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CHARACTERIZATION OF THE CLIENTS RETENTION
IN THE TELECOMMUNICATIONS COMPANIES

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Abstract: The ability of a company to be able to do a precisely churn prediction, so it can act on it, is paramount. For this reason, Deloitte addressed me the challenge of characterizing the client's retention in the telecom companies. To do so, it was created a comprehensive tool that enables Deloitte to evaluate the churn management maturity level of a telecom operator and highlight its strengths and weaknesses. The development of this matrix was based on a depth churn research, a market research based on 40 interviews and 2 focus group and the valuable feedback from Deloitte consultants.

Keywords: Churn Management, Customer Retention, Telecom Industry, Communication Services Packets.

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LIST OF ABBREVIATIONS

2P	Double Play
3P	Triple Play
4P	Quadruple Play
5P	Quintuple Play
ADSL	Asymmetric Digital Subscriber Line
ANACOM	Portuguese National Telecommunications Authority
ANQ	National Agency of Qualification
APDC	Portuguese Association for the Communications development.
DECO	Portuguese Association for Customer Protection
DTH	Direct to Home via Satellite
EU/IMF	European Union / International Monetary Found
FTTB	Fibre to the Home
FTTH	Fibre to the Building
GVA	Gross Value Added
ICT	Information and Communications Technology
IPTV	TV over internet
ITU	International Communication Union
Telecom	Telecommunication
TV	Television
xDSL	Sum Total of Digital Subscriber Line

INTRODUCTION

When an industry's customer market transitions from rapid development to near saturation and intense competition, that industry faces severe churn problems. Churn or customer defection is a widespread phenomenon that threatens companies across a variety of industries with drastic financial consequences. (Ahhn et al., 2006). In the telecommunication industry, customers are able to choose among multiple service providers and actively exercise their rights of switching from one operator to another. Given the fact that telecom industry experiences on average an annual churn rate of 30 to 35% and it costs 5 to 10 times more to acquire a new customer than retain an existing one, customer retention has now become even more important than customer acquisition.

The goal of this dissertation is the characterization of the customer retention in the service packages offered by the Portuguese telecommunications operators and recommendations to improve it. To do so, it was created a comprehensive tool that enables Deloitte to evaluate the churn management maturity level of a telecom operator and highlight its strengths and weaknesses.

The construction of the churn maturity matrix was divided into three phases (Appendix A - Thesis Schedule). The first phase was the depth churn research into the churn definition, types, reasons and churn management across the customer lifecycle. The second phase was a market research based on 40 interviews and 2 focus groups, which was crucial to understand the customer's motivations, questions, barriers and actions along the customer life cycle and the fact that price it is mostly appreciated by customers at the first stage of the customer life cycle followed by meeting the customer expectations on the second stage and, on the last stage, honesty and trust. The third phase was the periodical meetings with Deloitte consultants to guarantee the matrix efficiency and efficacy.

CHURN MANAGEMENT – LITERATURE REVIEW

1.1 Churn Categories

In a business context, churn is a loss of whole or part of services from a customer. There are three major categories of churn: account churn or external churn (represents the complete loss of a customer), product/service churn or internal churn (happens when a customer changes its product profile or service consumption into the same company) and decreased spend (occurs when the customer has lowered its product profile or service consumption, due to: some ceased circuits from its existing product profile (e.g. when company ceases one of the product or service) and /or the reduction in spending due a modification / other billing changes).

1.2 Churn Types

There are two types of churn: involuntary and voluntary. Involuntary churn happens when a company decides to remove that specific customer from its subscribers list. This type includes clients that have churned for fraud, non-payment and under-utilization. Voluntary churn occurs when the customer ceases the contract. This type it is subdivided into two subtypes: incidental and deliberate churn. Incidental churn is not planned by customers, instead is a consequence of a change in customer life and the termination of the service is a side effect, as for example: change in location, change in financial conditions or other change in life situation as customer death or parents take away the kids phone. On the other hand, deliberate churn is due to a conscience decision by the customer for different reasons, such as: technology, economics, quality factors, social or psychological factors, and convenience reasons.

The Appendix B - The Churn Reasons Taxonomy, has a schematic view of the described churn types.

1.3 Customer Lifecycle

Churn is a relatively new concept and in several companies is mostly seen as an issue for the “save team,” whose job is to persuade clients to stay. Other companies already recognize that churn can be addressed before the cessation requests, and they do proactive anti-churn campaigns. However, very few businesses go as far as addressing churn at all possible stages and touchpoints throughout the customer lifecycle (graphic 1). This allow companies to perform better churn management increasing efficiency and effectiveness. Predicting risk of churn and address it over time, would provide an opportunity to increase customer loyalty.



Graphic 1: Customer life cycle churn touchpoints

The customer life cycle has three stages: expansion, maturity and decline. Figure 1 represented them respectively as acquisition, usage and decline. Consumers now look at offers with a more discerning eye and they listen carefully to claims by competitors, offering, better coverage, fibre optic or call quality. It is during the market maturity phase that major shifts in customer loyalty can be seen, but that depends on how well the company is managing churn. Companies who are aware of consumer needs and make adjustments accordingly, can pick up additional customers during this time. Others may lose a significant portion of their market. (Mattison, R. 2005)

TELECOMMUNICATIONS INDUSTRY

The telecom industry consists of wireless, cable, satellite TV and telephone companies.

After many years of operators playing the incumbent role within their own service area, the introduction of the internet changed the playing field forever.

One consequence has been an overlap of services, as for example: both phone and cable TV companies began offering broadband access to the internet in direct competition to each other, cable TV started offering wireless phone services attracting landline phone users and satellite TV started competing directly with customer's cable operators. The blurring of traditional lines, operators offering new products and crossing over into new categories, created a highly competitive industry. As a consequence, these changes have induced a significantly higher customer churn as operators "exchange" subscribers on a monthly basis (Kevin McShane, 2011).

Portugal telecom market has a strong mobile sector (with the highest mobile phone penetration rates in the world, where the number of operative mobile phones already exceeds the population), and a growing broadband customer base (rated the 34th country in the world with the best internet service) well served by both DSL and cable platforms. According to ANACOM, almost three quarters of households had multiple services in the beginning of 2015 and the purchase of converged services (3P, 4P and 5P), represents the next year's tendency.

3.1 PESTEL Analysis

3.2.1 Political

Portugal is under an instable parliamentary democracy which may delay national and international investments in the country and also affect the customer's behaviour in updating their telecom packages. Sergio Monteiro, ex-Secretary of state for telecommunications, in an interview with negócios.pt in March 2015, asked to the industry leaders: "Keep the pressure over the political leaders. This is how the sector will continue to grow and increase their contribution to the economy". Also, to maintain the industry competitiveness, the government regulates the prices in the market and in the beginning of 2015 the prices were updated.

3.1.1 Economical

Over the last decades one of the most important structural characteristics of the Portuguese economy is the increase in the Services sector. For example, in the second quarter 2015, it contributed with 76,7% of GVA and employed 67,8% of the population. In the last decade, apart from a greater focus and diversification of services within the economic activity, industries related to new technologies of information and telecommunications have had significant growth and therefor gained importance. The ICT sector in Portugal represents: 6% of GVA, 3,7% of turnover and 1,6% of people employed. (INE, 2011); (Appendix C – Forecasts for the Portuguese Economy and Appendix D – Main Economic Indicators). According to ANACOM, the Telecom sector's revenues were 3.9 billion euros in 2013.

3.1.2 Social

In 2014, the Portuguese population was 10.374,822 inhabitants, 52.479 less than in 2013, reflecting an effective growth rate of -0,5%. Within the total number of Portuguese people 47% are man and 53% are women and the country Gini index¹ was 34,5%. Accordingly to the ANACOM study “The Communications Sector” (2014), the tendency shows that the richer the person the higher services purchased per package. (Appendix E – Telecom Customer’s Profiles). Regarding the buying habits, operators say that there is a clear trend towards the purchase of a service package, which not only occurs in Portugal, but across the EU27. Customers value these offers, for two reasons: 1) they only need to deal with a single service provider, and 2) the better value for money of a bundle offer. The Telecom sector has the higher number of complaints (7.353) in Portugal. The main reasons why people complain are related to: the sale of services, the cancelation of the contract, billing errors, quality of service and diverse problems with the contract.

¹ Gini Index measure how unequal is the allocation of income between people, on a scale from 0(low) to 10(high).

3.1.3 Technological

Taking into account the high level of competition and, consequentially, the similarity of the packages and the prices offered by operators, technology is one of the most key competitive factors into a telecom company. According to the study "State of the Internet", produced by the Internet American company Akamai (2014), Portugal has the 34th position in the world rankings when it comes to the average Internet speed. Also, according to the ICT Facts and Figures 2013, published by ITU, Portugal occupies the 3rd place in the European countries group with the highest penetration rate of broadband connections, ahead of countries such as the United Kingdom or France. The Portuguese technologies associated with the telecom services are usually: wireless, cable, xDSL, optical FTTH/FTTB and DTH.

According to the ANACOM study on the 2nd semester of 2015, the optical FTTH/B represented 20,8% of the total subscribers, being the technology that has been increasing the most. A second technology that has been growing recently is DTH, with 17,7% of all subscribers.

3.1.4 Environmental

According to the annual sustainability report of the top three Portuguese operators, there is a notorious commitment with the sustainability development. This implies the control and minimization of the direct impacts in the environment, by both technical installations and telecommunications networking equipment, shops and offices, as well as the level of equipment life cycle, both bought and sold. Additionally, the waste management certification, the efficiency of CO2 emissions over the communications traffic and the choice of its suppliers is also based on having an environmental certification. These are other practical examples of the sustainable activities by operators.

3.1.5 Legal

The regulatory and supervisory entity for the Portuguese Communications sector is ANACOM. Into the actual legislation there are some facts that should be highlighted due their importance and controversy in the market. The first one is the end of the mobile roaming charges on the 15th of June of 2017. Despite of being good news for the majority of customers, there is a concern about the possibility of increase the services packages prices to compensate for the costs of foreign people occupying the national lines. The second fact is the petition made by DECO to end the telecom contracts period, which is being analysed by the government and until now there is a propensity to limit the term to 12 months contracts instead of 24 months. Finally the data protection and the confidentiality of the data usage is contemplated in the law n.67/98 from 26th of October.

3.2 Porter Five Forces Analysis

3.2.1 Threat of New Entrants

The capital requirements to enter in the telecom industry are extremely high, and new entrants' need to have financial strength to support all the initial investment costs and the require infrastructure setup or renting costs. In the telecom services the process of connecting one more customer does not represent a relevant cost for operators if its network is already deployed. Also the customer's switching costs are not very attractive for those who wanted to enter in the market. The telecom market it is mainly composed by three operators that have enough power and size to lower their prices into a point that new entrant cannot compete. Moreover, the potential new entrants are discouraged from entering in this industry due to the high network effects and the strong advertising and brand awareness from the main operators. Overall, the threat of new entrants in the telecom industry is low since the entry barriers are very high.

3.2.2 Threat of Substitutes

In the telecom market the non-traditional services are substitutes of the traditional services. First, the traditional fixed voice services by wire are substituted by mobile lines or by internet voice services. For example, Skype, Viber, What's up, Facebook a good example of this last substitution, since customers can call for free over the internet or, in the Skype case, do long-distance phone calls for lower prices. The IPTV is a substitute of the cable pay TV since content providers' started to sell their contents to internet providers. In the broadband internet access, customers can choose between network technologies as ADSL, HFC or FTTH/B. Overall, the threat of substitutes is medium since telecom substitutes have similar performances and prices.

3.2.3 Suppliers Bargaining Power

The majority of the telecom suppliers are foreign companies and without them, operators would not be able to deliver their offer and have an appropriate customer service, which increases the suppliers' power. On the other hand, the considerable number of suppliers and the lack of a differentiation point among them dilutes their bargaining power. The suppliers are constituted by: outsourcing companies (to do the installation process, resolve technical problems and call centres), cable (installation and maintenance of the cable services, as: FTTH/B), TV, internet and voice content (production, aggregation and packaging of contents delivered by operators), equipment (production of the remote controls, box or routers) and software (telecom services interface and software's). Overall, the suppliers bargaining power of the main operators is medium due to the fact both, operators and suppliers, need this relationship, which equilibrates the bargaining power.

3.2.4 Buyers Bargaining Power

Nowadays customers are well informed about the market offers, which increases their bargaining power.

Other important factor is the buyers' costs that can be divided in searching costs (search and comparison of alternative offers) and in switching costs (switching from one operator to another costs, as: contractual, learning, transaction, compatibility, and costs associated with multiple offers). There are also a distinction between buyer's types. Due to the low consumption pattern of the residential buyers, they have a smaller impact on operator's revenues and so a smaller bargaining power than company buyers'. To conclude, even if operators are making efforts to meet customers' expectations and needs, the highly searching and switching costs decreases the probability of customer mobility. So, the buyer bargaining power is medium,

3.2.5 Industry Rivalry

In 2013 was there were two big changes in the market: Optimus merged with ZON originating NOS, and TMN was discontinued by PT, which launched MEO. Currently the Portuguese telecom market is composed by three major players: MEO, NOS and Vodafone. In terms of number of subscribers, MEO continues to be the provider with the largest market share of packaged services, owning 44,2% of the market. NOS remains in second position, with 38,3%. Vodafone is now in the third position, with 10.1% share, but is considered the operator that it is growing the most. Regarding profitability, NOS is the operator with the highest percentage (43,8%), followed by MEO with the second highest percentage (41,9%). Even if Vodafone continues being in the third position (8,3%), it is the provider that it is also growing the most in terms of profitability, corresponding to a growth of 4,3%. Telecom industry is a mature and a high competitive market where operators have to "steal" customers from other operators in order to grow since most of the Portuguese population is already a telecom consumer. Also the low level of a differentiation among operators leads them to compete by lowering prices or by increasing brand awareness through advertising. Overall the industry rivalry is high.

