

# How broadband providers can acquire and retain new mobile subscribers

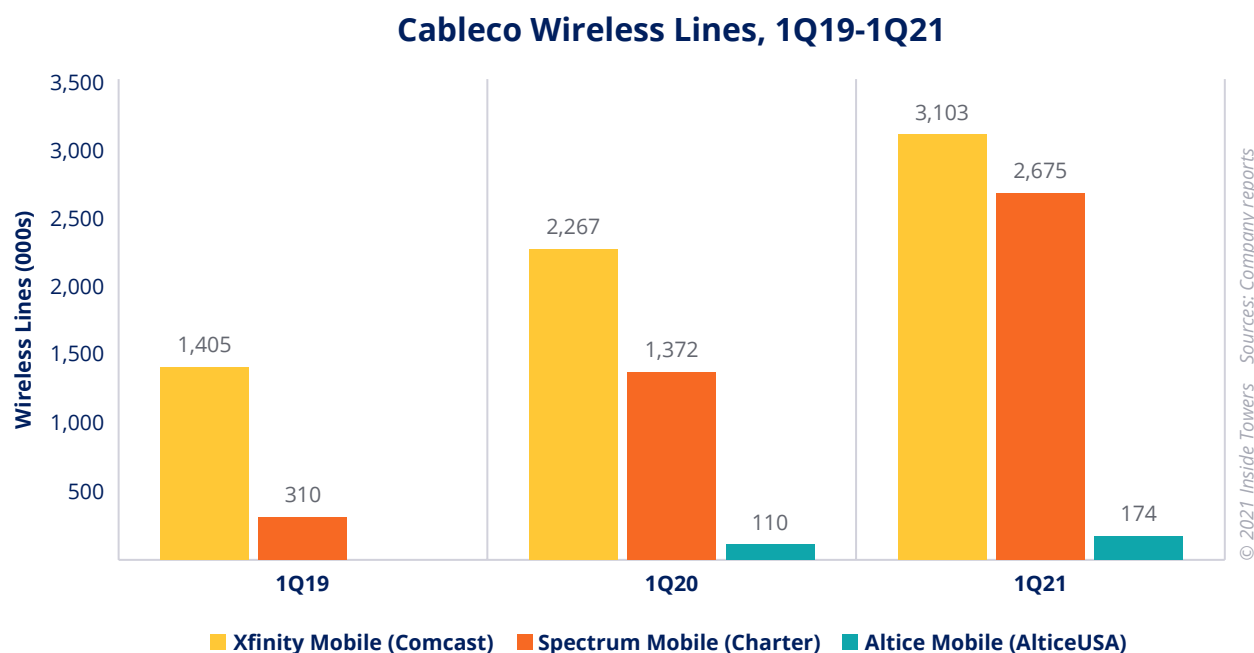
The challenge to launch new mobile brands

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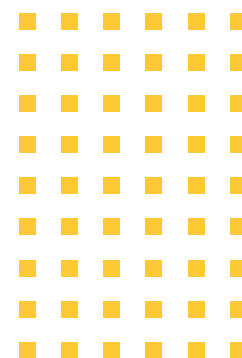


## Moving beyond price differentiation is key

As growth in the cable industry has declined, a trend has emerged: Broadband providers—traditional cablecos—are launching mobile business lines with the hope of retaining customers as well as driving new revenue streams. The big three providers in the U.S. – Comcast, Charter, and Altice – service around 6 million subscribers through recently launched wireless brands (Comcast Xfinity launched in 2017). Post-launch, these new wireless brands have seen strong, double-digit growth rates compared to traditional mobile service providers, which have seen less than a 2% subscriber growth rate on average.



This growth has been driven through attractive pricing (primarily to households with 1–2 lines), but data and customer examples are showing that price alone is not sufficient to retain subscribers who’s customer experience expectations are not being met. The cablecos that can offer differentiated commercial strategies and operationalize them, personalizing and simplifying the customer experience, are the ones that will be successful in launching new mobile businesses.



