

> Cablecom

Cablecom switches on to customer retention

SPSS Inc. is helping to reduce churn through a program of enterprise feedback management and the use of predictive analytics technology.

Situation

Cablecom GmbH is Switzerland's largest cable network operator. Broadcasting to 1.6 million homes across the country, Cablecom offers customers cable television, broadband internet, mobile and fixed-network telephony.

Cablecom has a reputation in its market as an innovator, being the first operator to provide customers with quadruple play services. This reputation is mirrored in-house with the company using the very latest technology in order to offer the best service to its customers.

Challenge

In an age where churn is an issue across most industry sectors, being able to target customers efficiently with tailored marketing initiatives is hugely important to the success of any organization. And, in the broadcast and telco space, where churn is a major worldwide issue, this approach is vital.

"Seeing the world through the customers' eyes is at the heart of our business," said Federico Cesconi, head of customer insight and retention at Cablecom. "Customer information and feedback is key to this process and is enabling us to take a proactive approach to one of our industry's most pressing problems."

"It's much easier to retain a customer than to try to win him or her back. Many win-back activities and offers are often too late for the customer looking to switch providers. In many cases, the decision has been made weeks before and it is costly and difficult to reverse," explained Cesconi.

Solution

Cablecom recognized the key to tackling churn was to identify the point at which customers become dissatisfied with the service and before they made the decision to switch to an alternative provider.

As a result, the company turned to SPSS Inc. for help to support an enterprise feedback management program and to make use of predictive analytics technology to better understand its customers in terms of their characteristics, behavior, and attitudes.

* PASW Data Collection Interviewer Web, formerly called mriInterview™, and PASW Modeler, formerly called Clementine®, are part of SPSS Inc.'s Predictive Analytics Software portfolio.

At a glance

Country: Switzerland
Industry: Telecommunications and broadcast
Date founded: 1931
Company type: Part of UPC
Employees: 1,400

Application

Customer churn reduction

Solutions used

PASW® Data Collection Interviewer Web*
PASW® Modeler*

■ Customer churn reduction

It selected SPSS Inc.'s best-of-breed survey application and market-leading data mining technology to assess and analyze customer feedback across various phases of the customer lifecycle. It now uses this insight to predict future behavior and adapt its activities to meet customer demands and cut churn.

At significant points across the customer lifecycle, Cablecom solicits detailed customer feedback to better understand the customer and assess his/her likelihood to churn.

In the pre-sales stage, feedback is collected through sales channels to understand whether a subscription exists with a competitor and when it will terminate. And, once the sale is made, Cablecom proactively contacts customers regarding their initial satisfaction with the company and its offerings. This covers the purchase and installation, as well as the initial usage of the service.

Following initial results, Cablecom discovered that unsatisfactory events in the early to midterm portions of the customer's lifecycle have the deepest effect on churn, in many cases further down the line. For example, Cablecom identified a peak in churn behavior between 12 and 14 months into the lifecycle, but the decision to churn was actually made around the ninth month into a contract.

By identifying and addressing the key pain points proactively, Cablecom believed that churn could be reduced dramatically.

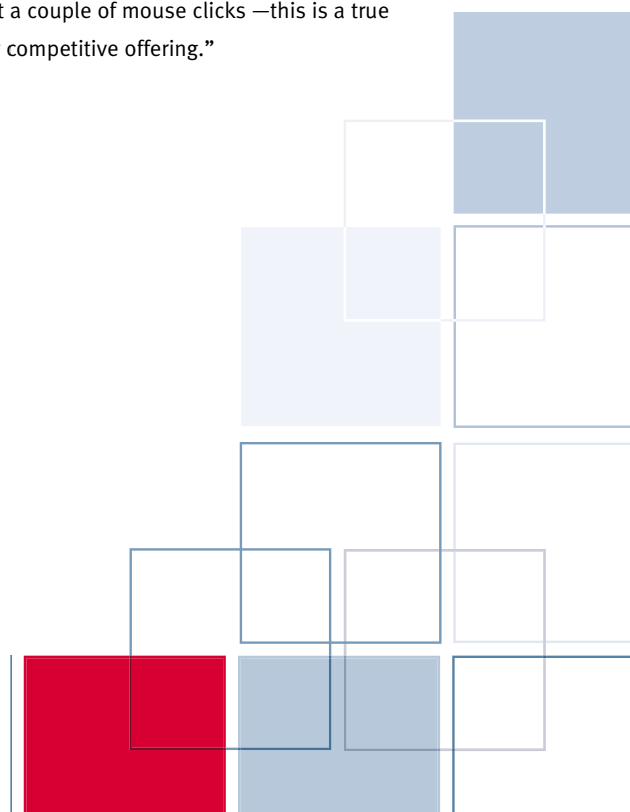
As a result, the company put in place a feedback program targeted at customers who had been with the company for about seven months. This was based on an online survey developed using SPSS Inc.'s survey application. Customers were invited to complete the survey focusing on five key questions in order to identify their overall satisfaction with the service.

Based on their responses, customers were scored according to their likelihood to churn. Those most at risk of switching were then targeted by a dedicated customer retention team. This team proactively contacts those customers who completed the survey to discuss their issues and suggest solutions in order to persuade them to stay. Feedback from customers involved in this process has been positive with many appreciating the call.

The information garnered from this survey is then analyzed with SPSS Inc.'s data mining solution. This has revealed more than 100 indicators that would suggest if a customer is likely to churn, including the initial activation period, the number of customer service queries, price band and the original sales channel.