3.3 Marketing Mix

3.3.1. Product – Packets of Communication Services

Services packages are denominated by a set of 2P, 3P, 4P or 5P. (Appendix F – Services Package Description).

According to ANACOM "In 3T15 the number of bundle offers subscribers reached 3.2 million (more 2,1% from the previous quarter and 11,4% from the homologous quarter). The

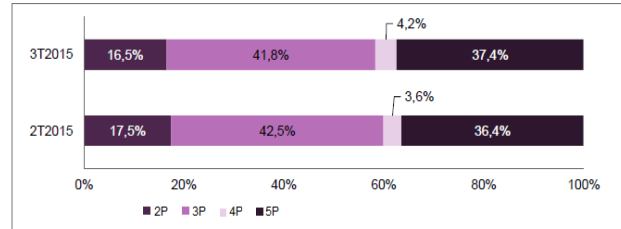


Table 1: Distribution of the bundle offer customers by type of package (ANACOM)

most common package was the 3P (41,8%), followed by 5P (37,4%) – Table 1. NOS was the provider that captured more subscribers in 3T15 and led the modalities 2P, 3P and 4P, while MEO led in the 5P. In terms of revenue, MEO had a share of 45,2%, followed by NOS with 38,1%.

3.3.2. Price

The Portuguese telecom services tariffs had the highest increases in the European Union (EU). According to a DECO Proteste news, on the 5th January 2015: “2015 starts with a sharp increase in the prices of fixed and mobile telecommunications. Although the forecast showed a moderate inflation, operators announced a growth between 2,5% to 3%. In general, 3P packages, increased their prices up to 3%, between 1€ to 1,50€. In contrast to what happened in 2014, 4P packages suffered the highest average increase of 3,4%, from 49,99€ to 51,99€, and 5P packages increased 2,5% (81,99€ instead of the 79,99€). At this time it is also necessary to spend more 0,25€ to add mobile telephone cards to 4P and 5P packages being the exact price 7,75€ per card. (Appendix G – Telecom 2015 Prices – Services Packages). The Portuguese telecom operators are practicing a competition price strategy and the majority of the market is price sensitive with an elastic demand.

For 2016 it was already announced that the increase in prices will continue.

The price of contract cancelation is also a matter of concern. Communications law predicts that subscribers may rescind contracts if they do not agree with the new conditions. However the same legislation allows operators to charge high values for early termination of the contracts.

3.3.3.Promotion

Currently, operators are investing more of their marketing budget in the service pack advertising. The promotional activities are similar across the Portuguese telecom competitors and are often based on: advertising, promotions, direct marketing and public relations.

Although all providers use the same channels to communicate with consumers, they all have different techniques to approach them. MEO uses humour in their advertising with the participation of the humoristic Ricardo Araujo Pereira. NOS uses “show” and their principal aim is the public entertainment with special effects. Vodafone stays for the demonstrative type, where they explain which services are they offering and how they work. In marketing research, MEO is considered the operator with the most memorable, imaginative and the funniest advertising. NOS stands out negatively since is considered irritating/ bothersome. Finally, Vodafone it is remembered for having the most attractive, clear and fresh adds.

3.3.4.Place

All providers use the same resources to sell their services. All customers can buy a service package directly with the respectively brand (direct distribution²), brand store and with one of their sales team. In terms of indirect distribution³, the purchasing options are through independent retailers, as for example: Phone House, Worten Mobile, etc. With these two systems customers are able to see and experiment the products they are considering to buy.

² Direct distribution: when a costumer purchase a product directly with the brand.

³ Indirect distribution: when a costumer purchase a product by an intermediary company.

Additionally collaborators are on hand to ensure that customers' needs are matched with the right service and to explain the different options available.

3.3.5. People

In case of a service, people can make or break an organisation, playing a key role in enhancing customer satisfaction. According to the Portuguese operator's sustainability reports, collaborators are seen as the company principal asset, and they are constantly involved in the human resources initiatives. There is also a notorious effort into getting their staff trained in interpersonal skills and customer service with a focus towards customer satisfaction. These companies HR policies are based in a meritocracy method and in terms of recruitment process they affirm that they only recruit the best people to deliver the best service. Technology and technical assistant suppliers are other important part that are essential to deliver a good service to customers. Operators practice some rules to ensure their quality, as for example: have specific contract requisites, periodical evaluation and requests qualification certificates.

3.3.6. Process

Service process is the way in which a service is delivered to the end customer. Figure 1 represents a telecom company service process overview.



Figure 1: Telecom Service Process Overview

Technology can either complement or supplement the channels of distribution cost effectively. For this reason, the IT (which helps servicing large number of customers efficiently and bring down overheads) and data warehousing (which helps to find out the profitability and potential of various customers product segments) plays an important role to smoothen the process.

3.3.7. Physical Evidence

The environment in which the services are delivered is not significantly different between the Portuguese telecom operators, as they use the same channels to interact with the customers but with their own brands layout. For example: Vodafone store is red and white, MEO store is blue and white and NOS is white with various brand coloured circles, as their respective logotypes are.

The physical evidences includes: signage, annual reports, invoices, packaging, employee's dress code, stores layout, any advertising material, websites, social media pages, etc.

3.4 Market Trends

According to the Altran report⁴ “operators may consider that the most relevant business model for telecom operators in the next four years will be based on flat rates of voice and data, followed by revenue models based on service packages tailored upon market segment, and pricing models based on service quality and speed”. Therefore, different players tend to specialize or change their current services to new formats and prices, as well as seek for new complementary services in other new areas. The Key Competitive Factor considered by a group of industrial leaders as being the most critical for telecom operators to successfully compete in the next four years in Portugal, is the capability to have a converged service offering (ADSL, mobile, fixed and TV).

Accordingly to ANQ, the increasing usage of broadband internet connections continues to expand, as well as the development of new products and associated services. Overall, operators must continue to encourage the enrichment of their customer bases, by managing the migration of customers from divergent to convergent plans. This strategy will reduce churn and open up opportunities to encourage the take-up of data-centric plans (Market Watch, 2014).

⁴ Altran. 2014. TEM Ecosystem: Situation and evolution of the Portuguese telecommunications macro-sector 2014-2017. Altran Innovación S.L. Lisbon, Portugal.

MARKET RESEARCH

Based on 40 interviews and 2 focus groups⁵ with the telecom services packages customers⁶, this study provides a comprehensive information on their main motivations, actions, questions and barriers along the three stages of a customer life cycle (acquisition, usage and decline) and help Deloitte to understand why customers churn and if there is a set profile that will identify customers with higher probability to churn.

4.1 Methodology

This research was conducted over the last two weeks of October 2015 (from the 19th to the 31st) to the principal household decision makers (which all results were analysed in the SPSS statistics software). In order to have a better understanding of their motivations along the customer life cycle, the study was based in a qualiquanti exploratory research, which began with a primary qualitative phase and then the findings were validated by quantitative results⁷ (Borrego Douglas, 2009). (Appendix H – Market study Structure and Appendix I - Interview Questions Structure).

Additionally, a profile questions sheet (with qualitative and quantitative questions) was given at the beginning of all focus groups and interviews to have further knowledge of the interviewee. (See Appendix J – Profile questions sheet). The definition of both research methods, focus group and interviews, questions were based in two different tools: the article “Using Customer Journey Maps to Improve Customer Experience” by Richard. A (2010)⁸ and the RATER model⁹.

⁵ The objective of focus groups is the discussion and interactions between people which allow investigators the identification of their needs and expectations and which attributes it should be measured in the following interviews.

⁶ This is a convenience sample of the population studied, not being able to extract the sample by the probabilistic method. This is an empirical approach to the representation of the universe analyses (Malhotra, 2007). To calculate the size of the convenience sample it was considered the normality distribution (central limit theorem - when sample size is 30 or more, it is considered to be large enough).

⁷ The focus group and the in depth interviews subjects were submitted to several stimulus in order to have an efficient group dynamics.

⁸ Richard, A. (2010). Using customer journey maps to improve customer experience. October 2015. <https://hbr.org/2010/11/using-customer-journey-maps-to/> in HBR, www.hbr.org

⁹ The RATER Model is a simplified version of the SERVQUAL Model, which was first created by Zeithaml, Parasuraman and Berry in 1988 and compares the service quality performance with customer service quality needs.

Richard A. gives example of questions that can be asked to understand the customer main actions, motivations, questions and barriers at each stage of the customer life cycle (Figure 2).

Actions	•what is the customer doing at each stage? what actions are they taking to move themselves on to the next stage?
Motivations	•why is the customer motivated to keep going to the next stage?
Questions	•what are the uncertainties, or other issues preventing the customer from moving to the next stage?
Barriers	•what structural, process, cost, implementation, or other barriers stand in the way of moving on to the next stage?

Figure 2: Questions to Ask (Richard. A. 2010)

In order to have a better understanding of these 4 categories, the RATER model dimensions were applied in each group of questions. This model has the following 5 dimensions: tangibility (physical evidence of the service provided), reliability (perform the promised service dependably and accurately), responsiveness (ability to provide a quick, high quality service to your customers), assurance (knowledge, skills, and credibility of staff and their ability to use the expertise to inspire trust and confidence) and empathy (relationship between employees and customers). There were two more dimensions studied and successfully tested during the focus groups, which were found crucial to analyse the telecom market services: the price and perceived service quality. (Appendix K - Focus Groups Guide and Appendix L - Interviews Guide).

4.2 Sample Profile

This study counted with the participation of 52 people, 40 for the interviews and 12 in the focus groups. The overall percentage of churn was 54%. The market research sample profile is aligned with the first two customer profiles stated by ANACOM in the 2014 study “The Communications Sector” (Appendix F – Telecom Customers Profile). These profiles belong to a higher social class, which purchase the most complete service packages, and so, the chance of an involuntary churn is lower. The persona profile of this study is a man (64,5%) between 25 and 46 years old (73,1%), married (69,2%) who lives in the Greater Lisbon and Tagus Valley (100%), has a household composition of 3 to 4 people (67,3%) and has 1 to 2 children (63,5%).

In terms of consumption:

Current:	Previous:
Operator MEO (44,2%), NOS (38,5%) and Vodafone (15,4%)	Operator NOS (51,9%), MEO (32,7%) and Cabovisãõ(15,5%)
Price [30€;50€[(28,8%), [50€;70€[(34,6%) and]≥70€[(19,2%)	Service Packages 2P (11,5%), 3P (76,9%) and 4P/5P(5,8%)
Discount Yes (69,2%)	Tv Channels Between 100 to 200 channels (70,2%)
Acquisition Year 2015 (26,9%), 2014 (46,2%), 2013 (11,5%)	Churn 54% Churned
Service Packages 3P (55,8%), 4P (15,4%) and 5P (26,9%)	
Tv Channels Between 100 to 200 channels (82,7%)	

Table 2: Market Research Consumption Profile

4.3 Focus Group Results

In the first question, interviewees characterized the Portuguese telecom market, compared to other countries, as “one of the most competitive, dynamic and innovative in the world”. However, within the same country, the Portuguese operators are accused of not having differentiation points between them and “even if they try to offer different things, deep down it is all the same”. They are also accused of misleading advertisement and the need of hard and constant negotiation to have the same benefits as the acquired customers. There is also the perception that the technical support to the client is outsourced to other companies “who only care about their commission and they tend to not resolve our problem and do not do things right”.

The question 3 (acquisition motivations) and 5 (churn motivations) were both confirmatory questions of the activity 2, where interviewees needed to specify which were their main motivations in each customer lifecycle stage. The results have shown that the Price is the most valuable dimension at the acquisition phase, followed by: service packages customization, transparency, brand, training on “how to use the service” and customer service. In the usage stage the fulfilment of the promise is the variable that customers valuable the most, then is the readiness to serve, payment specific services taking into account that particular usage (e.g. sport tv for one hour”), technical assistance without costs, quality of service, attention to the billing errors, usage experience, problem solving efficacy and efficiency.

In the decline stage customer value the operators trust and honesty, followed by more appealing retention offers, contracts renewals and courtesy (Appendix M – Focus Groups – Customer life cycle motivations).

In the fourth question, interviewees needed to put per order their principal loyalty motivations and the results are shown in table 3.

	Focus Group 1	Focus Group 2
1.	Price	Price
2.	Quality of service	Quality of service
3.	Available technology (usage experience)	Customer Service
4.	Problem solving readiness	Problem solving readiness
5.	Billing accuracy	Billing accuracy
6.	Available TV channels	Transparency

Table 3: Focus Groups - Question 4 results

4.4 Interview Results

The confidence level of the interview results is 95%¹⁰ and the Cronbach alpha¹¹ is $\geq 0,7$.

4.4.1 Acquisition Drivers

In terms of acquisition drivers, price is the most valuable variable (28%), followed by quality of service (15%), integration of services and adequacy of the package to their needs (14%). While they were intending to change operator, 53% were contacted by phone or VPP (vendor door to door) with new offers. Of these, 68% found this contact irrelevant. The other 32% found it important (obtained valuable information and promotions) and churned. The main sources of information about the operators conditions was: official website (40%), phone (27,5%), store (20%) and VPP (7,5%). However 57,5% of them purchased the service package by phone, 32,5% at the store and only 10% with the VPP. At the time of joining the new service, the main uncertainties that people presented were: any (48%), quality of the service (34%), price (5%) and operator credibility (5%). The main perceived barriers mentioned were: none (77%), installation process (10%) and billing errors and period of the new contract (5%).

