



MARKETING SOCIETY EXCELLENCE AWARDS 2016

CATEGORY: B

Building Customer Relationships

5 February 2016

[Executive Summary and Full Paper]

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Proactive Re-sign

The background

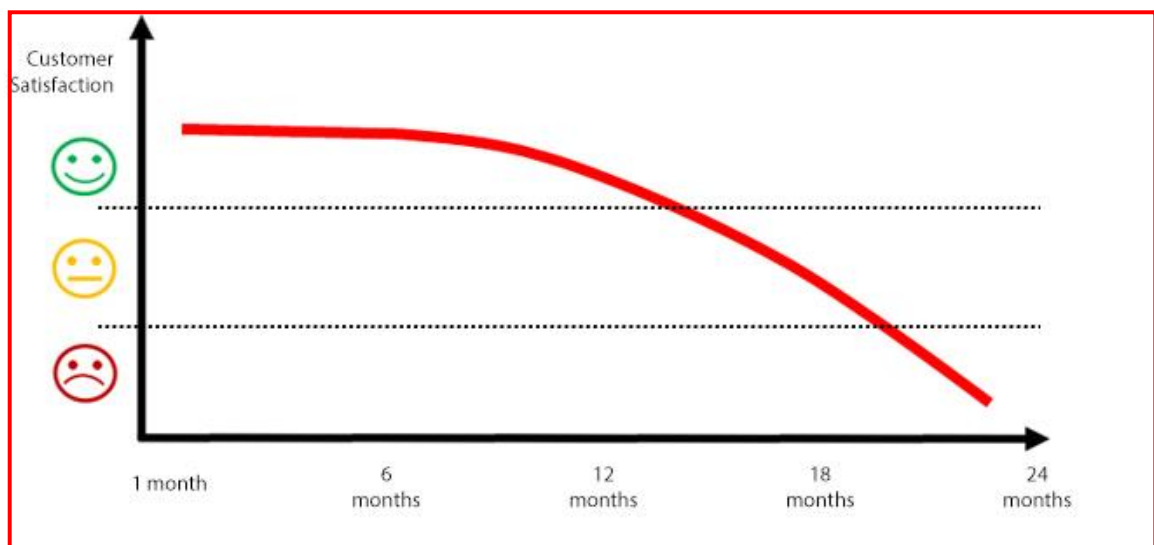
Context

We work in a highly competitive marketplace. The digital revolution has given customers greater choice. There are more brands selling services and products. Customers want, and expect, the very best.

To win and retain customers, brands have to fight harder than before. The only way to succeed is to focus on giving consumers what they want and value.

That's what we do at O2. From introducing O2 Priority - the UK's largest digital loyalty scheme - to O2 Gurus – our resident tech experts – we've seen first-hand the importance of investing in loyalty. The challenge for us was to find innovative new ways to reward our contracted customers and build our relationship with them in the process.

With customers across the industry traditionally contracted for two years, we recognised there was significant potential for customer dissatisfaction. Our research indicated that customers' excitement with their handset had [REDACTED]. From then, customers begin to look forward to getting a new device – with or without their existing provider.



Our objectives

With 8.4 million contracted customers, we needed to:

- Maximise the retention of those whose contracts are expiring, proactively helping customers find the best phone and contract for them on O2 – before they start looking around.
- Improve engagement levels and satisfy customers' desire for the very best offers.

Customer insight

We knew the craving consumers have for ‘the next big thing’ means they can easily become dissatisfied with their current product or tariff. They are at risk of churn long before their two-year contract has ended.

While consumers have more choice than ever before, they also have more information to wade through. Choosing the right product and tariff can be a laborious task, with extensive market research needed to understand how to get the best deal.

As well as being daunting, we knew there was potential for double dissatisfaction if the customer felt neglected by their current supplier. We knew if we helped customers navigate this process, we would be able to make them feel valued and ultimately improve their satisfaction levels.