## Rapidly growing and retaining a new, converged customer base

For a traditional cableco, the “customer” has always been synonymous with a household. However, the mobile services business has always been customer-centric based on individual subscribers. Shifting mindset and adding new capabilities to support both “household” and “customer” centrality is a key challenge for cablecos as they add their mobile brands in a converged strategy. Pega has helped a number of leading cablecos operationalize effective commercial strategies that have driven strong, converged customer acquisition and retention results. The learnings from these engagements fall into three key strategies:

1. Develop a multi-dimensional commercial strategy for customer acquisition and retention
2. Drive one-to-one customer engagement through a centralized decisioning engine for hyper-personalization
3. Evolve your customer service mindset and capabilities with a digital-first strategy

Each of these strategies is synergistic:

A great commercial strategy will not be effective if it is not marketed in a personalized, relevant manner at the moment of need; neither is strong customer acquisition if customers churn due to poor service. **Cablecos must execute across each of these strategies in tandem to drive effective acquisition and retention.**

“There is a lot of information to bring to our customers. It’s too much to just send it all. That’s why we decided to invest in Pega Marketing. We need to have an orchestration tool to really decide to whom to send what, at what time, and through what channel.”

**Nicole Verburg**, Director of Customer Value Management at Vodafone-Ziggo

### 1 Develop a multi-dimensional commercial strategy for customer acquisition, service, and retention

As discussed earlier, the main commercial strategy for North American cablecos to acquire mobile subscribers as part of a multi-play business strategy has been price focused. This strategy has resulted in an impressive 40–70% growth rate of new mobile subscribers compared to traditional mobile providers’ ~2% industry average – yet has also come with a higher mobile subscriber churn rate. The cablecos’ mobile brands have seen 2–2.5% churn rates compared to the 0.75–1.25% churn rates experienced by traditional mobile providers. As data from one North American cableco shows, the main reason 67% of subscribers joined was because of “plan prices – yet 62% of subscribers left because they felt like they were misled/lying to. 90% of those who churn go right back to traditional mobile service providers with unbundled, single-play mobile service plans. Ultimately, price is a strong motivational force to acquire subscribers, but they expect the same customer experience they were accustomed to. When they don’t receive it, customer experience outweighs price in their decision-making.

Looking beyond North America, we can see an example of a European multi-play cable and mobile service provider with Vodafone-Ziggo. Vodafone-Ziggo has taken a multi-dimensional, content, and loyalty-led commercial approach that has driven rapid, converged subscriber growth – all while cutting subscriber churn in half. Vodafone-Ziggo’s commercial strategy has focused on:

- **Exclusive content available only to subscribers:** Vodafone-Ziggo is the only provider of HBO in the Netherlands. With the success of the popular series “Game of Thrones,” private viewing and special activities have helped drive marketing buzz. Vodafone-Ziggo also has a sports channel where it provides its own exclusive content as well.
- **Strong sponsorships in music and sports:** Vodafone-Ziggo sponsors a Formula 1 racing team, a European Champions League football club, and the Ziggo stadium, which all contribute to the exclusive events, tickets, and activities the cableco can offer to its subscribers.
- **Strong, interconnected loyalty programs:** Vodafone-Ziggo uses its content and sponsorship assets to drive attractive, relevant benefits that drive engagement and loyalty with its customers.
- **Free extras and discounts for bundling:** Bundled customers receive a €5 discount on the second service, as well as free extras like double data limits and services like safety online.

Vodafone-Ziggo’s Q3, 2021 earnings report shows 7% converged cable household year-over-year growth and 13% converged mobile customer year-over-year growth. “The good momentum continued in the third quarter, with strong mobile customer growth, an increase of the FMC penetration, and a broadly stable broadband customer base. The number of households that are customers of both Vodafone and Ziggo is still growing considerably. This proves that the so-called converged strategy is working. Customers who combine their fixed and mobile services are more satisfied and stay with the company for longer.”<sup>1</sup>

The results are clear: Multi-faceted commercial strategies work. North American cablecos must move away from price-focused strategies to look at similar types of multi-dimensional commercial approaches.

