CITO RESEARCH

actian

The Reality of Hybrid Data: Reducing Churn

THE PAIN POINT

Like many telecommunications companies that offer a broad range of services, a company—call it CableX— was shedding customers. Subscribers often left faster than they could be replaced. Annual churn rates in the telecommunications field range can run into the double digits, representing a major loss in customer lifetime value. Adding to the pain, CableX didn't know *why* its customers were switching to the Other Guys. Did a competitor offer a better deal? Did the customer's Internet crash three times in one week? Did their service go out during the Super Bowl? No one knew. CableX wanted to identify predictors that their subscribers were about to switch, address the pain and keep their customers. CableX also wanted to boost business from its existing customers by finding prospects likely to add a heftier mobile phone data plan or upgrade their entertainment packages to the next level.

THE DATA PROBLEM

Having data was not the problem. CableX already possessed plenty of information about its customers. For example, data lurking in its systems showed which subscribers had in the past year downgraded cable TV packages from gold to silver to basic. An analytics program tracked mentions, especially complaints, about the company on Twitter and other social media. CableX knew how quickly customers paid their bills, how often they called support, and whether they always chose premium services across each channel. Each subscriber represented several actual or potential revenue streams including Internet, mobile phone, traditional phone service, cable TV, and additional content packages. But all that potentially useful customer intelligence was siloed in different departments, in different locations, and in different structures and systems with varying access methods, preventing anyone from getting a holistic view of the customer.

Data from marketing was not connected with data from customer support. Systems were siloed by product as well: customer data about mobile usage and related customer experience was kept separately from customer data related to cable TV.

The challenge was considerable considering that even their siloes had siloes. There were multiple channels of customer support (contact center, online chat, and email) that were not correlated, not to mention separate business units in charge of each of their various offerings, including mobile phone service, landline service, cable television, mobile apps, and more.

And as for incorporating data from social media, it took two weeks to get the analytics and that was too late to address individual customer pain, let alone potential brand impact. CableX had no way to bring everything it knew about its subscribers, in all of the forms of hybrid data it already possessed, into a single holistic view.

ANALYZING HYBRID DATA FOR THE SOLUTION

Then CableX adopted a hybrid data solution powered by an analytic query engine that could handle the scale and performance requirements of its many sources of hybrid data. No more waiting two weeks to hear about being trashed on Twitter or other social media—now the company finds out instantly and can take immediate action. The solution has pulled together all of its disparate data systems and sources into a single view—without having to move the data to a central monolithic data store. This single view empowers marketing, customer support, and product management to work together to retain customers and build the business.

By leveraging hybrid data that is now combined and constantly refreshed, CableX now sees the predictors that a subscriber is about to cancel service—predictors such as numerous trouble calls and choices to downgrade service levels—and acts before the customer leaves. The CableX marketing team now knows that subscriber Joe Smith has called support six times in the last 10 days and has started tweeting about their service. Instead of sending Joe the same marketing pitch all customers receive, thanks to a single view of the data, the marketing team can see the status of Joe's support issue and then text him, apologizing for the problems and reaching out with a real-time offer, special deal, or discount. And when a big name celebrity complains about CableX on Twitter, corporate public relations knows right away and can reach out immediately on Twitter and other relevant platforms to address the issue in time to matter.

Behind the scenes

CableX had to join data across multiple source tables to enable downstream tools and processes to run their analyses. However, this materialization was huge, and the data in it immediately became stale. In fact, it was so large that query performance was poor and some queries simply could not run. Moving to a more modern vectorized analytics engine, CableX was able to eliminate the intermediate materialization and run the queries directly against the source data on demand. This direct approach produced faster results against more current data, provided faster response times for more concurrent users, dramatically reduced storage space, and saved database administration resources.

Imagine what a constantly refreshed, 360-degree view of your customers, fed by all the data you have, could do for you right now.

On the other hand, if a CableX subscriber appears to be happy and already has gold level cable TV service and the fastest Internet service offered, the company will know that the customer is an excellent prospect to upgrade to a premium mobile phone plan. Across CableX, the finance department can use the single view that is fueled by hybrid data to predict profitability and to identify concerns about digital competitors such as Netflix and Hulu. Customer service uses that single view of the data to suggest special offers and preferential treatment, such as shorter or after hours service call windows, to build stronger relationships with the most valuable customers.

BEYOND CABLEX

Beyond telecom, any company, whether B2B or B2C, will benefit from a 360-degree view of its customers that breaks up the many siloes of data, both by department and by system. For example, a software or data services company wants to ensure that it knows everything possible about its clients and the different divisions within those companies to be able to maximize what it sells and the value it provides. A retail drugstore chain can leverage information on what other products, beyond a doctor's prescription, that a customer could be encouraged to buy. The chain can use this single view to fuel new ideas and initiatives for how to serve its most profitable (and busy) demographics more effectively.

RESULTS

By leveraging hybrid data, CableX's annual customer churn dropped to the single digits from a dismal double digit industry average. That's a lot of customer lifetime value.

The complexity companies face in their data environments is on the rise. An effective hybrid data solution gives you better customer insights, leading to revenue and profitability growth.

Imagine what a constantly refreshed, 360-degree view of your customers, fed by all the data you have, could do for you right now.

This article was written by CITO Research and sponsored by Actian

© 2018 CITO Research

CITO RESEARCH