Our insights also allowed us to open up the possibility of pinpointing when customers could become a retention risk, simply by segmenting them according to how long they have left on their contracts.

Challenges

The challenge for us, however, is that customers *expect* us to be proactive in presenting them with options and helping them make informed decisions. They also expect to be rewarded for their loyalty. They want us to actively motivate them to sign up to another contract.

In order to provide real added value and significantly increase customer satisfaction levels, we had to go above and beyond.

The approach we took

What we did

We began with a simple hypothesis – happier customers will not want to leave us and will eventually spend more if they get the quality of service they’re expecting. We wanted to create meaningful relationships by demonstrating how we understand and respond to customer needs.

We reviewed customer journeys, analysed customer satisfaction levels and used research to identify their biggest pain points. We then calculated the current value, future value and profitability of every customer.

Our research told us that the biggest issue for customers was choosing a new phone and tariff when their contract expires. Plus when customers do their own research, there was a risk they would choose another provider. So, we introduced the Proactive Re-signs Programme.

The programme was simple. We would do all the hard work for our customers, presenting them with personalised handset and contract options before their contract expires, through a range of personalised communication methods.

This understanding of what customers value the most has led to us successfully reducing discounting by 44% and implementing procedural changes that allow our retention advisors to use lifetime value forecasts in real time.

Why we did it

We conceived an elegant, innovative solution by reframing the problem.

So, the problem:

'How do we persuade customers to re-sign with us at the end of their contract?'

Produced the answer:

'We don't. We do it during their contract.'

– we did the hard work for them and put O2 at the forefront of their minds when they consider their options.

We're providing added value and increased customer satisfaction levels, by creating invaluable two-way conversations with customers at a time when our research indicated that they are looking to us for help and support.



This meant we targeted customers just as they started to become envious of new phones in the market. The customer also has much to gain in terms of saving valuable time and effort and receiving a new phone earlier than expected.



But having the best phone is only half of it. We know that for our existing customers to feel valued and treated differently, they expect to receive the best deal. We offered a range of value for money propositions:

- Recycle trade-in – customers can trade in their old handset for a discount on a new one
- Contract buy-outs – we terminate the contracts of customers who are dissatisfied with 3G or other phone issues – giving them a 4G phone instead
- Tactical handset offers – we value existing customers and they will always get more in the form of special lower prices that reward their loyalty



By presenting them with personalised offers while they are still contracted to us, we rewarded loyalty and offered the chance to satisfy their desire for a new handset without the agonising wait. We're helping them to make an informed decision, while motivating them to happily re-sign with us.

@O2 just had great customer service from Tom in York. Helped me upgrade and got me a top deal!

Via Twitter



How we did it

Execution

After building on research data, customer feedback and business propensity models, we started a small test team targeting a select group of customers. This enabled us to gain valuable insights into the real-time thoughts and behaviours of customers nearing the ends of their contracts.

We then implemented continuous optimisation with each individual customer, building on their feedback to improve segmentation, drive engagement and increase customer satisfaction levels.

After extensive testing, we were able to understand and optimise the best:

- Point in the contract lifecycle to reach customers
- Channel to communicate with each customer
- Time to communicate with each customer
- Offer to motivate them to re-sign

How we achieved this

As a continually evolving programme, we are constantly extrapolating customer insights to raise satisfaction levels, provide greater value and ultimately improve retention.

Our text-back feature, for example, allows us to call at a time that's convenient for the customer, increasing satisfaction and engagement and making for much more effective and efficient outbound calls from our advisors.

Book a call with a Guru

Get help and tips. Pick a time and a Guru will call you back.



Superior customer segmentation has also been key.

Previously, we had segmented customers in large, generalised groups. But now, using both existing data and extensive new research, we're able to isolate segments of one – communicating to each customer in a Proactive Re-sign conversation with one-to-one personalisation.

This can be observed in all our communications, with personalisation allowing us to use advanced targeting on elements such as brand, technological features and customer purchase history.

