   Creating the need for all parts of the organization to optimize all of their processes to create new opportunities, to mitigate risk, and to increase efficiency
IBM SPSS Predictive Analytics

Discover patterns and associations and deploy predictive models that optimize decision-making

• Enable data and predictive modeling to guide front-line interaction

• Uncover unexpected patterns and associations from all data within your organization

• Perform advanced analytics, data mining, text mining, social media analytics and statistical analysis

• Use customized functionality for different skill levels

• Deliver optimized decisions to your operational systems and decision makers.

Optimized decisions made possible
... and focusing on high-value initiatives in core BUSINESS AREAS

<table>
<thead>
<tr>
<th></th>
<th>Customers</th>
<th>Finance</th>
<th>Risk</th>
<th>Operations</th>
</tr>
</thead>
</table>
| 1 |  ● Advanced client segmentation  
    ● Leveraging customer sentiment analysis  
    ● Reducing customer churn |
| 2 |  ● Enabling rolling plan, forecasting and budgeting  
    ● Automating the financial close process  
    ● Delivering real-time dashboards |
| 3 |  ● Making risk-aware decisions  
    ● Managing financial and operational risks  
    ● Reducing the cost of compliance |
| 4 |  ● Optimizing the supply chain  
    ● Deploying predictive maintenance capabilities  
    ● Transform thread & fraud identification processes |
Data at the heart of customer analytics

*High-value, dynamic - source of competitive differentiation*

### Interaction data
- E-Mail / chat transcripts
- Call center notes
- Web Click-streams
- In person dialogues

### Descriptive data
- Attributes
- Characteristics
- Self-declared info
- (Geo)demographics

### Attitudinal data
- Opinions
- Preferences
- Needs & Desires
- Market Research
- Social Media

### Behavioral data
- Orders
- Transactions
- Payment history
- Usage history

"Traditional" – CRM Mentality
PREDICTA helps you understand your customers during their lifecycle within your organization.

1. **Collect**
   - data that augments each customer profile

2. **Analyze**
   - data to find actionable insights

3. **Decide**
   - on the best interaction for each customer

4. **Deliver**
   - messages, content and offers and capture reactions

5. **Manage**
   - budgets and processes and measure results

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Marketer

Customer
Customer Analytics based on Customer life cycle

A CRM customer strategy should: win the customer, build a relationship and intensify it by anticipating his needs and concerns.

### New / Prospect
- **Acquire**
  - Incoming traffic analysis for target acquisition
  - SNA for identification of competition opinion leaders
  - Credit analysis for ex-suspended

- **Welcome**
  - Value based segmentation considering potential & referral value
  - First Health Check after establishment with targeted add-ons promotion

- **Grow**
  - Sub-segmentation combined with SNA
  - Tariff upgrade and pre-to-post activities
  - Cross selling targeted add-ons
  - Viral marketing to specific segments of opinion leaders

### Lost Customer
- **Reward & Retain**
  - Churn prediction utilizing SNA & behavioral triggers
  - Proactive health check to high value & opinion leaders
  - Tariff optimization analysis for high value at risk customers

- **Win back**
  - Win-back targeting to ex high value customers & opinion leaders
Types of Customer Segmentation

Value Based
- High
  - Monitor value migrations
  - Service delivery strategy
  - Resource allocation & prioritization
- Medium
- Low

Life Stage & Socio-Demographical
- Bachelor
- Full Nester
- Empty Nester
- Solitary Survivor
  - Targeting new prospects
  - New product development
  - Life stage marketing

Behavioral
- Cluster 1
- Cluster 2
- Cluster 3

Needs Based
- Rational
  - Brand image
  - Product positioning
  - Communication tailoring
  - New product development
- Emotional
  - Service delivery strategy

- Relationship Marketing
- Existing product management
- Churn prevention
- Campaign management
- Competition & SWOT analysis
Cross-Selling case study in mobile operator based on Propensity Modeling

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Data add-on cross selling to Prospect Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targeting</td>
<td>Postpaid data add-on prospect customers. Propensity modeling has been used for estimating the likelihood of customers to uptake data add-on.</td>
</tr>
<tr>
<td>Offering</td>
<td>Data add-on promo (50% discount for the first 3 months)</td>
</tr>
<tr>
<td>Channel</td>
<td>Outbound calls based on scheduled campaign</td>
</tr>
<tr>
<td>Population</td>
<td>60K contacted</td>
</tr>
<tr>
<td>Objectives</td>
<td>Increase data usage penetration in customer base</td>
</tr>
<tr>
<td></td>
<td>Increase ARPU by cross selling data add-on products</td>
</tr>
</tbody>
</table>

### Acceptance Rate VS Control

<table>
<thead>
<tr>
<th></th>
<th>1st Month</th>
<th>2nd Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>2,0%</td>
<td>1,8%</td>
</tr>
<tr>
<td>Test</td>
<td>8,0%</td>
<td>7,9%</td>
</tr>
</tbody>
</table>

