

Identify & Target Lost Prospects: How communications carriers can optimize conversion rates without changing inbound sales operations

A TARGUSinfo White Paper

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ABSTRACT

A communications service provider (CSP) gets thousands of calls into its contact centers each day. Some of those calls have to do with service issues; other are billing questions; yet others are inquiries about products and services. The latter category represents a potential sales opportunity that CSPs too often let slip through their fingers. Today's consumers have an unprecedented number of choices when it comes to communications services, and are more likely than ever to shop around before making a final decision. With competitive and cost pressures weighing more heavily on them than ever before, CSPs can no longer afford to let those prospects go.

Written for senior-level sales and marketing executives, this white paper describes how CSPs can identify and target lost prospects by leveraging existing information in a timely manner. It will discuss how recent trends in the communications industry have affected CSPs' sales opportunities, and how CSPs must evolve their inbound sales and marketing tactics to respond to these changes. Finally, this paper will provide guidance on how a hosted solution can help CSPs increase their conversion rates while reducing their cost per sale, including several case studies on communications companies who have successfully done just that.

The Impact of Market Fragmentation on CSPs

The telecommunications industry was deregulated in 1996, paving the way for the widespread introduction of competitive carriers into the market and enabling operators to enter markets adjacent to their own. In the past, communications service providers delivered a specific service (voice/video/data/mobile) over a specific type of network (wireline/cable/IP/wireless) to a specific end user device (phone/TV/computer/portable handset). However, a combination of deregulation and new technologies such as Voice over IP (VoIP), third generation wireless communications and digital video standards has changed that paradigm. As Figure 1 shows, today's consumers are as likely to buy telephone service from their cable operator as from a traditional telephone carrier, or view video content on their computer as on their television set.

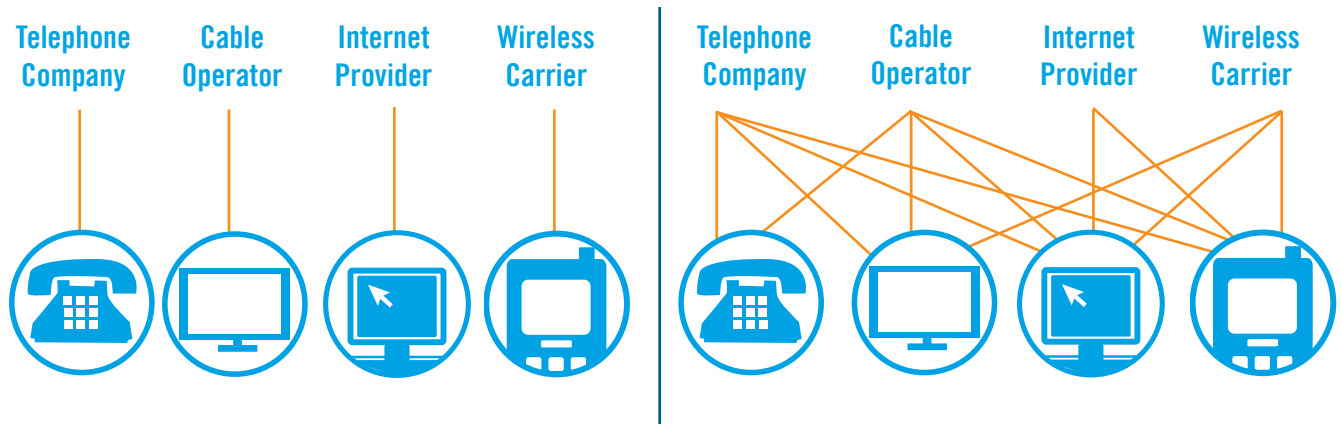


Figure 1: Fragmentation of the Telecom Market

Before 1996, a communications carrier owned and operated a specific type network, for a specific type of user device, in a specific region of the US. Today, after widespread market consolidation and the emergence of open technologies, carriers have rapidly expanded into new markets both geographically and by user device.