On the back of this analysis, SPSS Inc.'s solution is then used to assess the satisfaction level of people not taking part in the survey, providing useful insight across the entire customer base. Customers identified as being likely to churn can be passed to the retention team while others can be contacted by the sales teams with cross- and up-sell opportunities.

Cesconi explained: "SPSS Inc.'s technology is highly intuitive, enabling analysis to be undertaken extremely quickly. For simple tasks we often get the answer we're looking for in just a couple of mouse clicks —this is a true advantage to any competitive offering."



Results

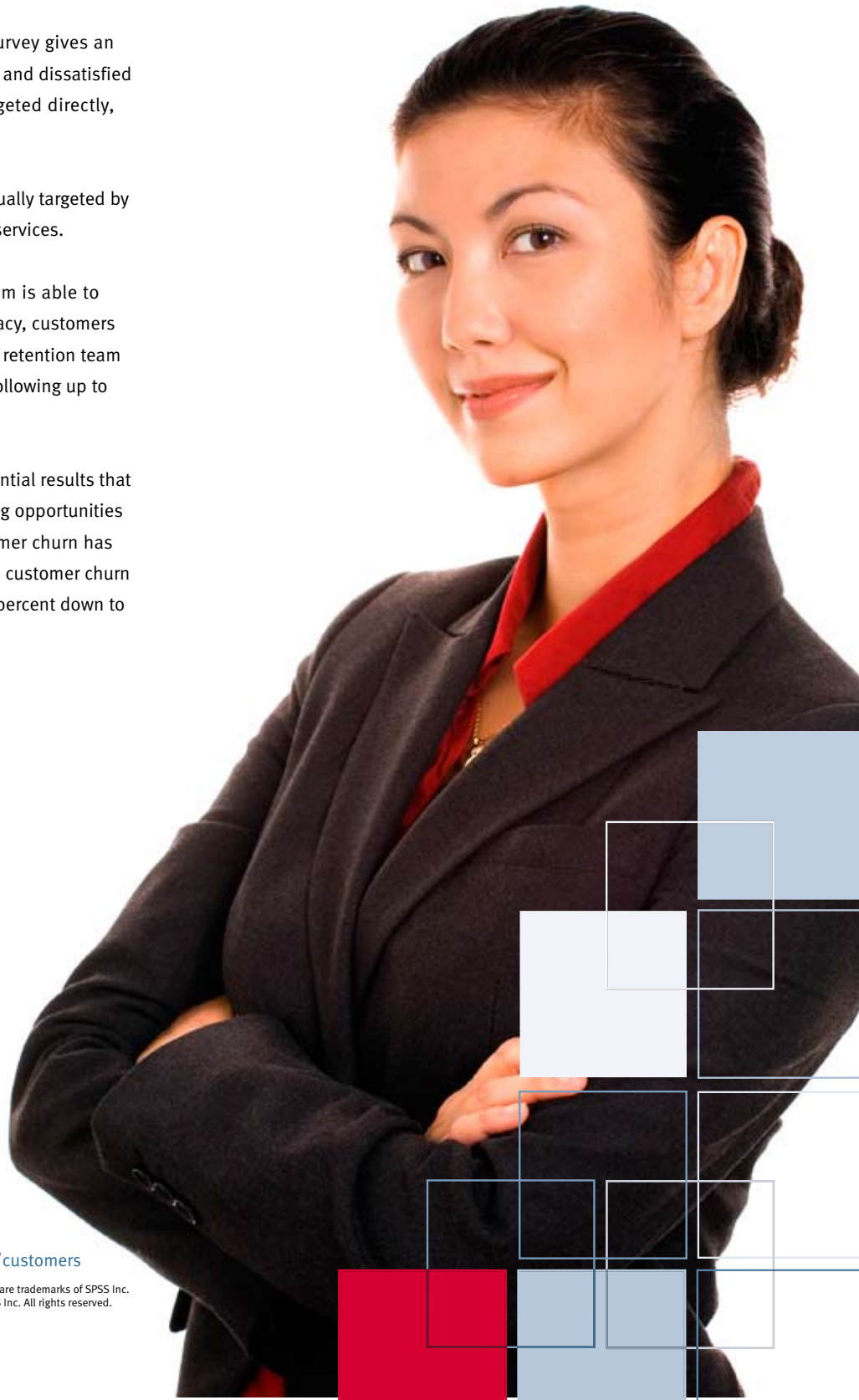
SPSS Inc.'s technology enables Cablecom to more accurately identify those customers who are likely to churn and take proactive action to improve retention.

Data from those completing the online survey gives an accurate picture of the number of satisfied and dissatisfied customers. Those who may churn are targeted directly, reducing the level of churn significantly.

The satisfied customer can also be individually targeted by the sales team to support cross-selling of services.

Across the wider customer base, Cablecom is able to identify, with a 78 percent degree of accuracy, customers who may be unhappy with the service. The retention team takes responsibility for them, proactively following up to address any issues.

As a result, Cablecom has achieved substantial results that directly impact its bottom line. Cross-selling opportunities can be better identified and overall customer churn has been reduced. In fact, in early pilot studies customer churn rates were reduced from an average of 19 percent down to 2 percent.



For more customer stories, visit www.spss.ie/customers

SPSS is a registered trademark and the other SPSS Inc. products named are trademarks of SPSS Inc. All other names are trademarks of their respective owners. © 2008 SPSS Inc. All rights reserved. CACS-0509