¹⁰ A confidence level of 95% means that there is a probability of at least 95% that the result is reliable.

¹¹ Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. A commonly-accepted rule of thumb is that an alpha of 0.7 (some say 0.6) indicates acceptable reliability and 0.8 or higher indicates good reliability.

4.4.2 Usage Drivers

The majority of the interviewees (53%) are very satisfied with their conditions. Vodafone is the operator with the highest levels of satisfaction, followed by NOS and then MEO. (Appendix N - Interview - Level of Service Satisfaction by Operator). The main factors that made clients loyal to the telecom services were: quality of service (35%), period of the contract (25%), price (17,5%), inertia to change (17,5%) and customer service (10%). The factors that most positively surprised customers were: quality of service (27,5%), nothing (17,5%), customer service (15%), technical assistance and the package upgrade (12,5%) and extra services (10%). However, they were negatively surprised by: quality of the service (30%), nothing (25%), abusive and not personalized telemarketing (15%) and billing errors (10%). Notably, as quality of service is both the main positive and negative factor, this highlights the significant inconsistency that still affects this key factor and, therefore, the significant effort that operators will have to undertake here.

4.4.3 Decline/ Churn Drivers

Table 4 shows the factors that lead customers to change or intent to change operators and the real percentage of churn per each factor. As we can observe, even if price is the most mentioned churn

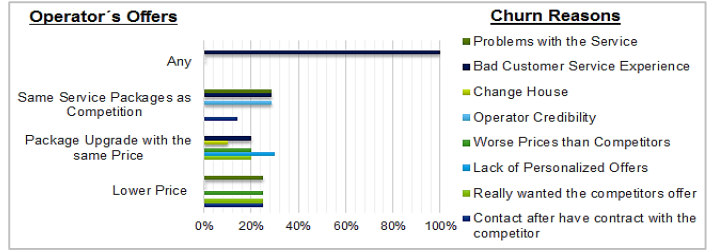
	Mentioned factors (%)	Churn (%)
Better competition technology	5%	67%
Price	41%	42%
Lack of services package customization	12%	43%
Bad signal coverage	5%	100%
Change duelling	7%	25%
Problems with the service	10%	100%
Bad customer service	5%	100%
Integration of services	14%	38%

Table 4: Principal churn Motivations

factor (41%) it is not the reason that makes customers churn. Indeed, all factors related with the quality of service (bad signal coverage, problems with the service and bad customer service) are crucial to a customer churn. All interviewees that mentioned it, have churned.

At the time to cease a contract, it is mainly the decision maker who calls or goes to the operators store to end up the services contract (72,5%) which is an important factor so operators are leading with the correct person to make an offer and try to retain that customer.

The majority of the interviewees (62%) were contacted by the previous operators with retention offers, but only 25% accepted it. Graphic 2 represents the retention offers correlated to the reasons why interviewees do not accept a retention offer.



Graphic 2: Retention offers by not accepting reasons

The reasons why there is an “any” retention offer by operators is because interviewees had a previous bad customer service experience. Additionally, for the customers that did not accept the offers because they had already signed a new contract with the competition, 64% of them would have stayed with the previous operators if they received a call before. Moreover 20% would have changed anyway. Even if the main exit barriers mentioned were: none (70%), lack of price negotiation (12,5%), retention calls (5%), billing errors (5%), period of the contract (5%) and offer credibility (2,5%), 83% affirmed that they are happy to change at any time. Regarding the main factors that would make interviewees change now their operator were: better service with lower price (27,5%), customized services (15%) and advanced technology (10%).

4.5 Discussion

In this market research sample (specific target with a higher household income), the profile of a client who typically churn is: married, between the 25 and 46 years old, has 1 to 2 children and a bachelor degree (table 5).

Churn Average 53,8%	Age (25-46) 55,3%	Children (1-2) 60,6%	Married 63,9%	Bachelor's 55%
	Age (58-70) 50%	No child 44,4%	Single 31,3%	Below Bachelor's 50%

Table 5: Interviewees Churn profile

The Interviewees who pay [30€;50€[per month mentioned that what positively surprised them was the quality of the service itself. Moreover, billing errors technical assistance and quality of service were the facts that disappointed them the most. Regarding the interviewees who pay [50€;70€[per month, they were positively surprised with the package upgrade offered by operators. The negative characteristic was the abusive and not customized telemarketing.

Concerning the main aspects that customers value the most along the customer's life cycle, it is possible to conclude that the answers obtained with the focus group and interviews are aligned.

The crucial aspect mentioned in the acquisition phase by interviewees was price. In the usage phase, the variables quality of service and fulfilment of the promise were mentioned during the interviews and focus groups process, respectively. This also shows coherency since the quality of service represents the fulfilment of the service characteristics promise. Finally in the decline phase, even if in the interviewees mentioned price as the most valuable dimension, it was already proved that it does not represent the highest churn percentage, which belongs to a quality of services variables. Also the majority of the interviewees when mentioned "price as a valuable asset during their loyalty period" they justified that with: 1) "operator's only care about having attractive prices to acquire new customers", and 2) "for the same services packages, different clients can have completely different prices". In the focus group the feedback in this topic was complemented with the lack of trust and honesty between operators and clients.

During the market research it was notorious that customers are sceptic about operators and have referred several times "the need of negotiations to have competitive prices". Other important conclusion is the fact that when a bad customer experience occurs, once it comes the termination of the contract, the majority of the customers do not think twice to change operators and also they do not give the opportunity to operators to make a better/different offer (Appendix O – Market Research Overview Analysis). It was also perceptible that customers do not value the number of TV channels they have. The majority of the interviewees (98%) did not know what to answer when it was asked the number of TV channels in the current and previous services packages and all admitted that they only use a few of them. However, when operators are negotiating a new contract term or a new price/services package, the increase in number of channels is a popular proposal so the client can either, pay for it or feel that operators are offering something that worth the money.

Additionally, the need of customization offers by operators was a point that almost all interviewees referred. With all the new technologies that operators can easily have access, customers do not understand why telecom operators are not practicing a personalized retention advertising taking into account their consumption levels and profiles. Also, the retention factors mentioned by interviewees was: I) the laziness to change operator because of all bureaucracies that it will implies and II) the fact that if customers are happy with the offered services (which include: customer service, signal coverage and the proper functioning of the service itself), they do not consider a churn hypothesis.

In terms of client's satisfaction, Vodafone is the operator with the highest score, followed by NOS and then MEO.

CHURN MANAGEMENT MATURITY MATRIX

5.1 Characterization of the Clients Retention in the Telecommunications Companies

This model is a structured framework used to determine the churn maturity level of a telecom operator and identify strengths and weaknesses of the overall churn management process. This will help operators to understand current performance and capabilities, determine potential for improvement and identify opportunities and initiatives to improve customer retention.

As mentioned before, the content of this model was based in: 1) an in depth churn research to the different churn types and categories and its relevance along the customer lifecycle, 2) a market analysis to have an overview of what operators are currently doing, 3) a market research, where it was possible to integrate all major conclusions and 4) customers feedback (to have a customer focused matrix), and valuable feedback from Deloitte consultants, to ensure that the matrix content will be an added value to the operators churn management process.

The churn maturity model structure, dimensions and vectors were based in a Deloitte maturity model toolkit a confidential framework with other maturity matrixes made by the company worldwide consultants. What typically distinguishes one matrix from another, is the definition of each vector and the evaluation level for each. It was in this information that it was possible to include all the knowledge and relevant factors obtain in the research part.

In the Appendix P, it is possible to see all the supporting tools that composes the model, which are: 1. Category Definitions, 2. Score Definitions and 3. Sample Survey. The model has 7 categories: strategy, customer, offer, people and organisation, processes and operations, technology and monitoring. Each category is composed by several vectors (table 6) and divided into 4 further maturity levels: aware (understanding of the basic elements of the dimension but the process is non-existent/adopted to a very limited extent), developing (basic process has been developed but not consistently adopted), practicing (process has been developed and adopted consistently and it is used to drive some retention/churn management programs) and best-in-class (high level of dimension commitment and a well-defined and institutionalized cross-functional inputs/interactions).

categories	Strategy	Customer	Offer	People and Organization	Processes and Operations	Technology	Monitoring
Vectors	• Churn Strategy	• Customer Behaviour Analysis	• Retention Offers	• Governance / Operating Model	• Process Integration	• Data Collection, Maintenance and Hygiene	• Churn Management Measurement
	• Reactive and Predictive Strategy	• Voice of the Customer	• Channel Differentiation	• Culture and Values	• Churn Lifecycle Management	• Operational Efficiency	• Customers Retention
	• Business Alignment	• Customer Churn Segmentation	• Point of Differentiation	• Voice of the Employee	• Payment Method and Process	• Data Quality and Integrity	• Marketing
	• Churn Value	• Customer Experience Touchpoints	• Negotiation	• Internal Communication		• Predictive Model	• Quality
	• Churn Knowledge	• Customer Experience Management		• Training and Mentoring		• Usability	• Performance Measurement
	• Marketplace Assessment			• Performance Management			
	• Loyalty Program						

Table 6: Churn Management Matrix Categories and Vectors

To have a successful and mature churn management system, telecom operators need to draw a roadmap first. A strategic plan aligned with the company culture, values and overall goals, helps collaborators to maintain a focus and to follow that direction.

The facts that validate the importance of a churn management strategy are: identify and explore referral sales opportunities, build and foster constructive customer's relationship, identify and rectify imperfections within the company policies and processes and understand customer's needs.

Especially in the services industries, it is imperative for any company to have in depth customer knowledge and develop its offers accordingly. If a business does not know who its customers are or what the customer wants, it cannot meet the customer's needs and churn will occur. As it was possible to conclude in the market research, all variables related to the customer experience (products, services, customer service and technical assistance) are very important touchpoints, where operators should do a regular track. These factors make customer retention and offer management important business variables to reduce churn and, therefore, increase profits.

Employees are the most important company asset. All market research interviewees that had problems with the customer service, churned. If the operator's employees are not able to contribute to a single, integrated view of the customer, the company is missing valuable insights and diluting the skills of its staff. For this reason, it is important to create awareness of churn into the company's culture and values and have an organisational structure according to it, provide regular training to employees, do periodical performance managements and listen to their feedback about their experiences with customers.

As churn can occur at any phase of the customer life cycle, it is vital for any operator a proper churn management in the lifecycle, as well as, in the process integration along the involved departments, and all payment methods and processes used by clients. It is also vital in a telecom operator to have a predictive model and an efficient and easy to use technological system with regular maintenance.

Finally, all processes need to have a monitoring phase to ensure its efficiency and efficacy and have a regular feedback in what needs to be improved.

CONCLUSIONS AND RECOMENDATIONS

The data analysis in this report yields five major conclusions that hold implications for telecom operator's future marketing and communication efforts.

Customer retention has not been a focus of operators marketing strategies, which rather to focus on customer acquisition. It is true that to maintain profitability and market share companies started using various management mechanisms to prevent serious churn problems and retain customers. However it is not sufficient. The market is becoming highly competitive and the implementation of a robust, clear and effective customer churn management process (with regular control and monitoring phases) is crucial to avoid losing market share. The effectiveness of a telecom company's churn management is determined by whether it decreases the churn rate and successfully retains customers.

The second major conclusion is the ending of the network effect into the telecom market. Years ago, one of the biggest reasons why customers changed or not operators was because their network effect, where they wanted to belong to the same operators as their friends or family, not only because of the social effect but also for economic reasons (e.g. it was cheaper to call to a member of the same operator). Currently, this does not have directly the same impact as before and the tendency to the converged services is other way to retain customers. The higher number of services a customer has with a telco, the higher the "cost" s/he they will probably have to change it.

Additionally, the study panel showed a contradiction to the premise "Price is everything to customers". According to the research, competition driven pricing strategy is an important asset along the customer life cycle, but if it is not complemented with a good customer service, the fulfilment of the promised service (quality of the service) and the overall delivery of a good customer experience, customers will churn. The Operator's quality of service stills an inconsistency feature delivered being one of the most critical factors to positively vs negatively surprise clients.

It is extremely important to conduct an extensive research into the customer's behaviours and needs to determine the best retention/ churn management strategies for the business and outline a point of differentiation from competition. Customers fitting within the interviewees profile are willing to pay more for a better service.

Regarding the sample size of this market research (40 interviews and 2 focus groups), this is a convenience sample of the population studied, being an empirical approach to the representation of the universe analysed. For this reason, and taking into account that the study has a confidence level of 95% and the Cronbach alpha $\geq 0,7$, it is recommendable that Deloitte replicates the study and enlarges the sample size, so it can have a fully representative market research of the population studied.

Finally, the huge importance of a good customer experience delivery since, if well managed, can be a powerful retention asset. Nowadays customers are well informed and have a considerable bargaining power in their hands that allows them to change operator whenever they want, after the contract is over and as shown in the research, a bad customer experience contributes to the company churn percentage. Additionally, there are also other churn prevention factors that were mentioned above and which can be easily tracked if the company has a robust churn prevention model with clear objectives and processes. To help operators monitoring their prevention processes and do the characterization of its client's retention, a churn management maturity matrix was created. This is a fully operational and essential tool that Deloitte can apply in any telecom company so they can understand what are they strength and weakness in their churn prevention process, and what they need to achieve a higher maturity level. The creation of this matrix was under the supervision of Deloitte consultants and will now be tested in a large Portuguese client. Also, an international Deloitte paper, about it, is being written.