In addition, market fragmentation allowed for new competitive entrants into the mix — players ranging from pure-play VoIP carriers such as Vonage and Skype to mobile virtual network operators (MVNOs) such as Kajeet and Virgin Mobile to Internet companies such as Google — the result is a dynamic, highly competitive market. Today, telecom, cable and wireless providers are waging a three-way battle on the high-speed broadband front with cable operators' historic lead being rapidly eroded by telecom operators' fiber deployments and advances in wireless broadband technology. At the same time, wireless competition has intensified as the US market becomes increasingly saturated. Wireless saturation has more than doubled since 2000 and an increasing number of those mobile subscribers are opting to make their wireless phone their only

phone. This trend then puts added pressure on traditional telecommunications companies, forcing them to re-evaluate their business model and scramble for additional sources of revenue to replace lost landlines.

Marketing to the Empowered Consumer

The impact of market fragmentation on CSPs' sales and marketing operations adds up to one point: Consumers of communications services have more choices and are leveraging that fact with their wallets, making the business of acquiring and retaining customers a much more difficult proposition for service providers. And while price remains a compelling criterion behind consumers' propensity to buy, other qualifications have gained in importance, including quality of service, the availability of bundled offerings and customer care ranking.

This new competitive environment, and the consumer selectivity that it engenders, mean that CSPs are facing more "shoppers" than ever before — prospective customers who are ready to buy but want to check out information on competitive services before they purchase. This new buying behavior is taking some CSPs by surprise, especially those that evolved from the former monopolistic environment. As a result, CSPs are seeing far fewer conversions coming from inbound callers. For example, based on independent discussions with the nation's top cable operators, the average conversion rate of inbound callers was 60% 18 months ago. Today, those conversation rates have fallen to as low as 40%.

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In addition, CSPs are experiencing a shrinking window in which to influence prospects to make a purchase. In the former monopolistic environment, traditional carriers did not have to invest in systems or processes to capture information on consumers inquiring about service — they just assumed they would eventually call back. However, in today's highly charged environment, prospects actively shopping for telecom services should be on a carrier's hot prospect list for immediate follow-up. As Figure 2 illustrates, following up, or *remarketing*, to these telecom shoppers within a seven day conversion window does pay off, and is exponentially more effective than marketing to a set of cold leads. These callers have demonstrated the propensity to buy. And by identifying and targeting these prospects

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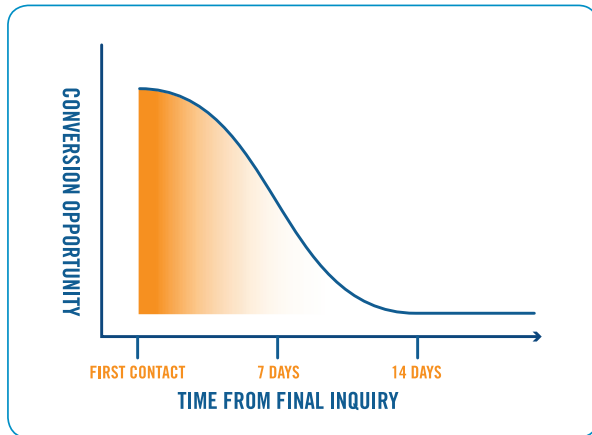


Figure 2: Conversion Opportunity Window

This chart illustrates results of a six-month independent study that tracked and compared conversion rates of direct mail promotions sent between one and 14 days after callers' initial inquiry with a carrier.

within a short period of time, perhaps with a slightly better offer, the CSP has an excellent opportunity to bring them on board as customers.

CSPs know they must change tacks, moving away from a mass sales approach and toward more targeted sales and marketing activities. Yet CSPs' call centers and sales departments are generally characterized by slow, manual and disparate systems and processes that create challenges to executing this type of accelerated remarketing effort on their own. CSPs can no longer ignore missed revenue opportunities that exist in their inbound caller pool; they must optimize their sales operations and processes in order to capture this potentially lucrative customer segment.

Optimizing Inbound Sales Operation to Include Lost Prospects

When a potential customer initiates contact with a CSP, whether it's via a call center or an online channel, the best-case outcome is always that the prospect ends up converted into a customer during that interaction. But what if the prospect ends the interaction without committing to the service, or even abandons the interaction before speaking with a sales agent? As shown in Figure 3, of the thousands of calls a carrier receives every day, only a small percent are actually converted into a new customer. But if a prospect ends the interaction with the carrier without committing to a service, all relevant information about the caller — and thus the ability to remarket — falls into a black hole and the opportunity is lost.