### Revenue Impact Due to Net Effect VS Control

- Annual Revenue: 200K €
- Execution Cost: 90K €
- Net Profit: 110K €
Churn Reduction case study in mobile operator based on Propensity Modeling

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Churn Reduction to High Value Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targeting</td>
<td>Postpaid high value at risk customers. Propensity modeling combined with specific Events have been used for estimating the likelihood of customers to disconnect.</td>
</tr>
<tr>
<td>Offering</td>
<td>10% discount on monthly bill for 12months contract renewal.</td>
</tr>
<tr>
<td>Channel</td>
<td>Outbound calls in the next few days after Event</td>
</tr>
<tr>
<td>Population</td>
<td>30K contacted</td>
</tr>
<tr>
<td>Objectives</td>
<td>- Reduce churn</td>
</tr>
<tr>
<td></td>
<td>- Increase annual revenue by saving high value at risk customers</td>
</tr>
<tr>
<td></td>
<td>- Stabilize customer base and increase customer satisfaction</td>
</tr>
</tbody>
</table>

### Churn Rate VS Control

<table>
<thead>
<tr>
<th>Month</th>
<th>Control</th>
<th>Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Month</td>
<td>17.1%</td>
<td>12.6%</td>
</tr>
<tr>
<td></td>
<td>-4.5</td>
<td></td>
</tr>
<tr>
<td>2nd Month</td>
<td>17.2%</td>
<td>12.3%</td>
</tr>
<tr>
<td></td>
<td>-4.9</td>
<td></td>
</tr>
</tbody>
</table>

### Revenue Impact Due to Net Effect VS Control

<table>
<thead>
<tr>
<th>Revenue Impact</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saved* Customers</td>
<td>187K €</td>
</tr>
<tr>
<td>Offer to not Churners**</td>
<td>37K €</td>
</tr>
<tr>
<td>Net Profit</td>
<td>105K €</td>
</tr>
</tbody>
</table>

* Otherwise they would have been disconnected based on Test - Control approach
** Offering cost to those that wouldn’t have been disconnected based on Control
Social Network Analysis

Identify relationships between individuals
Identify core groups and leader(s) within them
Estimates influence that individuals have on their peers

Opinion Leader is usually someone who:
✓ has many connections in his group
✓ is an early adopter & his connections get influenced by him
CUSTOMER CASE STUDIES

Decreasing Loyalty
Intensifying Competition
Soaring Customer Expectations
Globalization
Mobile Commerce
Consumerization of IT
Social Networking
Increasing Transparency
Channel Proliferation and Complexity
Shrinking Wallet Share
TELCO Customer Success in PREDICTA’s Territory

• OTE – COSMOTE (GR)

• Vodafone (GR)

• Makedonski Telekom AD (Skopje)

• Mobiltel (BG)
  – Segmentation, Customer Retention and full monthly process Automation and Deployment.

• Telekom Romania, Telekom Albania
  - Segmentation Analysis, Churn Models for Residential Post Paid, Cross Sell Models, Pre paid Churn Analysis
Implementation of **Social Networking Analysis (SNA)** projects with the use of IBM SPSS Modeler Premium software for:

- Telenor – Bulgaria
- Vodafone – Albania
- Mobiltel – Bulgaria

The SNA application finds the relationships into fields that characterize the social behavior of individuals and groups. IBM SPSS Modeler Social Network Analysis identifies social leaders who influence the behavior of others in the network.

In addition, you can determine which people are most affected by other network participants.

By combining these results with other KPI measures you can create comprehensive profiles of individuals on which to base your predictive models. Models that include this social information will perform better than models that do not.
PREDICTA - Who We Are

We are a company, specialized in applying predictive analytics to enterprises in any area such as the sales, marketing, operations, CRM and strategy.

Our people combine technical as well as business experience in numerous industries aiming to bridge the gap between technology and its applications in business & strategy.

We provide a comprehensive and complementary range of services across CRM, Customer Intelligence, Market Research and Training.

Our vision is to implement successful projects that return high ROI to any company looking to shift their customer’s experience to the next level.
PREDICTA - What We Do

CRM
- Gap Analysis for CRM
- IT Infrastructure for CRM
- Campaign Management
- Event/Trigger based Marketing
- Customer Centricity Strategy

Customer Intelligence
- Customer Profiling
- Customer Segmentation
- Customer Behavior Prediction
- Life Cycle Management & NBA
- Social Network Analysis

Market Research
- Multi-attribute Segmentation
- Share of Wallet Analysis
- SWOT Analysis
- Customer Satisfaction & Loyalty
- Drivers Importance Analysis

Training
- Building Effective CRM
- Segmentation Management
- Campaign Management
- Data Mining Techniques
- Next Best Activity & LCM
Thank You!

For more information visit our website

www.predicta.ro

Vlassis Papapanagis
vpapapanagis@predicta.gr
Mob: +30 6978332360