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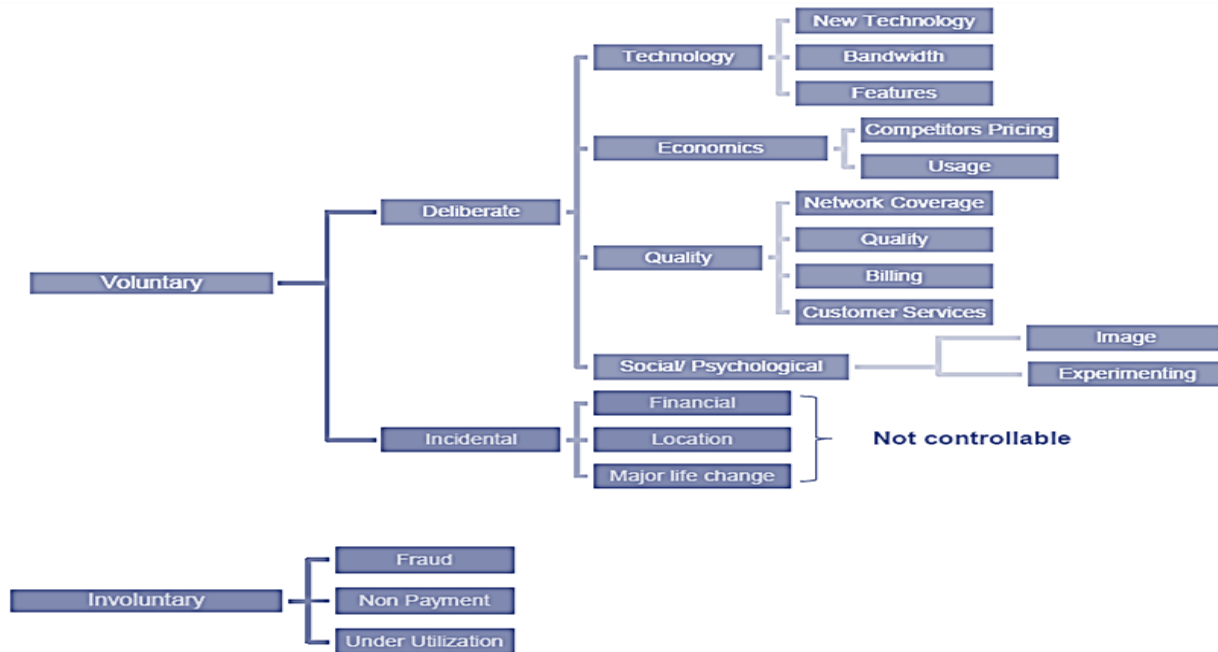
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APPENDIXES

A) Thesis Schedule

Schedule	August		September					October				November				December							
	3rd week	4th week	1st Week	2nd Week	3rd Week	4th week	5th Week	1st Week	2nd Week	3rd Week	4th week	1st Week	2nd Week	3rd Week	4th week	1st Week	2nd Week	3rd Week	4th week	5th Week			
Activities	17th to 23rd	24th to 30th	31st to 02nd	03rd to 06th	07th to 13th	14th to 20th	21th to 27th	28th to 04th	05th to 11th	12th to 18th	19th to 25th	26th to 01st	02nd to 08th	09th to 15th	16th to 22nd	23rd to 29th	30th to 06th	7 a 13	14 a 20	21 a 27	28 a 3		
Thesis Research Part	Market research and thesis structure																						
First step consulting			Deloitte Training																				
Market Study					Market Study Preparation			Script Definition	Recruitment and Selection		Execution of Interviews and Focus Groups		Data Analysis										
Maturity Matrix Development			Matrix creation													Matrix Development with Deloitte Consultants							
Interviews with Telecom Market Operators																							
Write Thesis																	Write thesis and do last minute analysis						

B) The Churn Reasons Taxonomy (Courtesy – The Telco churn management handbook by Rob Mattison 2014)



C) Forecasts for the Portuguese Economy

	2014						2015						2016					2017					2018		2019		2020
	FMI	OCDE	CE	BdP	MF		FMI	OCDE	CE	BdP	MF		FMI	OCDE	CE	BdP	PE	FMI	OCDE	CE	BdP	PE	FMI	PE	FMI	PE	FMI
					OE-2015	PE					OE-2015	PE															
	IMF	OECD	EC	BdP	SB-2015	EP	IMF	OECD	EC	BdP	SB-2015	EP	IMF	OECD	EC	BdP	EP	IMF	OECD	EC	BdP	EP	IMF	EP	IMF	EP	IMF
ago-15	nov-15	nov-15	out-15	out-14	abr-15	ago-15	nov-15	nov-15	out-15	out-14	abr-15	ago-15	nov-15	nov-15	jun-15	abr-15	ago-15	nov-15	nov-15	jun-15	abr-15	ago-15	abr-15	ago-15	abr-15	ago-15	abr-15
Aug-15	-Nov-15	-Nov-15	Oct-15	Oct-14	Apr-15	Aug-15	-Nov-15	-Nov-15	Oct-15	Oct-14	Apr-15	Aug-15	-Nov-15	-Nov-15	Jun-15	Apr-15	Aug-15	-Nov-15	-Nov-15	Jun-15	Apr-15	Aug-15	Apr-15	Aug-15	Apr-15	Aug-15	Apr-15
PIB (Taxa de crescimento real, %) <i>GDP (Real growth rate, %)</i>	0,9 ^(a)	0,9	0,9	0,9	1,0	0,9	1,6 ^(a)	1,7	1,7	1,7	1,5	1,6	1,5 ^(a)	1,6	1,7	1,9	2,0	1,4	1,5	1,8	1,8	2,4	1,3	2,4	1,2	2,4	1,2
- Consumo Privado <i>-Private Consumption</i>	2,2	2,2	2,2	2,2	1,8	2,1	1,7	2,5	2,6	2,6	2,0	1,9	1,6	1,6	1,7	1,7	1,9	1,5	1,5	0,8	1,8	2,1	1,3	2,1	1,1	2,1	1,1
- Consumo Público <i>-Government Consumption</i>	-0,3	-0,5	-0,5	-0,5	-0,6	-0,3	-0,5	0,5	0,5	0,1	-0,5	-0,7	0,9	0,5	0,3	0,2	0,1	1,1	0,4	-0,3	0,4	0,1	0,8	0,2	0,7	0,2	0,5
- Formação Bruta de Capital Fixo <i>-Gross Fixed Capital Formation</i>	2,5	2,8	2,8	2,8	1,5	2,5	4,2	6,0	5,6	6,2	2,0	3,8	2,5	3,0	3,9	4,4	4,4	2,4	2,6	4,4	5,5	4,9	2,4	4,9	2,4	5,0	2,4
- Exportações Bens e Serviços <i>-Exports of goods and Services</i>	3,3	3,9	3,9	3,9	3,7	3,4	5,5	6,8	5,3	6,1	4,7	4,8	4,8	5,9	4,8	6,0	5,5	4,7	5,5	5,0	5,3	5,7	4,5	5,7	4,4	5,8	4,3
- Importações Bens e Serviços <i>-Imports of goods and Services</i>	6,4	7,2	7,2	7,2	4,7	6,4	4,5	9,2	6,7	7,9	4,4	4,6	4,8	6,0	5,3	5,5	5,3	5,0	5,4	4,3	6,1	5,4	4,8	5,4	4,6	5,7	4,5
Contributos para o crescimento do PIB (p.p.) <i>Contributions to GDP growth</i>																											
- Procura Interna <i>- Domestic demand</i>	2,1	-	1,8	2,2	1,4	2,1	1,2	-	2,6	2,6	1,3	1,6	1,6	-	1,8	0,7	1,9	1,5	-	1,2	2,1	2,2	1,4	2,2	1,3	2,2	1,3
do qual: Variação de Existências ⁽¹⁾ <i>of which: Inventories⁽¹⁾</i>	-	0,4	0,3	-	-	-	-	0,0	-0,3	-	-	-	-	0,0	0,0	-	-	-	0,0	0,0	0,0	-	-	-	-	-	-
- Procura Externa Líquida <i>- Net exports</i>	-1,2	-1,2	-1,2	-	-0,3	-1,1	0,3	-0,9	-0,5	-	0,2	0,1	0,0	0,0	-0,1	1,2	0,1	-0,1	0,0	0,5	-0,3	0,2	-0,2	0,2	-0,1	0,2	-0,1
IHPC (t.v.) ⁽²⁾ <i>HICP (g.r.)</i>	-0,2 ^(a)	-0,2	-0,2	-0,2	0,0	-0,3	0,6 ^(a)	0,5	0,5	0,5	0,7	-0,2	1,3 ^(a)	0,7	1,1	1,3	1,3	1,5	1,0	1,5	1,3	1,4	1,6	1,4	1,7	1,4	1,7
Taxa de Desemprego (% da pop. activa) <i>Unemployment Rate (% of labour force)</i>	13,9 ^(a)	13,9	14,1	-	14,2	13,9	12,3 ^(a)	12,3	12,6	-	13,4	13,2	11,3 ^(a)	11,3	11,7	-	12,7	12,5	10,6	14,0	10,8	12,1	12,0	11,6	11,6	11,1	11,2
Saldo Orçamental do SPA (% do PIB) ⁽³⁾ <i>Fiscal Balance (% GDP)</i>	-4,5 ^(a)	-7,2	-7,2	-	-4,8	-4,5	-3,1 ^(a)	-3,0	-3,0	-	-2,7	-2,7	-2,7 ^(a)	-2,8	-2,9	-	-1,8	-2,5	-2,6	-1,7	-2,5	-1,1	-2,4	-0,6	-2,4	0,2	-2,4
Dívida Bruta do SPA (% PIB) ⁽⁴⁾ <i>General Government Gross Debt (% GDP)</i>	130,2	130,2	130,2	-	127,2	130,2	127,1	128,2	128,2	-	123,7	124,2	124,4	127,9	124,7	-	121,5	122,0	127,4	119,1	121,3	116,6	120,4	112,1	119,4	107,6	118,6
Balança Corrente (% PIB) ⁽⁵⁾ <i>Current Account Balance (% GDP)</i>	0,6 ^(a)	0,5	0,3	2,0	0,3	1,9	0,7 ^(a)	0,6	0,5	2,3	0,3	2,1	1,6 ^(a)	0,5	0,5	3,2	2,0	0,6	0,2	1,6	0,3	2,2	0,3	2,4	0,1	2,7	0,1

Sources: International Monetary Fund (IMF): Second post-program Monitoring discussions 06/08/2015, Country Report Portugal 18/05/2015, World Economic Outlook 06/10/2015; OECD, Economic Outlook, 09/11/2015; European Commission (EC): "European Economic Forecast Autumn 2015", 11/2015; Bank of Portugal (BdP): June Economic Bulletin, 08/06/2015, October Economic Bulletin 07/10/2015; Ministry of Finance (MF): SB - State Budget 2015, October 2014; Estability Program, 17/04/2015.

(1) In case of SGP and EC, includes net valuables acquisition

(2) In case of EP - Consumer Price Index (CPI)

(3) In case of SGP and EC is considered the EDP B.9.

(4) In case of EC is considered the EDP Gross Debt; in the FSD the data from 2014 to 2018 are in accordance with ESA2010

(5) In case of Banco de Portugal, Current account balance + Capital account balance