## 2 Drive one-to-one customer engagement through a centralized decisioning engine for hyper-personalization

In a recent webinar with Pega, Brecht de Mulder, Product Owner for Telenet, described Telenet’s goal to build a single decisioning layer to hyper-personalize the customer experience – creating a key differentiator to drive subscriber growth from its existing cable customer base. The vision was to have a nimble, centralized platform that could enable the business to rapidly build new customer journeys, applications, and products by removing the IT complexity that could slow down time to market. The three fundamentals that Telenet had to address to deliver this single decisioning layer included:

<sup>1</sup> VodafoneZiggo Group B.V. Quarterly Report, September 30, 2021.

- **A single one-to-one decisioning “AI brain” (Pega Customer Decision Hub):** This brain is designed to continually engage customers during moments of need with meaningful and personalized actions. These “next best actions” include commercial offers and service-related actions. To deliver this one-to-one decisioning, a tremendous amount of data from customer touchpoints/channels and backend systems are harnessed in real time.
- **API-driven integration with front-end channels and back-end IT systems:** Standardized APIs facilitate easy integration of data sources that help the AI brain interact with both front-end channels (customer touch points). This is key to reducing IT overhead every time a new application or journey is built.
- **Product catalog centralization and simplification:** A single catalog is used for static master data related to product definition and complex back-end provisioning rules. The catalog also exposes dynamic eligibility rules that define selling and usage relationships of the defined products.

“What Pega is enabling us with is that we can enrich the customer journey by turning data into actionable insights, and then our brain [Pega Customer Decision Hub] makes sure it’s translated into actions that we can offer in all our channels.”

**Brecht de Mulder**, Product Owner, Telenet

Through these fundamentals, Telenet removed much of the IT complexity associated with driving new customer-impact applications. This drove a new focus on “rethinking its marketing and commercial strategies.” Telenet was then able to invest in reskilling its people and reinventing many of its customer-facing and back-office processes – all to drive a more customer-centric skillset and culture.

### 3 Evolve your customer service mindset and capabilities with a digital-first strategy

Today, cablecos are broadly facing the challenge of a customer service model that has fallen behind the times. Customers are not impressed by the heavy dependency on the call center as the main customer service channel – nor the lack of effective self-service they experience with most cable providers. The result has been a poor perception of the cable industry in customer satisfaction, “Although cablecos have improved their customer-satisfaction metrics in recent years, they still consistently rank among the most disliked companies in consumer surveys.”<sup>2</sup>

<sup>2</sup> “Maintaining a high-speed connection: A new playbook for cable growth,” Article by Shamik Bandyopadhyay, Jay Jubas, Mihir Vaidya, and Saf Yeboah-Amankwah, March 27, 2020.

Data from a leading North American cableco that launched a digital brand supports this prediction that customer service is a large factor in retention of customers. Data shows that the top reasons for churn are all customer service related – with more than 50% of the subscribers who churned stating the following as the top three factors:

1. Customer service reps are not knowledgeable
2. Issues with customer service
3. Not feeling valued as a customer

One of our customers, UPC Switzerland, faced similar challenges as a quad-play operator but has focused on becoming the “best and most digital operator” in the Swiss market. This focus has been enabled by their “Simply Digital” program, focusing on two key elements:

- **Simplify processes:** Complex legacy processes and back-end systems were leading to complexity in the customer service experience. For example, just to move residences, there were 147 variant processes confronting the call center agent. In examining the root causes for move-related calls, this was simplified down to just two key journeys driving 80% of call volume. These journeys were easily digitized – resulting in subscribers being able to schedule their moves/installations online within 10–15 seconds and reducing the associated average cost per move from \$10 to \$0. This simplification process reduced and aligned customer service processes across services.

“There are two principles when transforming channels. First, always go digital first. When you introduce a new product, a new journey, a marketing campaign, always design for the digital channels first. Only then do you think about how to sell the product in a physical shop or design the journey for the call center.”

**Urs Reinhard**, Chief Digital and Customer Officer at UPC

- **Simplify IT architecture (CRM) and delivery:** UPC chose Pega as the core CRM system and digital enabler stack. The IT simplification allowed UPC to roll out new applications (journeys) in weeks instead of months. Combined with the process rationalization and simplification, they were able to digitize most of the customer service processes and rollout a new agent desktop in six months from start of project. In rolling out new processes, UPC focuses on digital first. Processes are moved to self-service initially to refine and simplify. Then, omni-channel integration to the assisted store and call centers is enabled to drive a seamless customer journey.