Unfortunately, CSPs do not have a cost-effective way to capture and qualify information on all inbound callers, in order to reach out to just the qualified prospects while they were still in the purchasing mode. In order for this type of remarketing initiative to be successful, the CSP's inbound sales operation would need to incorporate an automated solution with the following capabilities:

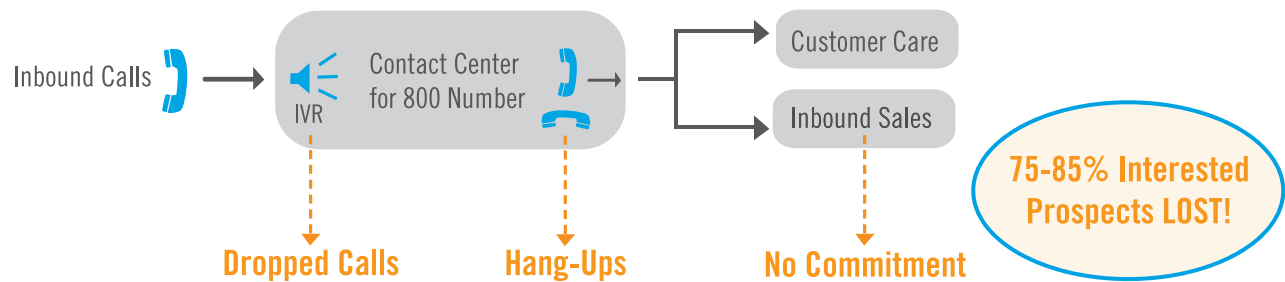



Figure 3: Typical Inbound Caller Flow

Many CSPs capture information on prospects only if they become customers. However, this approach, as shown above, does not account for the roughly 70-85% of inbound callers who may be interested in services but were not ready to buy — or may have disconnected before a sales agent picked up the phone.

- **Comprehensive caller identification service.** CSPs may be able to do some rudimentary identification of inbound callers based on their telephone numbers, but most do not have systems or incentives in place to capture or append any detailed information. Successful remarketing depends on the CSP's ability to access detailed information on the caller, including name, customer/non-customer status, any subscribed services and what services are available.
- **Platform for multiple data sources.** CSPs have a vast amount of customer data at their fingertips, but much of that data resides in disparate business silos, making it difficult for them to gain any sort of holistic view of the customer. While many CSPs have launched enterprise data-rationalization projects, a successful remarketing initiative in the near term requires a single platform that is able to integrate information on both customers and prospects from multiple sources.
- **Leverage real-time technology.** Time is the critical factor in remarketing initiatives, which means that CSPs must be able to access customer data on a real-time basis, in a fully automated fashion. The CSP must be able to reach out to the prospect within a matter of days, which means that relying on traditional batch-based systems and manual processes for information will not work.



Many CSPs lack the capabilities and resources needed to develop an automated remarketing solution on their own. Back office transformation projects are underway at most service providers, but these projects are often slow to receive funding and even slower to execute, which means that the functionality that an in-house remarketing initiative requires is unlikely to be implemented in the near-term. But there is an alternative.

What to Look For in a Hosted Remarketing Solution

A hosted remarketing solution gives CSPs a way to implement remarketing capabilities without needing to make significant changes to existing systems and processes — and without the risk of implementing yet another operational silo. In a hosted offering, CSPs should look for a solution provider with a platform that can easily incorporate multiple data sources and client-defined business rules. CSPs would need easy access to the provider’s client-side application in order to upload all inbound phone-number files every 24 hours. Finally, the application should leverage real-time technology in order to generate actionable leads for customized follow-up communications designed by the carrier. As Figure 4 shows, this optimized solution can dramatically reduce the number of qualified leads that wind up in the trash.

Features to look for when evaluating a hosted remarketing solution include:

- **Caller Data Coverage.** The solution should be able to provide comprehensive coverage and accuracy — since even small increases in coverage equate to significant increases in revenue. Make sure the coverage is nationwide and includes wireless and non-traditional phone types that are hard to find. But more importantly, look for a provider that can return more than just a valid name and address — in order to fully optimize your inbound sales operations, you will need a solution that can append additional information such as type of phone used (wireline vs. wireless) and if the caller is coming from a residential, business or government location.
- **Prospect Filtering.** The solution should have an on-demand information platform that can incorporate customer data sources in order to separate or flag current customers or pending installs or activations. This means the platform should have the analytics in place to cross-reference and match contact data between billing systems, CRM systems and call center data.