(a) FMI: World Economic Outlook 06/10/2015

D) Main Economic Indicators

Indicadores Anuais / Trimestrais <i>Main Economic Indicators Annual / Quarterly</i>	Fonte <i>Source</i>	Unidade <i>Unit</i>	2012	2013	2014	4T13 <i>4Q13</i>	1T14 <i>1Q14</i>	2T14 <i>2Q14</i>	3T14 <i>3Q14</i>	4T14 <i>4Q14</i>	1T15 <i>1Q15</i>	2T15 <i>2Q15</i>	3T15 <i>3Q15</i>
PIBpm <i>GDPmp</i>	INE	Milhões de euros <i>Millions of euros</i>	168 398	170 269	173 446	43 121	43 034	43 162	43 594	43 657	44 247	44 636	
PIBpm <i>GDPmp</i>		VH Real <i>y-o-y (real)</i>	- 4,0	- 1,1	0,9	1,9	1,0	0,9	1,2	0,6	1,6	1,6	
Consumo Privado <i>Private Consumption</i>		VH Real <i>y-o-y (real)</i>	- 5,5	- 1,2	2,2	1,6	2,3	1,9	2,9	2,0	2,5	3,2	
Consumo Público <i>General Government Consumption</i>		VH Real <i>y-o-y (real)</i>	- 3,3	- 2,0	- 0,5	-0,4	-0,4	-0,3	0,1	-1,3	-0,5	0,6	
Formação Bruta de Capital Fixo <i>Gross Fixed Capital Formation</i>		VH Real <i>y-o-y (real)</i>	- 16,6	- 5,1	2,8	3,1	0,2	4,8	3,5	2,8	8,8	5,1	
Exportações Bens e Serviços <i>Exports of Goods and Services</i>		VH Real <i>y-o-y (real)</i>	3,4	7,0	3,9	9,6	4,1	2,2	3,8	5,7	7,0	7,4	
Importações Bens e Serviços <i>Imports of Goods and Services</i>		VH Real <i>y-o-y (real)</i>	- 6,3	4,7	7,2	7,5	9,9	4,6	6,0	8,5	7,1	11,9	
FBCF sem construção <i>Gross Fixed Capital Formation (excl. construction)</i>	INE	VH Real <i>y-o-y (real)</i>	- 11,8	4,1	9,3	13,2	8,4	10,3	11,5	7,2	9,1	8,2	
Balança Corrente / PIB (trimestre acumulado) (% PIB ¹) <i>Current Account / GDP (end of period) (% GDP¹)</i>	BdP/INE	%	- 2,0	0,5	- 0,6	0,5	-1,5	-1,6	-0,7	-0,6	0,0	0,0	
Balança Corrente + Capital / PIB (trimestre acumulado)* <i>Current Account + Capital / GDP (end of period)</i>	BdP/INE	%	0,3	2,5	0,4	2,5	-0,2	0,0	0,5	0,4	0,0	0,0	
Saldo Orçamental das Administrações Públicas (B.9) / PIB <i>Fiscal Balance (B.9) / GDP</i>	INE	%	- 5,7	- 4,8	- 7,2	-2,8	-5,8	-6,6	-14,0	-2,0	-5,7	-3,7	
Taxa de desemprego <i>Unemployment Rate</i>	INE	%	15,6	16,2	13,9	15,3	15,1	13,9	13,1	13,5	13,7	11,9	
Índice de Preços no Consumidor <i>Inflation</i>	INE	%	2,8	0,3	- 0,3	-0,1	-0,1	-0,3	-0,5	-0,1	-0,1	0,7	
Custos do Trabalho Nominais de Portugal face à UE 15 <i>Nominal Labour Costs of Portugal towards the EU 15</i>	AMECO	2010= 100	92,8	93,3	92,4								
Contributo da Procura Externa Líquida p/ PIB <i>GDP contribution of the Net External Demand</i>	INE	%	3,6	0,8	- 1,3	0,7	-2,2	-1,0	-0,9	-1,1	-0,1	-1,9	
Contributo da Procura Interna p/ PIB <i>GDP contribution of the Net Internal Demand</i>	INE	%	- 7,6	- 2,0	2,2	1,1	3,2	1,8	2,1	1,7	1,7	3,5	

Source: Gabinete de Estratégia e Estudos (2015) “Short term Economic Indicators – N.47/2015” November 2015 at <http://www.peprobe.com/wp-content/uploads/2015/11/d024058.pdf>

¹ Seasonally adjusted GDP

E) Telecom Customer’s Profiles

The first group it is composed by the 5P consumers, who belong to the upper class (AB), have a household composition of three members and live in the greater Lisbon and Tagus valley area. They are people between the 25 and 44 years old with a high education level (bachelor’s degree or higher) and professionally they are managers, professionals or technicians.

The second group is mainly for the 4P and 3P users who live in the same area as the first group but with an age between the 35 and 44 years old, a household composition of three members or more, an intermediate levels of education (high school degree) and who work as technicians / associate professionals or clerical support workers (C1).

The third group it is also composed for the 4P and 3P users but with a lower social class (C2/DE), a larger household composition and live in the northern coast of the country. These people are unemployed or associate workers, with no schooling completed and they are between 45 and 64 years old.

The fourth group belong to the 2P users, who are mainly retired people with 65 years old or more, who live in the Northern interior area, have a smaller household composition (two individuals) and a lower social classes (C2/DE).

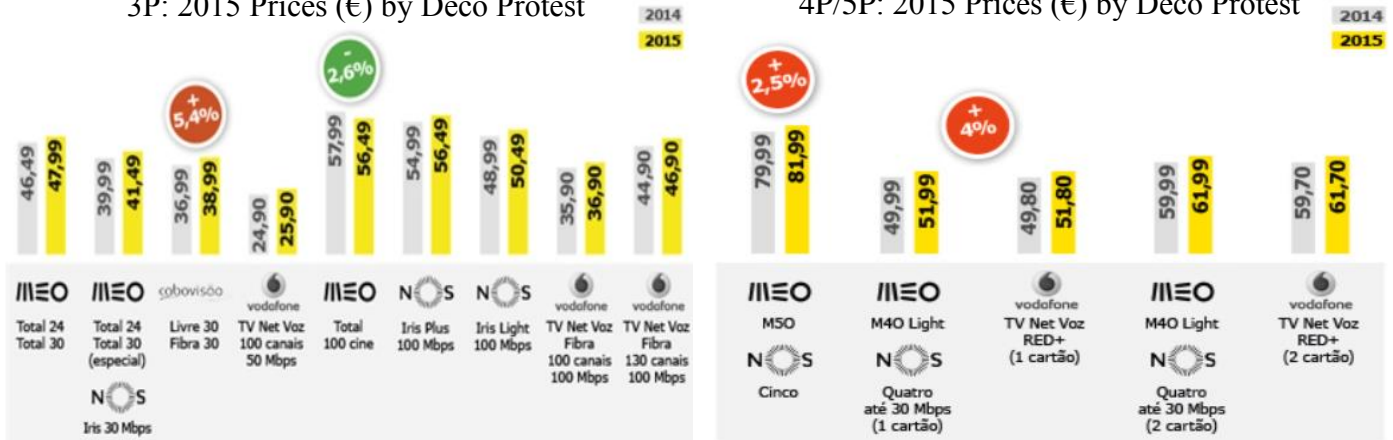
F) Services Packages Description

Packages	Mobile Phone	Fixed Line	Television	Fixed Broadband	Mobile Broadband
2P		X	X	X	
3P		X	X	X	
4P	X	X	X	X	
5P	X	X	X	X	X

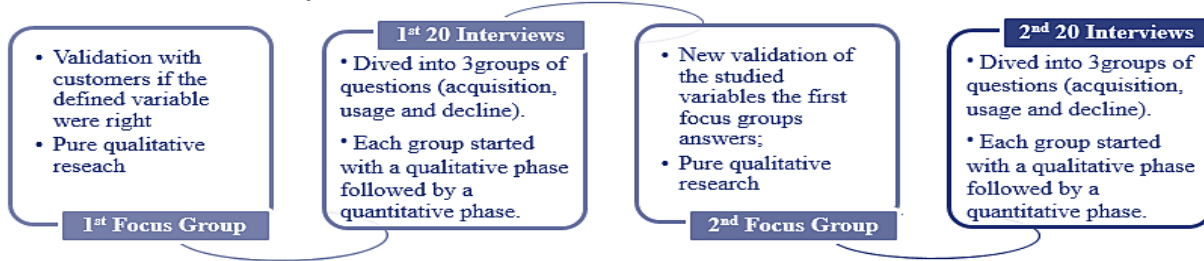
G) Telecom 2015 Prices – Services Packages

3P: 2015 Prices (€) by Deco Protest

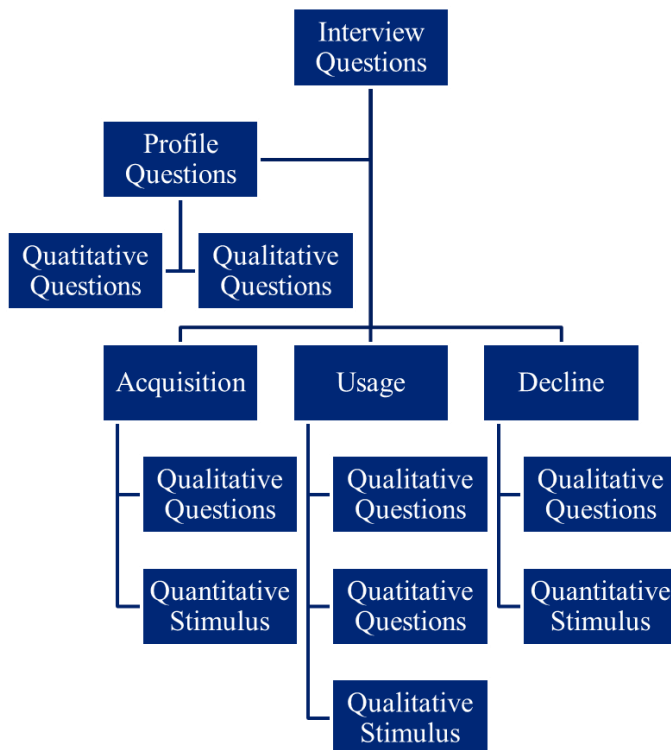
4P/5P: 2015 Prices (€) by Deco Protest



H) Market Study Structure



I) Interview Questions Structure



J) Profile Sheet

MARKET RESEARCH – Telecommunications Services Packages

N. _____ Date: ____/ ____/ 2015

1. IDENTIFICATION

The aim of this study is to understand customer opinions regarding their telecom service package. All data obtained with this study is confidential.

2. IDENTIFICATION

Name: _____ Age: _____

Gender: Feminine _____ Masculine _____ Post-code: _____ - _____

Marital Status: Single _____ Married/domestic partnership _____ Divorced/Separated _____ Widower _____

Household Composition _____ Number of Children in the household: _____

Education: No schooling completed _____ High school graduate _____ Bachelor's degree _____

Household Income: Below 1.000€ _____ Between 1.000€ and 4.000€ _____ Above 4.000€ _____

Current Job Title: _____

Other household member's employment status: _____

3. TELECOM SERVICE PACKAGES

Operator: MEO _____ NOS _____ Vodafone _____ Cabovisão _____ Other: _____

Service Package Name: _____ Package Price: _____ € Discount: Yes ___ No ___

Package acquisition year: _____ Package Services: Television _____ (Number of TV channels _____)

Telephone _____ Mobile phone _____ Fixed Internet _____ Mobile Internet _____

Previous Operator: MEO _____ NOS _____ Vodafone _____ Cabovisão _____ Other: _____

Package Services: Television _____ (Number of TV channels _____) Telephone _____ Mobile phone _____ Fixed

Internet _____ Mobile Internet _____

Thank you for your participation.

K) Focus Groups Guide

Focus Group Guide –Telecommunication Services Packages

Date: ____ / 10 /2015

- **Welcome**

First of all thank you for participating in this Focus Group.

- **Focus Group Scope**

The aim of this focus group is to understand customer opinions regarding their telecom service package. All data obtained in this study is confidential.

- **Rules**

1. We would like all to participate and give their opinion during the focus group.
2. There are no right or wrong answers. The opinion and experience of each is always an added-value.
4. This focus group will be recorded so we can capture the added value of participation each. This recording, however, have a confidential character. No comment will be associated with any name.

Topic	Question	Method	Time
Introduction	1. How do you characterize the Portuguese telecommunications market? A. What's important to you while telecommunications clients?	Discussion	10 min
Customer Journey	2. On this A0 sheet, all together, characterize your Journey from the acquisition to the exit phase with an operator. You have these post it notes and pens so that you can perform the task. You have also the following cards: "Attendance", quality of service, compliance, readiness to serve, technical knowledge, trust and honesty and Price. You have to address each card in each phase.	Post it + Stimulus	20 min
Entrada	3. What were the reasons why you choose your current operator? A. Why? / Examples	Write in the board	5 min
Usage	4. Put, in order of preference, the five main reasons that the loyalty to a carrier.	Stimulus 1	10 min
Decline	5. What factors made you quit or want to quit your operator who you belonged? B. Why? / Examples	Write in the board + Discussion	15 min

Stimulus 1

Put, in order of preference, the five main reasons that the loyalty to a carrier.

Customer Service Tv Channels Available Integration of Services Services Customization Price Available Promotions
 Problem Solving readiness Respect for the client Quality of the service Billing accuracy Fulfilment of the promise in time
 Available Technology

L) Interviews Guide

Exploratory Interviews Guide –Telecommunication Services Packages

Interviewee N. _____ Date: ____/ ____/ 10 /2015

- Welcome**

First of all thank you for participating in this Interview.

- Interview Scope**

The aim of this Interview is to understand customer opinions regarding their telecom service package. All data obtained in this study is confidential.

- Rules**

- There are no right or wrong answers. Your opinion and experience is always an added-value.
- This Interview will be recorded so we can capture the added value of this participation. This recording, however, have a confidential character.

Topic 1. Acquisition Drivers (15 min)

Actions	Motivations	Questions	Barriers	Tangible	Empathy	Credibility	Responsiveness	Guaranty	Price	Quality
1.										
2.	1.	4.	5.	Stimulus 1						
3.										
6.										

- Do you remember the main reasons why you choose your current operator? (Price, service, recommendation)
- While you had intention to change operator:

- Have you ever been contacted by an operator competitor? Which? (NOS, Vodafone, MEO)
- How they contacted you?

MEO	VPP	Phone	E-mail	Letter	Other
NOS	VPP	Phone	E-mail	Letter	Other
Vodafone	VPP	Phone	E-mail	Letter	Other

(ATTENTION: Your current operator contacted you? Do you think this contact was important to your change?)

- How did you get information about the operator's offers and conditions?

VPP	Phone	E-mail	Store
Advertising	Social Media	Website	

- How did you purchase the package?

VPP	Phone	E-mail	Store	Other
-----	-------	--------	-------	-------

- What were your concerns/fears/issues while you were joining the new service? (Quality, loyalty type)
- What were the main barriers experienced? (Schedule the installation, installing the package, billing error)

STIMULUS 1 (SHOW CARD AND WRITE THE ANSWER)

1

Exploratory Interviews Guide –Telecommunication Services Packages

Topic 2. Usage Drivers (15 min)

Actions	Motivations	Questions	Barriers	Tangible	Empathy	Credibility	Responsiveness	Guaranty	Price	Quality
1.										
6.	3.	2.	4.	STIMULUS 2						

- How do you describe your current service? (Very good, good, bad)
- What negatively and positively surprised you the most with you current operator?
- What keeps you motivated to continue to your current operator? Why?
- From 1 to 5, what is your overall satisfaction with your operator?