## Operationalize these strategies with Pega

Developing the right commercial and customer service strategy is key to success – but operationalizing it requires simplification and removing operational complexity. This is where Pega drives immense value – with our portfolio of solutions ready to crush business complexity. From increasing customer lifetime value to streamlining service to boosting efficiency, Pega helped these customers (as well as other leading brands across the globe) solve problems fast and transform rapidly. Here are some areas where Pega has driven immediate operational benefits to put these key strategies to work:

- **Channel-less customer experience:** Simplifying service and developing a seamless experience from the call center through to digital channels is key for cablecos. The legacy call center experience will not be well-suited to delivering a frictionless customer experience to new mobile subscribers who are used to the experience they had with traditional mobile providers. Cablecos need to play catchup fast – while making sure that digital channels provide a seamless experience with the call center (else a new area of frustration will develop). This is where the Pega Platform™ channel-less, Center-out™ approach comes in. Unlike channel-first approaches inherent in other suite-oriented software solutions, a channel-less approach will allow cablecos to build from the center out, focusing on the customer journey centrally – rather than each individual channel. By centralizing around customer outcomes, logic is built once and then activated across the channels to create a consistent experience across every interaction, regardless of channel.
- **Automating the work vs. just automating workflow:** Data from a North American cableco showed tremendous challenges onboarding new customers to their mobile brand. With the complexity of mobile number porting (MNP) and bringing their own devices (BYOD), the average wait time for activation was over nine days – and fraught with high call volumes into the call center and a significant percentage of those customers cancelling service within the first week. This does not need to be the case as many of the onboarding processes can be highly or fully automated. Intelligent automation is very effective at removing complexity from high-touchpoint and error-prone activities to introduce greater efficiency into customer service operations. Multi-dimensional case management orchestrates the work itself from the moment an inquiry is initiated through to resolution – defining each step and stage of the relevant customer journey and carrying the full context of the customer’s need along the way. Paired with attended and unattended robotic process automation, bots can be deployed to do most or even all of the necessary, but tedious work. Operations staff can be removed from many of the tasks associated with cases and customer service agents are fully removed from workflow routing to focus on customer interaction.

- **Moving from a system of information to a system of insight:** As cablecos add mobile services, the amount of operational complexity increases – especially as they look to bundle service packages. At the same time, the customer expects that you know them as a “single customer.” Calling into the call center to an agent who can only handle one service when they purchased a bundled, multi-service package is not the experience subscribers expect.

Apart from price, it begs the question: What advantage will they receive over their past, traditional mobile services provider? Delivering multi-service, 360-degree customer service interactions cannot be solved with yet another system of information – one where your agents are forced to go searching through a virtual rolodex of data to find the information across services and bundled offers they need to serve customers. It’s too time consuming, dependent on tribal knowledge, and there’s the chance of missing critical pieces of insight. A singular system of insight can help simplify experiences to reduce the dependencies on agent-skilling, and focus on engaging in specific interactions relevant to the immediate customer moment of need.

For more information on how Pega helps broadband providers simplify service for agents, end-customers, and IT, visit [pegacom](http://pegacom), request a demo, or contact your Pega account executive.

#### Suggested resources

- [Pega for the Communications industry](#)
- [Pega design thinking approach](#)
- [The power of the low-code Pega Platform](#)
- [Video: Driving meaningful customer dialogues \(Vodafone-Ziggo case study\)](#)
- [Webinar: Telenet’s revolution to intimate customer service](#)
- [Video: How UPC Switzerland is changing customer engagement with Pega](#)







## About Pegasystems

Pega delivers innovative software that crushes business complexity. From maximizing customer lifetime value to streamlining service to boosting efficiency, we help the world's leading brands solve problems fast and transform for tomorrow. Pega clients make better decisions and get work done with real-time AI and intelligent automation. And, since 1983, we've built our scalable architecture and low-code platform to stay ahead of rapid change. Our solutions save people time, so our clients' employees and customers can get back to what matters most.

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