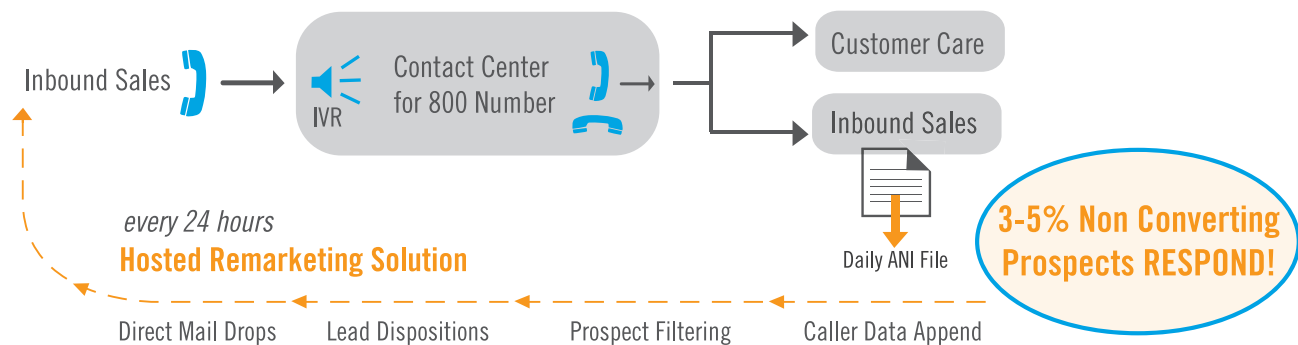


Figure 4: Optimized Inbound Caller Flow

An optimized inbound caller flow accesses a hosted remarketing solution every 24 hours. This approach, illustrated above, appends a verified name and address to every inbound phone number received; filters each contact record using the CSP's customer data and business rules; and within seconds of receiving the inbound phone file, generates a qualified remarketing list that fuels client-designed print or telemarketing promotions.

- **Serviceability Check.** For wireline and MSO carriers, the information platform will need the ability to accept geographic data of the carrier's network footprint in order to determine if a prospect can be serviced by the carrier. This is done by checking to see if the prospect's physical address resides within or near the carrier's network.
- **Lead Dispositions/Scoring.** The information platform will need to be flexible enough to integrate client-specific business rules or disposition codes according to a specific attribute of the caller. This means the ability to include additional intelligence such as demographics and behavior data would be optimal, to help segment or score prospects by the carrier's propensity to buy models.
- **Flexible Fulfillment Process.** Finally, the solution should have relationships and processes in place to initiate daily remarketing campaigns using either third-party print-on-demand or outbound telemarketing vendors as directed by the CSP. It should provide carriers with the ability to customize multiple offers or messaging according to CSP-defined rules or dispositions.

This type of automated remarketing solution has been proven to be more successful than more generic direct mail campaigns; consumer response rates to remarketing mailers have averaged between 5% and 10%, far above typical rates for direct marketing campaigns that use bought or rented lists.



Examples of Real Results

The payoff for this type of initiative has been demonstrated by a number of CSPs who have committed to a hosted remarketing solution. Here are three examples:

1 *Multisystem Cable Operator*

A multisystem cable operator needed a solution for the continued drops in conversion rates among new prospects calling into their call centers.

In fact, the operator discovered that more than 60% of non-customer callers did not convert to a sale on the first call. Furthermore, no processes or systems were in place to capture and identify these callers for future marketing efforts. An end-to-end automated remarketing solution was needed, which included the following features:

- An interactive voice response (IVR) prompt for a home telephone number if the inbound automatic number identification (ANI) is determined to be a wireless or business phone number;
- Automatic capture, validation and storage of inbound caller's home phone and associated name and address, including a Do Not Call (DNC) flag;
- Automatic validation of caller's home address against operator's corresponding homes-passed database so attributes such as customer/non-customer flags and footprint indicators can be added to inbound calls;
- Automatic integration of enhanced inbound call records into call center's lead management platform;
- Automatic fulfillment of an operator-designed offer to non-customer and non-converted existing customer callers within 24 hours of initial contact.