STIMULUS 2 (SHOW CARD AND WRITE THE ANSWER)

Topic 3. Churn Drivers (15min)

Actions	Motivations	Questions	Barriers	Tangible	Empathy	Credibility	Responsiveness	Guaranty	Price	Quality
2.	1.									
3.	7.	5.	4.1	STIMULUS 3						
4.										

- What was the main reason that led you to leave/want to stop being a customer of the previous operator?
- Who cancelled the contract or negotiate the new conditions? (Stop paying, other person, yourself, VPP)
- Did you received a call from the operator preventing you to leave?
 - If yes:
 - What was the offer about?
 - Why did you accepted/or not?
 - If you hadn't assumed the commitment to the current operator, would have accepted the proposal of the previous operator?
- What are the experienced barriers at this time?
- Did you feel some fear of the changing?

STIMULUS 3 (SHOW CARD AND WRITE THE ANSWER)

- What would make you change operator right now?

2

L) Interviews Guide – Stimulus

1 In a scale from 0 (low level of relevance) to 5 (high level of relevance) evaluate the importance of each aspect when you choose you current operator:

	0	1	2	3	4	5
Price/ Special acquisition promotion						
Family or Friends recommendation						
Was already a client						
Better customer service						
Better technology						
Better Signal Coverage						
Quality of the fibre						
Integration of more services						
Available Tv channels						
Appealing Advertising						
Operators Credibility						
Customization of Services						
Respect from the operators employees						
Collaborators knowledge to answer your questions						

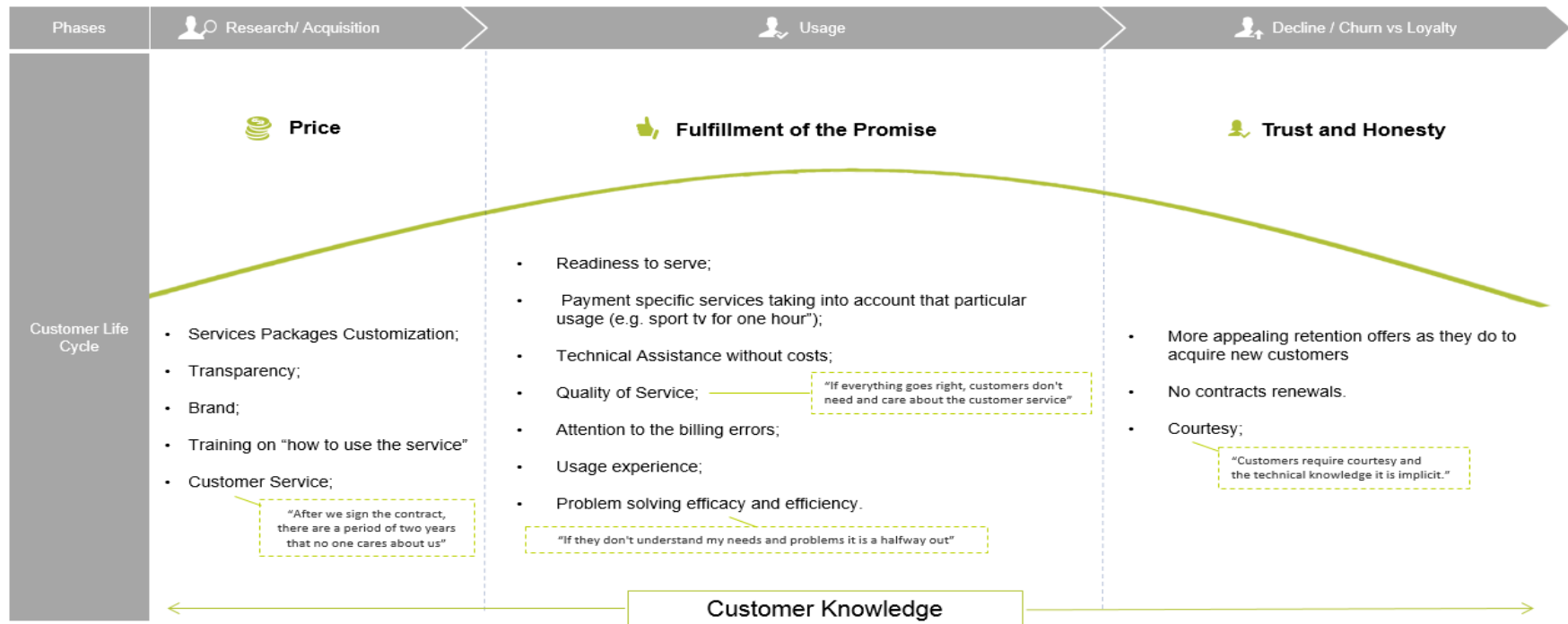
2 Complete the following sentences:

- My operator's price _____.
- The Quality of Service that I have _____.
- The customer Service _____.
- My operator's credibility _____.
- My operator's trust and honesty represent _____.
- The customization and adequacy of my operators communication _____.
- The Technology that I have _____.
- The services package that I have _____.
- The brand awareness that I have of my operator _____.

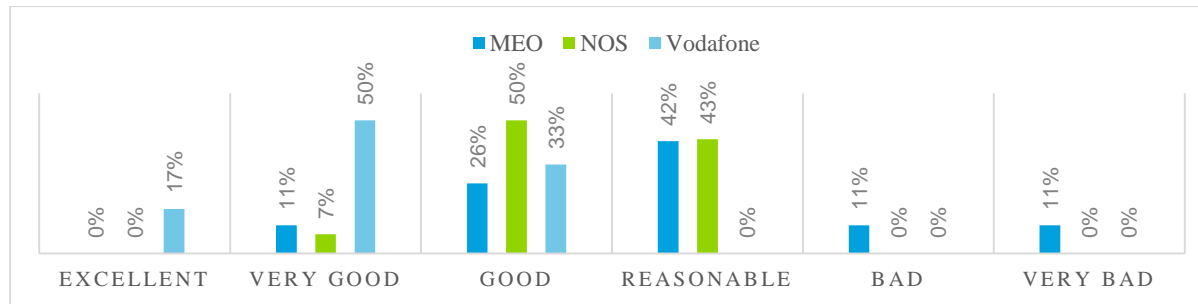
3 In a scale from 0 (low level of influence) to 5 (high level of influence) evaluate the importance of each aspects when you changed or wanted to change your operator:

	0	1	2	3	4	5
Price						
Family/ Friends Recommendation						
Quality of the internet						
Available Tv Channels						
Integration of services						
Technical problems						
Problems with the customer service						
Billing problems						
Canal de TV (Sport TV, Benfica TV, Secret Story, ...)						
Extra services (e.g. MEO kanal, ZON Phone, Netflix)						
Empathy with the operator						
Guaranty of a trustful service						
Brand Awareness						
Other. Which? _____						

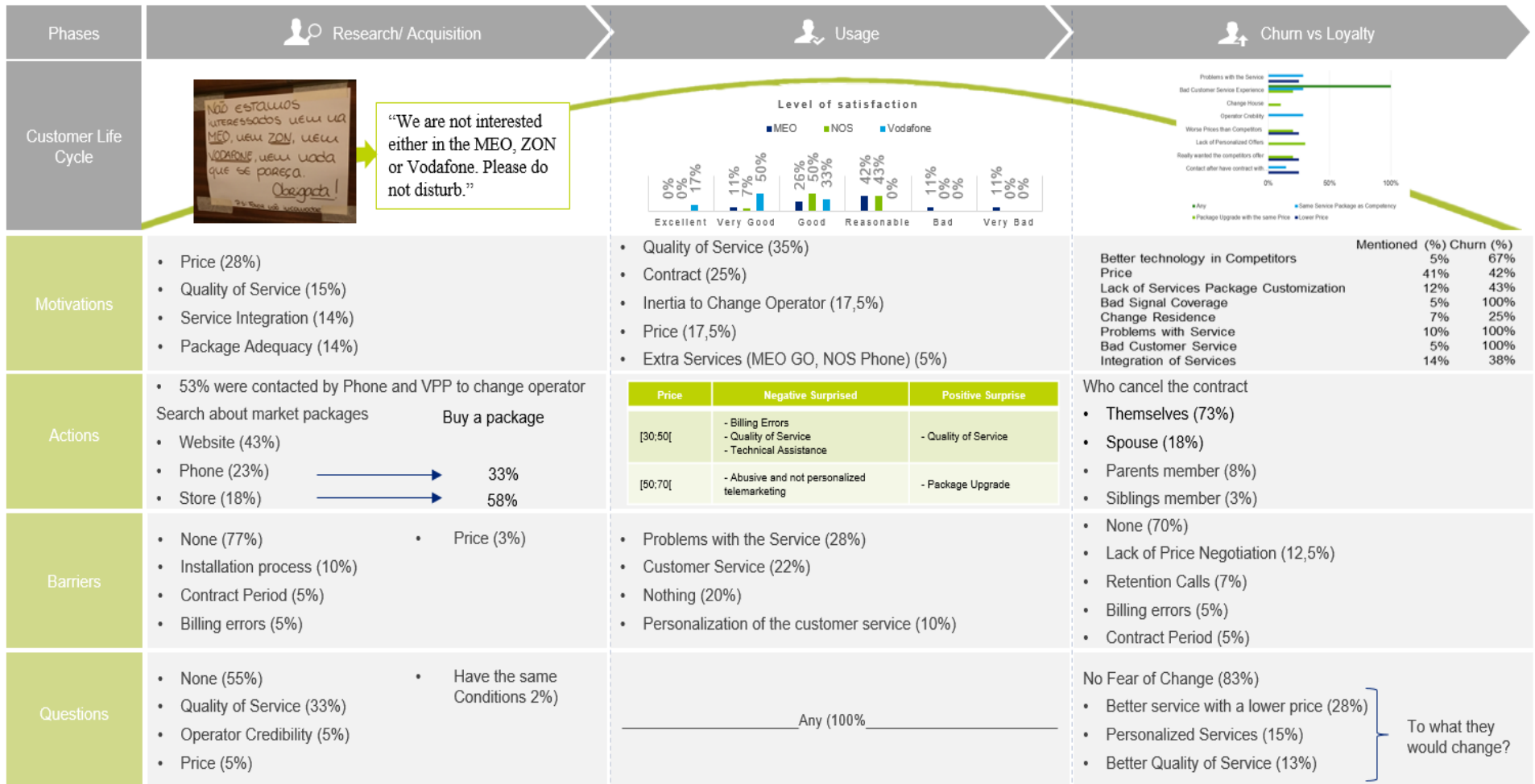
M) Focus Groups – Customer Life Cycle Motivations



N) Interview - Level of Service Satisfaction by Operator



O) Market Research Overview Analysis



P) Churn Management Maturity Matrix

1. Index and Introduction

CHURN MATURITY ASSESSMENT



INDEX

- [1. Category Definitions](#)
- [2. Score Definitions](#)
- [3. Survey](#)

INTRODUCTION

Description	This Model is used to determine the churn maturity level of a telecom operator and identify strengths and weaknesses of the overall churn management process.
Uses	The Churn Maturity Model is a structured framework to help users: understand current performance and capabilities, determine potential for improvement and identify opportunities and initiatives to improve customer retention capabilities.
Tools / Supporting Documents	All supporting tools are integrated in this Excel document, which are: 1. Category Definitions, 2. Score Definitions and 3. Sample Survey.

MODEL CATEGORIES

1. Strategy	2. Customer	3. Offer	4. People and Organisation	5. Processes and Operations	6. Technology	7. Monitoring
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MATURITY LEVELS

Aware	Understand the basic elements of the dimension but the process is non-existent/adopted to a very limited extent.
Developing	Basic process has been developed but not consistently adopted.
Practicing	Process has been developed and adopted consistently. Process is used to drive some retention/churn management programs.
Best-in-Class	High level of dimension commitment and a well-defined and institutionalized cross-functional inputs/interactions.

