

Using Customer Data to Increase Revenues

O2 Ireland and Capgemini work together to realize benefits of best-of-breed real-time marketing solutions

The Situation

O2 Ireland wanted to preserve market share and drive new revenue streams through a radical approach to Customer Relationship Management. Key drivers were to improve retention and grow sales from traditional direct marketing channels. O2 wanted to deliver a personalised experience for each customer that was seamless across touch points.

The Solution

O2 Ireland in collaboration with its strategic partner, Capgemini, developed and implemented a strategy to build new leading practice Marketing and Customer Relationship Management capabilities. At the heart of this was deployment of a best-of-breed Inbound Real-time Marketing solution across multiple channels, and supported by Predictive Analytics.

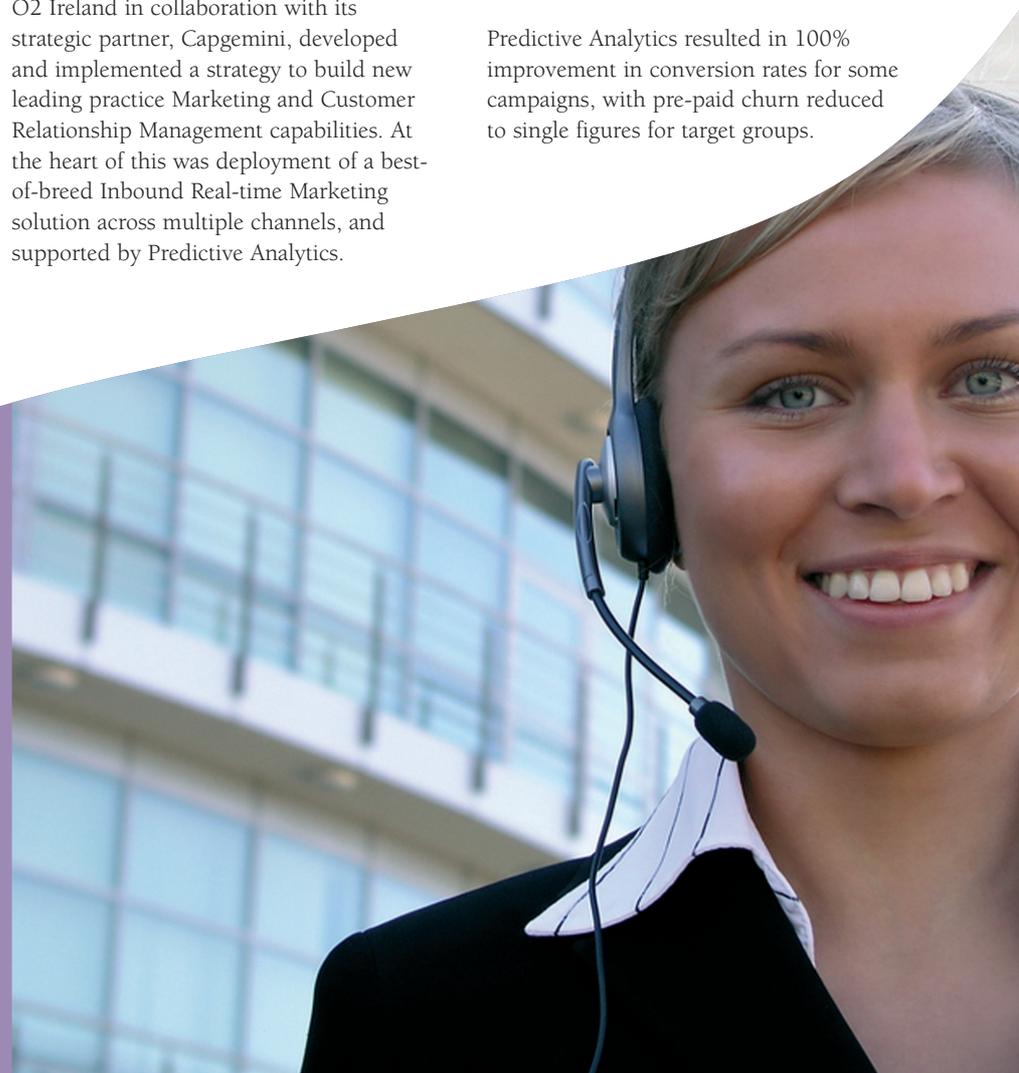
The Result

Inbound Real-time Marketing is delivering the expected benefits. The solution has enjoyed excellent user acceptance and has been fully operational in call centers since March 2005. Average offer acceptance rates of 50% have been sustained in call centers, with high offer presentation rates and average offer value. It has also been rolled out to O2 Ireland's own brand retail stores, and has been extended to business customer segments.

Predictive Analytics resulted in 100% improvement in conversion rates for some campaigns, with pre-paid churn reduced to single figures for target groups.

“Inbound Real-time Marketing ensures our offers are relevant and timely. Customers feel well served by the insight into their needs that we show. And call center agents like it because it works and increases job interest.”

Paul Farrell
Marketing Director
O2 Ireland



How O2 Ireland and Capgemini Worked Together

O2, serving some 23 million customers in the UK, Ireland, Germany and Isle of Man, is now owned by Telefonica of Spain. The subsidiary in Ireland enjoys 40% market share with a customer base of 1.6 million.

Working in a closely-knit joint team, the first task in O2 Ireland's CRM program was to develop a comprehensive CRM strategy and vision, followed by a phase of work to build new capabilities via:

- Creation of a new Inbound Real-time Marketing capability based on "Interaction Advisor" from Epiphany (now part of SSA Global)
- Establishment of in-house Predictive Analytics modelling skills using "Clementine" from SPSS
- Phased deployment of campaigns across channels.

The Real-time Marketing solution enables targeted offers to be made to customers when they contact O2. When a customer dials the call center, for example, their enquiry is dealt with in the normal way. A decision engine calculates in real time the best personalized offers to make to each customer and pops them up on the call center agent's screen.