In less than two months, the cable operator reported nearly a 70% increase in qualified leads for call-center agents. In addition, call reports were trending toward shorter call-wait times and agent interactions. But most importantly, the operator saw an immediate 5% increase in new-customer sales directly from the automated remarketing program.

2 *National Wireless Carrier*

A national wireless carrier looking for a way to identify and remarket to consumers who called into a national 800-number.

This wireless carrier had many marketing resources and processes in place that could identify inbound leads associated with a corporate-generated campaign. Unfortunately, the carrier could not effectively identify consumers calling into their national 800-number. A multi-treatment automated remarketing solution was designed based on the analysis of calls coming into their national 800-number. The carrier's requirements for a multi-treatment solution included the ability to:

- Provide contact information for wireless, landline and hard to find phone type callers.
- Verify that an address is deliverable according to the United States Postal Service (USPS);
- Append additional attributes to each caller record including customer/non-customer flags, DNC flag, type of phone used (mobile vs. landline); type of location (residential vs. business).

Based on these requirements, the wireless carrier developed a multi-treatment automated remarketing campaign that resulted in less direct mail returns and adhered to Federal Communications Commission (FCC) direct marketing regulations. In addition, the carrier automatically increased its qualified leads by over 45%.

3 *Regional Broadband Provider*

A regional broadband provider was looking for a faster, more cost effective way to follow-up with non-purchasing callers.

This broadband provider was seeking for ways to maximize its marketing dollars while finding new ways to engage with consumers who had expressed interest in its service. The provider's prior follow-up efforts with new prospects were not effective enough, with conversion rates at 2% and the cost per sale rising to \$150.

In addition, monthly mailings reached only a fraction of non-purchasing callers because only 15% of them were providing a name or address. Moreover, the mailings were landing flat because prospects had cooled off, or had purchased competitive products, by the time the mailings reached them.

An end-to-end automated remarketing solution was implemented and tested against the provider's current efforts to non-purchasing callers. The results were immediate. The automated solution increased the conversion rate to 4% and the cost per sale dropped down to \$95. In addition, the number of qualified leads increased by 60%.



Conclusion

In the short term, remarketing can help CSPs convert prospects that might otherwise have been lost to a competitor. Ultimately, though, remarketing is more than just simply understanding who is reaching out to a sales center — it ties into a larger strategy around proactive customer management. Customers were once a given part of a CSP's business; however, in today's competitive communications environment, customers are an asset, not a given, and customer information is the crown jewel of savvy CSPs' operations. By gaining better insight into their interactions with prospects and customers, CSPs can not only gain customers in the near term, but also:

- Improve loyalty by demonstrating that it cares about the customer's requirements and needs;
- Market to customers and prospects in a highly targeted manner, maximizing the sales opportunity while reducing the risk of being intrusive or annoying;
- Open the door to a higher average revenue per user (ARPU) metric while reducing churn by maximizing cross-sell/upsell opportunities.

As the trusted source for name, address and phone data that organizations use to interact with prospects and customers, TARGUSinfo can be a valuable partner to CSPs. Why? TARGUSinfo possesses a unique ability to deliver precise, relevant and actionable information to customers because of three features: a uniquely accurate data repository of US consumer and business information, an advanced analytics platform and a real time network that compiles and delivers relevant information whenever and wherever our customers need it. For more information on the TARGUSinfo Automated Remarketing service, call 800.6.TARGUS (800.682.7487).

About TARGUSinfo

TARGUSinfo was launched in 1993 with a vision for making commercial interactions faster, better, cheaper and more profitable. The company has since built a foundation of data, verified by the nation's telecommunication providers, making its information exceptionally precise, relevant and actionable.

Drawing from a proprietary network of more than 100 data sources, TARGUSinfo uses patented process to link together the most complete and accurate name, address and phone data available. These linked elements can be connected to additional layers of information such as demographics and firmographics, location data, predictive analytics and risk-assessment factors. A real time query-and-response network delivers this information to customers at sub-second speed. TARGUSinfo processes close to 80 million transactions every day for more than 700 clients including communication service providers, retailers, consumer products and services companies and public sector organizations.

A privately held company, TARGUSinfo is headquartered in Vienna, Va. For more information, visit www.TARGUSinfo.com or call 800.6.TARGUS (800.682.7487).



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