2. Category Definitions

Category	Vector	Definition
Strategy	Churn Strategy	The existence of a clear churn management strategy.
	Reactive and Predictive Strategy	The existence of a robust, clear and rigorous reactive and predictive strategy, which is constant monetarized and controls the destruction of value.
	Business Alignment	The alignment of the churn management goals and processes (which include: customer retention, churn prevention and customer experience), with the overall business strategy.
	Churn Value	The recognition of the churn management process as the organisational critical link to the customer retention.
	Churn Knowledge	A good churn knowledge (definition, types, understanding of why customers churn ...) across the company focused on how to deliver a good customer experience and clients satisfaction.
	Marketplace Assessment	Be aware and understanding of various market forces that influence the churn management strategy.
Customer	Loyalty Program	The existence of a loyalty program and how sturdy it is (e.g. partnerships, point system, charge an upfront fee for VIP benefits, discounts card, partner with another company to provide all-inclusive offers ...).
	Customer Behaviour Analysis	Knowledge of the behaviour exhibited by customers throughout the retention process. Analysis of the tendencies of customer behaviour and determine specific targeting/positioning tactics for various customer segment.
	Voice of the Customer	The 'Voice of the Customer' is created to 'operationalize' insights into customer's preferences and perceptions and to help the management of determine strategy and planning.
	Customer Churn Segmentation	The process of dividing the potential churn customers into subgroups with distinct attributes, behaviours and characteristics using qualitative and quantitative techniques. The creation of logical customer groups in conjunction with business goals using qualitative and quantitative methods. Customer segments should be analysed in two specific universes: (I) customer base, and, (ii) customers that churned to be possible to correlate customer's drivers and pain points.
Offer	Customer Experience Touchpoints	Customer Experience Touchpoints' refers to the method or channel (e.g., phone, e-mail, physically) used to communicate with the customer during a particular interaction (e.g., retention campaign, customer service).
	Customer Experience Management	The existence of a clear customer experience management strategy and the ability of react towards a customer bad experience, as well as, the usage of clear communication, proactivity in customer assurance and maintenance, appropriate follow-up with clients and monitoring the clients experience throughout the customer lifecycle. This points includes customer service and technical assistance.
	Retention Offers	Depending on the customer usage case, each offer should be more or less aggressive. Take into account the clients history and service / products.
	Channel Differentiation	The ability to optimize profitability by providing differentiated services and prices through selected/different channels and the analysis of the process robustness.
People and Organisation	Point of Differentiation	Key considerations used to formulate the overall offer that differentiate the organisation from competition (e.g. add ons - Wi-Fi access, cloud storage availability, benefits card) to achieve clearly defined goals and objectives. Also Definition and development with the product management of a NBO (next best offer) tool.
	Negotiation	Adequacy of the negotiation aggressive level, taking into account each customer profile along the customer life cycle. Also, the continuous evaluation of the people training on negotiating skills.
	Governance / Operating Model	The existence of a churn governance body (into the churn management team) that identify opportunities for improvement and an optimized operational model across divisions with common organisational structures.
	Culture and Values	The churn prevention process and process rigor as part of the company values and culture (e.g. best service and experience).
	Voice of the Employee	A 'Voice of the Employee', capturing employee feedback regarding the Customer Experience. Develop a communications channel from anyone within the company to the churn team.

	<p>Internal Communication</p> <p>Training and Mentoring</p> <p>Performance Management</p>	<p>If there is a robust internal communication and coordination between all people who is involved in the churn management process, and between the churn management team and other strategic teams (e.g. marketing, customer care, product management).</p> <p>The organisation's approach to training and developing vital skill sets (e.g. negotiation, customer experience, etc.).</p> <p>The management of resources associated with customer retention quality across functions, including the integration of unconformities and quality into: performance reviews, resource compensation, recognition, promotion, bonuses, etc. Existence of a meritocracy model.</p>
<p>Processes and Operations</p>	<p>Process Integration</p> <p>Churn Lifecycle Management</p> <p>Payment Method and Process</p>	<p>The integration of all churn prevention processes between sales, service, and marketing functions to deliver multi-disciplinary contact management, always through the positive side. (E.g. organisation values, such as customer service and experience).</p> <p>Process of analyse and manage churn along the customer life cycle.</p> <p>Development of multiple ways to drive regular and intimal payment from customers, such as direct debit and electronic bill. The existence of a defined and appropriated dunning process.</p>
<p>Technology</p>	<p>Data Collection, Maintenance and Hygiene</p> <p>Operational Efficiency</p> <p>Data Quality and Integrity</p> <p>Predictive Model</p> <p>Usability</p>	<p>Ability of systems to timely report customers experience and churn information. The methods of capture, storage and cleansing of customer data used to make business decisions and manage customer experience operations. Customer data can be captured using IT tools (e.g., a case system) or customer experience research, including surveys, mystery shopping and focus groups.</p> <p>The identification of low-value operations which may be transferred to automated technologies with controlling reports, along with the continued management of Customer retention quality associated with these operations.</p> <p>Overall reliability of data and information shared among channel participants, with no losses in daily, weekly or monthly activities / actions.</p> <p>(Business Analytics) The existence of a predictive model, the adequacy of its usage (as e.g. from client and services information's, service usage) and if there is a constant usage of it or not.</p> <p>Overall quality and ease-of-use of system interfaces used by channel participants (in order to check if that is a pain point or not).</p>
<p>Monitoring</p>	<p>Churn Management Measurement</p> <p>Customers Retention</p> <p>Marketing</p> <p>Quality</p> <p>Performance Measurement</p>	<p>The process and metrics utilized to track and evaluate the effectiveness of the churn management programs. This include analysis of the following KPI's: ARPU (average revenue per user), ARPRU (average revenue per retained user), AMPU (average margin per user), AMPU segmentation (AMPU per 2P, 3P, 4P and 5P), AMPRU (average margin per retention user) and AMPRU segmentation (AMPRU per 2P, 3P, 4P, 5P).</p> <p>Analysis of: monthly churn (%), overall customer retention rate, retained customers per employee and retained customers segmentation: 2P, 3P, 4P, 5P (%).</p> <p>Analysis of: customer satisfaction, negative churn (the upgrade or purchase additional products/services), brand awareness, ROI for campaigns, SAC (subscriber acquisition cost) and SRC (subscriber retention cost): dealer commission, terminal subsidy, sales, marketing and distribution.</p> <p>Service performance (retention call time, time to resolve a subs problem, efficiency of the retention calls and adds), quality of service (drop rate of services), NPS and CES (customer effect score).</p> <p>The ability of measure the best practices, teams, performances and how can they do better across all retention and acquisition channels.</p>

3. Score Definitions

Category	Vector	Churn Maturity Model Score			
		1. Aware	2. Developing	3. Practicing	4. Best-in-Class
Strategy	Churn Strategy	→There is no clear churn management strategy into the company.	→Existence of a basic churn management strategy with a notorious space to improve. →There are no clear objectives and/or implementation processes. →Basic predictive model. →Customers retention is not a high priority in the company. →There is no defined churn team.	→Good churn management strategy with a clear and realistic objectives but not included in the company overall strategy and goals. →Existence of an implementation process and a predictive model but with a lack of monitoring and constant improvement processes.	→Company has a clear churn management strategy with a well-defined and realistic goals to achieve. →Churn management and customer retention as part of the company culture and overall strategy. →Clear implementation processes and robust predictive model. →The existence of monitoring and constant improvement processes (e.g. customer behaviour analysis based on the predictive model results).
	Reactive and Predictive Strategy	→There is no reactive or predictive churn management strategy.	→Existence of a basic reactive strategy but there is no predictive strategy. →Not segmented reactive campaigns. →Lack of a rigorous and robust controlling and monitoring retention processes.	→Clear and robust reactive strategy with segmented retention campaigns, trained employees to negotiate and manage conflict situations and existence of an implementation and monitoring processes to control the destruction of value. →Basic predictive strategy with no segmented campaigns and a lack of a rigorous controlling and monitoring predictive processes (basic predictive model and analysis of the system).	→Existence of a robust, clear and rigorous reactive and predictive strategy, with clear implementations and monitoring processes to control the destruction of value. →Appropriated retention and predictive campaigns taking into account the segmentation of customer churn profiles. →Both strategies include the training and performance management and measurement of the employees to deliver a good customer experience. →Into the predictive strategy, existence of a constant data analysis obtained by the predictive model and strategy updates (constant control).
	Business Alignment	→Churn management objectives not defined, communicated and included in the business overall strategy.	→Defined churn management goals but not included in the company objectives and strategy. →Limited communication of the churn management objectives to staff. →No linkage exists between churn team and the other business areas (product management, customer service, marketing, etc.).	→Churn management objectives are consistent with overall company objectives. →Churn team objectives are aligned with other related departments (product management, customer service, marketing, etc.). →There is a meritocracy model to motivate churn team collaborators to achieve the proposed results.	→Churn management operations planning is an integral input to business strategy planning in a customer-centric organisation. →Insight gained from the churn team is feedback to all functions within the enterprise (e.g. marketing, research and development, etc.) and leveraged as a key input to overall business strategy development. →There is a meritocracy model to motivate churn team collaborators to achieve the proposed results.
	Churn Value	→The churn management operations are generally viewed by the organisation as a cost centre that provides little to no insight or value to the organisation.	→Churn Team/strategies are struggling to find their niche in the organisation and sometimes try to engage in programs that they are not structured to handle in an attempt to show their value to the organisation.	→Churn team "major" in their business focus area and "minor" in adding value to the organisation by providing some value added insight and reporting, although they generally do not market themselves as a vital corporate information source.	→Churn management is recognized as the organisation's critical link to customer retention and experience, providing a rich base of information and insight into customer wants, needs and behaviours. →Churn management is looped into product, marketing, and sales planning to provide customer insights on new products, campaigns, and retention programs. →The Churn team provides a balanced, value-based scorecard to the organisation that documents their contribution in driving customer profitability and loyalty while operating in a cost-effective manner.
	Churn Knowledge	→Inexistent or a basic churn knowledge (definition, types, understanding of why customers churn ...). →There is no clear focus on delivery a good customer experience and client's satisfaction.	→Only the churn team have a consistent churn knowledge (definition, types, understanding of why customers churn ...). →There are no concerns in the customer experience area, the real focus is on pure retention.	→A consistent churn knowledge across the company (especially in related departments as: product management, customer service, marketing, etc.). →Even if the real focus is not the customer experience and clients satisfaction area, there are some notorious concerns about it.	→There is a consistent churn knowledge across the company (especially in related departments as: product management, customer service, marketing, etc.), focused on how to deliver a good customer experience and clients satisfaction.

Customer	Marketplace Assessment	<p>→There are no concerns in searching about customer's needs, market tendencies and other market forces to develop a consistent churn management strategy.</p>	<p>→Basic and not periodical research about the various market forces that influence the churn management strategies. →Lack of a research structured analysis.</p>	<p>→Periodical market researches and a clear understanding of the various market forces (as customers and churn last tendencies) and the usage of this information to develop the next customer reactive and predictive strategies. →There is a defined annual budget for this periodical researches.</p>	<p>→Periodical market researches and robust analysis. →Be aware and clear understanding of various market forces that influence the churn management strategy. →Usage of this information to develop the next customer reactive and predictive strategies. →The obtained information is shared in periodical reports to other departments seeing that the business view the marketplace assessment as an added value to the company. →Researches are based in a cost-efficiency manner having a clear research objective and defined appropriated research methods. →There is a defined annual budget for this periodical researches.</p>
	Loyalty Program	<p>→ Lack of customer loyalty initiatives.</p>	<p>→Existence of a company loyalty programme with few initiatives to customer retention but it is not linked to the churn management strategy or/and communicated to the churn team.</p>	<p>→Existence of a clear company loyalty programme and communicated/ linked to the churn management strategies, but with a need of some improvements. →Lack of innovation to develop difference initiatives and appreciated by the customers. →Basic understanding of the acceptance and efficacy of the developed loyalty activities - no monitoring and control phase.</p>	<p>→Existence of a robust loyalty program, linked with the churn management strategy. →Loyalty programme seen as a point of differentiation in the market. (E.g. partnerships, point system, charge an upfront fee for VIP benefits, discounts card, partner with another company to provide all-inclusive offers ...). →Constant search on the programme improvements and understanding the efficiency and efficacy of the current loyalty activities.</p>
	Customer Behaviour Analysis	<p>→Little understanding of customer behaviour. →Largely mechanical view of customer purchasing behaviour using basic sales data as the context. →There are no targeting tactics to the various customers segments.</p>	<p>→Some tracking of where/when/how consumers do updates to their services package with a limited understanding of the overall context (e.g. "why they wanted or not wanted to do the update?", "when it is the best time to approach the client?"). →Largely unaware of what drives brand loyalty or how large a premium brand can actually command. →Little knowledge or understanding of customer's consumption of services or tendency to drive costs. →Basic targeting/ positioning activities to the various customers segments.</p>	<p>→Good knowledge of where/when/how consumers update their services package with some understanding of what drives non-updates decisions. →Some understanding on brand perceptions (perceptual map) and brand loyalty. →Basic knowledge of how to influence consumer's demand. →Little understanding or consideration of customer-driven costs. →Good level of targeting/positioning to the reactive and predictive tactics to the various customers segments.</p>	<p>→High level of consumer detailed knowledge, focused in where/when/how/why consumer's do/intent to do services package updates. →Strong understanding of the brand loyalty drivers. →High understanding level of consumption patterns and drivers with an excellent understanding of how to affect consumer demand (e.g., advertising effectiveness, promotions, loyalty programme, retention or predictive strategies, etc.). →High level of targeting/positing to the retention and predictive activities to each customers segments.</p>
	Voice of the Customer	<p>→Voice of the customer is not measured or utilized within the organisation. →Any assessment of voice of the customer is documented solely on company's understanding of customers' needs. →No direct/ external information applied.</p>	<p>→Company conducts ad hoc primary customer research, such as customer satisfaction surveys. →Company evaluates standard customer operations measurements (e.g., first call resolution). →Company begins to survey employees for customer experience insights. →Lack of communication between the voice of the customer and the voice of the employee strategies.</p>	<p>→Company conducts regular customer satisfaction and welcome surveys. →Company evaluates limited set of metrics from some relevant interaction channels and incorporates them into the voice of the customer development. →Company incorporates employee feedback via focus groups, interviews, etc., into the voice of the customer. →Good level of communication between the voice of the customer and voice of the employee strategies.</p>	<p>→Company develops customer experience strategy, planning and operations improvement initiatives based upon personas and voice of the customer. →Alternative business processes developed to regularly update/ utilize voice of the customer. →Feedback loop between other internal functions to drive the continued development of voice of the customer. →The voice of the customer and voice of the employee are strategically aligned.</p>