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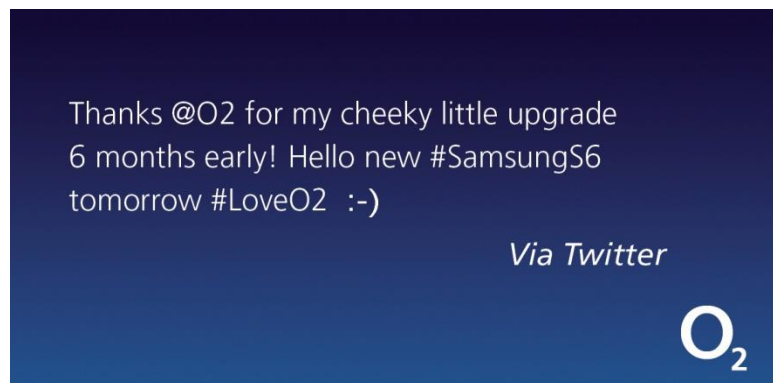
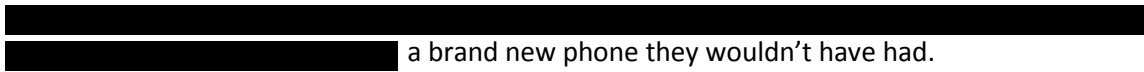
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Personalised Recycle, meanwhile, also lets us delight customers with a trade in price specific to their handset, based on exactly how long they've had it.

We were even able to launch personalised videos for customers – an industry first – creating more individualised conversations than ever before.



What did our customers and employees feel and experience?



We were also able to build a meaningful relationship with our customers. We knew many found the process of finding a new phone or tariff daunting and time-consuming. Instead, we were able to provide added value, saving them a time and effort that they would have had to invest themselves.



The simple act of letting customers choose when we contact them made them feel more in control, less pressured to talk to us and more appreciative that we were listening to their needs. And the unprecedented levels of personalisation helped make customers feel special and more valued.

"The advisor phoned at the arranged time,
what more could I ask for? Thank you"

Another happy customer



Our staff are also happier knowing that customers had chosen to answer a call from our upgrade programme – or that they have asked to be contacted at a certain time. Our staff feel more wanted and more helpful, which makes for a happier workplace and more productive customer conversations.

@O2 thanks for great service today from Jarrel
and Nicole when helping me upgrade. Very helpful
beyond the call of duty (& working hours!)

Via Twitter



Results

Increased customer value



Increased retention



Increased customer satisfaction



Increased customer engagement

Increased employee engagement

- Advisors love contacting customers who have requested a call back, as it makes for a more successful conversation with the customer.

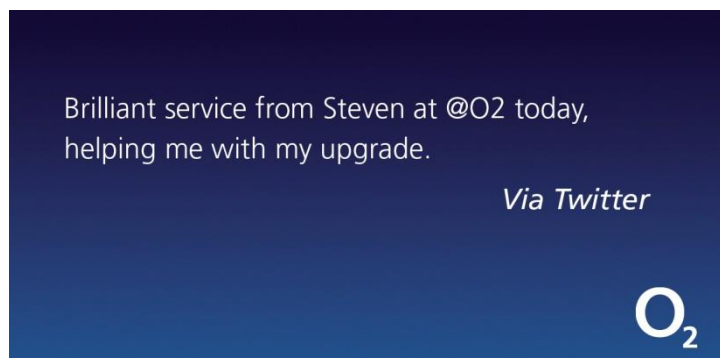


Conclusion

Customers told us they don't want to have to wait until the end of their contract for the latest phones or to have to seek out the best deal themselves. We listened.

By innovating around our customers' needs and expectations, we've driven greater customer engagement, making their upgrade decisions easier and making them happy to choose us for their next contract.

Customer satisfaction is up, churn is down and as a result, customer lifetime value is higher. Best of all we've significantly improved our relationship with our customers.



[Total Word Count including Executive Summary: 2,175]