These "best" offers are determined by applying business rules to the data held for that customer, and are aimed at retention, cross-sell / up-sell, or customer service.

Predictive Analytics involves modelling based on customer data to predict who is likely to behave in a certain way. The impact is better offer targeting, which can be used to improve the effectiveness of marketing campaigns.

After a year of operational experience O2 finds that Inbound Real-time Marketing is delivering significant benefits. *"The tools in the back office present targeted offers to the agent, who applies judgement on whether and how to extend an offer in the context of the call"*, said Paul Farrell, O2 Ireland Marketing Director.

The technical solution was only half the story. O2 Ireland's approach to operational deployment was key, and involved attention to data management, business change, and operational management.

How do you persuade call center agents to focus not only on maintaining low average handling times for calls, but on effective Real-time Marketing? O2's "iPOD of the week" rewards for successful agents worked well, as did the practice of identifying "offer champions" to help improve the offers and share best practices.

Deployment of Real-Time Marketing to O2 Ireland's retail operations posed new challenges. Using the offers developed for the call center was not effective immediately. But when 26 new offers designed specially for the retail channel were launched, presentation rates increased dramatically. *"Making the offers relevant to the sales staff and their incentive schemes made a big difference"* observed Paul Farrell.

Operational management of O2 Ireland's offer funnel has paved the way for performance improvements from inbound customer marketing. Personalised offers and strong agent team management are driving higher extension and acceptance rates, with immediate offer fulfilment ensuring closure. Closed-loop reporting and analysis enables O2 to do more of the things that work well and less of those that do not, driving up mean offer value.

O2's holistic, integrated and best-of-breed approach has enabled it to define its target customer experience differentiated by segment – and by micro-segment – and to move towards customer centric, event-driven, one-to-one marketing. O2's new inbound Real-time Marketing capability has a small IT footprint, was delivered within a few months, and has put in place a platform which is allowing it to develop more context-sensitive relationships with its customers.



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