	<p>Customer Churn Segmentation</p> <ul style="list-style-type: none"> →No real ability to distinguish potential customer churn segments. →Customer insights and customer value assessments are not used for segmentation. →Strategic planning and operational improvements do not incorporate segmentation considerations. →Customer churn segmentation does not drive customer experience treatment. 	<ul style="list-style-type: none"> →Basic segmentation of potential customers churn into groups based on observed characteristics (qualitative and quantitative data). →Strategic planning and operational improvements incorporate some segmentation considerations. →High level assessment of customer profitability used to drive segmentation. 	<ul style="list-style-type: none"> →Customer churn segments developed based on characteristics, behaviours and attributes to understanding customer needs and insights. →Customer lifetime value calculations are a large component of segments. →Strategic planning and operations improvement driven based upon segmentation. 	<ul style="list-style-type: none"> →The division of the potential churn customers it is made into subgroups with distinct attributes, behaviours and characteristics using qualitative and quantitative techniques. →Qualitative and quantitative methods is used to create logical customer groups in conjunction with business goals. →Customer segments are analysed in two specific universes: (I) customer base and (II) customers that churned to be possible to correlate customer's drivers and pain points. →Segmentation is a continuous process which migrates customers as value or preferences change. →Customer experience-specific operations and functions are customized for segments.
	<p>Customer Experience Touchpoints</p> <ul style="list-style-type: none"> →Company provides standard communication channels, such as phone, VPP and web. →No transfer of customer interactions or transaction information across channels. →Limited customer information is provided. →No customer touchpoints customization. 	<ul style="list-style-type: none"> →Existence of standard customer profiles. →No processes in place to capture new data or update profile data and no service level agreements defined. →Limited personalization across channels. →Some transfer of customer information or transactional data across channels. 	<ul style="list-style-type: none"> →Customer experience is personalized at major touchpoints with a limited service level agreements defined. →Channels are provided with up-to-date profile and transactional data to give a "360 degree view" of the customer. →Customer channels are utilized based upon customer feedback and segmentation/lifetime value. 	<ul style="list-style-type: none"> →Company utilizes advanced technologies, such as Web Chat, VoIP (voice over IP - e.g. skype calls) or kiosks, to provide additional touchpoint options. →Touchpoint data is updated regularly across channels. →Sophisticated routing and treatment methods are developed to ensure that touchpoints adhere to SLAs (service level agreements) and Customer segments. →Personalization incorporated into touchpoints - developed with voice of the customer and employee.
	<p>Customer Experience Management</p> <ul style="list-style-type: none"> →Lack of a defined or appropriated customer experience management strategy. →Customer service strategy is based on following guides rather than having a proactive attitude to resolve the problem. →There is no stablished customer experience monitoring processes. →There is no training offers. 	<ul style="list-style-type: none"> →Basic level of customer experience management processes. →There are no consistency of brand experience across channels. →Lack of customer experience delivering patterns. →Few customer experience management training and incentives (e.g. how to deliver a good customer experience? management of conflicts, negotiation, etc.). →Usage of clear communication, proactivity to assurance and maintenance appropriate follow-up with customers. 	<ul style="list-style-type: none"> →Clear customer experience strategy and monitoring processes throughout the customer lifecycle. →Some consistent brand experiences across channels and a sporadic customer feedback (usage of the "voice of the customer and employee"). →Periodical training on diverse customer experience management fields. 	<ul style="list-style-type: none"> →Clear and robust customer experience strategy and monitoring processes through the customer lifecycle. →Personalize customer interactions, creation of a consistent brand experiences across channels. →Regular customer feedback (usage of the "voice of the customer") and appropriated follow-up with clients which it is shared within the business. →Periodical training on diverse customer experience management fields.
<p>Offer</p>	<p>Retention Offers</p> <ul style="list-style-type: none"> →General retention offers are made to all clients. →There are no concerns/ organisation to have an updated client's database with the client's feedback about the previous offers. →Same aggressive level throughout the different channels and customers profiles. 	<ul style="list-style-type: none"> →Retention offers are segmented to the client's life cycle. →There are concerns to have an updated database with the feedback from the interaction with the customer (e.g. why client recuse/ accepted the offer?). →There are different aggressive levels to different channels but same aggressive levels to different customer profiles 	<ul style="list-style-type: none"> →The retention offers are segmented. →The offers aggressive level are appropriated to the client's life cycle and channels. →There are a high level of concern to have an updated database with the feedback from the interaction with the customer (e.g. why client recuse/ accepted the offer), whenever the company does a retention offer. 	<ul style="list-style-type: none"> →Retention offers are customized and segmented taking into account the client's profile. →The offers aggressive level are appropriated to each client type, the client's life cycle and channels. →Constant update of the clients database with the important feedback from the interaction with the client (e.g. why client recuse/ accepted the offer), whenever the company does a retention offer.

	Channel Differentiation	<p>→Customers are offered minimal channels (mainly phone and mail/letter) by which to interact with the business, or multiple channels are offered with little understanding of business channel strategy or customer need.</p>	<p>→Multiple channels are offered, yet alternate channels are not dealt with as effectively as the phone. →Misplaced communications are common. →Large backlog due to undefined contact handling process. →Same offers at the same price are made though all different channels.</p>	<p>→All customer communication channels are efficiently dealt with in a timely manner. →Some channels continue to be dealt with in isolation. →There is some duplication of work and missed requests. →Same offers at the different promotions are made though all different channels.</p>	<p>→Channel strategy is highly-tailored to customer segmentation and individual factors within the segments to deliver a robust, cost-effective suite of customer communication capabilities. →Channel strategy is continually re-assessed to ensure that the appropriate channel mix is being provided to customers and that the value propositions of new alternative channels are understood before implementation. →Different offers at the different promotions are made though different channels.</p>
	Point of Differentiation	<p>→Company has no points of differentiation, offering the same products with the same/similar prices as competitors. There is a specify collaborator to deal with the new offers across the cannels.</p>	<p>→There is a notorious worry in having a POD (point of differentiation) than competitors but there is no tracking/development on what company have already done. →Lack of collecting client's perceptions/feedback on the "add ons" that were previously created or intended to implement. →There is not a NBO tool clearly defined.</p>	<p>→Having a POD is one of the business concerns. →Development and implementation of the previous tested "add ons" with company customers. →Lack on the constant improvement and upgrade of the "add ons" already launched. →Existence of a NBO strategy (segmentation, market analysis, price elasticity models, offers channel optimization and time responsiveness model) but with a need of some improvements (e.g. no control phases, strategy not aligned with the overall business, lack of commitment).</p>	<p>→Having a point of POD from competition is one of the business concerns. →Point of differences highlighted by the business are constant communicated and present in all marketing channels. →Constant development, implementation and upgrade of the "add ons" with the customer's needs. →Good NBO strategy (segmentation, market analysis, price elasticity models, and offers channel optimization and time responsiveness model) with continues monitoring phases.</p>
	Negotiation	<p>→There is no negotiation training in the company. →Existence of a customer retention collaborator guide to do the clients offers. →No attractive bonus compensations. →No aggressive level adequacy according to each client type of its stage on the client's life cycle.</p>	<p>→Stablished negotiation aggressive level: along the different channels. →Sporadic negotiation training and collaborators evaluation (where can they improve, what it is missing, motivation to keeping do it right or better, etc.).</p>	<p>→Negotiations based on providing commercial proposition to meet an identified customer need. →Sales use customer profiling techniques in customer interactions. →Stablished negotiation aggressive level: along the different channels. →Periodical negotiation training and sporadic collaborators evaluation (where can they improve, what it is missing, motivation to keeping do it right or even better). →Appellative bonus compensation.</p>	<p>→Pricing tools and discount structures are clearly communicated to customers. →Any negotiation above and beyond requires approval from senior management team. →Systems are in place to ensure these process are adhered to. →Discount structures and prices are competitive and drive customer value. →Stablished negotiation aggressive level: along the different channels and according to the client's stage on the customers life cycle. →Constant negotiation training and collaborators evaluation (where can they improve, what it is missing, motivation to keeping do it right or even better). →Appellative bonus compensation.</p>
People and organisation	Governance / Operating Model	<p>→There is no governance body. →Churn management operating models are fragmented and decentralized with little or no coordination.</p>	<p>→The established governance body opens up communication channels among the churn management team to identify common goals, issues, and needs.</p>	<p>→Governance body consists of churn management and business partners. →Governance body oversees planning efforts of churn management. →Governance body establishes and maintains corporate customer retention vision, defines key values and capabilities of churn management. →Operating models are fragmented and decentralized without strong coordination and influence.</p>	<p>→Governance body oversees the development of churn management and its excellence capabilities for key processes to identify opportunities for improvement. →Operating models are optimized across divisions with common organisational structures. →Governance body actively seeks input from customer-facing representation to drive tight connectivity with all CRM functions within the organisation and with external partners (e.g. outsourcers, channel partners, etc.).</p>

Characterization of the Clients Retention in the Telecommunications Companies

<p>Culture and Values</p>	<p>→No clear department mission, goals and value statement. →No team building events/activities to reinforce the company culture and values.</p>	<p>→Definition of churn management team mission, goals and values are documented and communicated. →Team building activities mainly occur at events and meetings.</p>	<p>→Shared values and goals are communicated and re-enforced during meetings and are posted. →Process rigor it is into the company cultures and values (e.g. best service and experience). →organisational commitment to team building.</p>	<p>→The churn prevention process and process rigor as part of the company values and culture (e.g. best service and experience). →Shared values and goals are communicated and re-enforced during meetings and are posted. →During hiring process candidate screened for fit with culture.</p>
<p>Voice of the Employee</p>	<p>→Voice of the employee is not measured or utilized within the organisation. →Any assessment of voice of the employee is documented solely in extraordinary cases.</p>	<p>→Company conducts ad hoc primary employee research into the performance reviews. →Company evaluates standard employee’s operations measurements (e.g. feedback forms, reporting). →Company begins to survey employees for customer experience insights.</p>	<p>→Company conducts periodical employee engagement surveys. →Company evaluates limited set of metrics from some relevant interaction channels and incorporates them into the voice of the employee development. →Company incorporates employee feedback via focus groups, interviews, etc.</p>	<p>→Company develops customer experience strategy, planning and operations improvement initiatives based upon the voice of the employee. →Alternative business processes developed to regularly update/ utilize voice of the employee. →Alignment between the employee engagements with the customer experience.</p>
<p>Internal Communication</p>	<p>→Communication with employees is 'reactive' as opposed to 'proactive'. →Churn management/ customer retention communication requirements are not clearly defined. →Non-bidirectional communication</p>	<p>→Corporate launches are communicated, however crucial information changes are frequently overlooked. →Communication process is informal and inconsistent: success depends solely on individuals.</p>	<p>→Communication process, guidelines and key relationships requirements are standardized but not fully integrated across businesses. →Core customer retention messages are flagged for importance.</p>	<p>→Various lines of communication are used to provide clear, forceful and credible information at the appropriate time. →Notifications of changes in the regulations, products, promotions and in the external environment are automatically triggered. →Appropriate level of communication between the churn management team and other strategical teams (e.g. marketing, customer care, product management).</p>
<p>Training and Mentoring</p>	<p>→Limited or no availability of training. →Existing training is inefficient and requires significant on-floor support. →Mentoring environment does not exist. →Feedback is often delivered as criticism, and is prompted by errors or complaints. →Collaborators are unclear as to their performance.</p>	<p>→Limited or no availability of training. →Existing training is inefficient and requires significant on-floor support. →Mentoring environment does not exist. →Feedback is often delivered as criticism, and is prompted by errors or complaints. →Collaborators are unclear as to their performance.</p>	<p>→Training is available to new agents and existing agents under a defined continuous learning program (e.g. negotiation, customer experience, etc.). →Mentoring sessions scheduled regularly (daily, weekly, monthly – centre specific) focus on productivity and quality. →Collaborators view mentoring as a positive interaction and incorporate feedback and performance improves. →Training in into the organisational culture.</p>	<p>→Frequent performance feedback drives training requirements. →Collaborators can provide feedback to management via 360-degree feedback mechanism. →organisation provides multi-function training to collaborators to help develop negotiation/customer experience career paths. →Training in into the organisational culture.</p>
<p>Performance Management</p>	<p>→No specific performance metrics established for customer retention quality in any function. →Limited impact to resource compensation across functions according to churn management goals/ objectives. →Infrequent, informal and undocumented review process for churn management-related resources. →Performance feedback related to Customer Experience priorities is predominantly qualitative in nature.</p>	<p>→Limited, soloed customer retention performance management. →Some impact to resource compensation across functions according to churn management goals / objectives. →Annual customer retention review not tied directly to development and compensation. →Basic review documentation available and based on measurable objectives. →No action plans created after the review. →Defined and communicated rewards and recognition programs.</p>	<p>→Dedicated customer retention performance management processes and policies in place. →Increased targets based on goals that drive improvements in churn management quality. →Regular performance reviews and continual feedback process to ensure continued progress is made towards churn management-specific goals. →Performance goals set for customer retention function and individual level. →Goals are outcome focused, quantitative and tied to compensation. →Awards announced and delivered by senior management. →Budget allocated for rewards.</p>	<p>→Continuous feedback process from multiple sources (360) enabling real-time realignment with churn management strategic and tactical initiatives. →The voice of the Customer and voice of the employee elements incorporated into performance assessment and performance management process and policy development and iterative improvement. →The churn management team, performance management tracked at levels comparable with other major functions. →Analyses of metrics as: average time per problem resolution and number of people who solve their problems vs number of total cases.</p>

Processes and Operations	Process Integration	→Churn management processes is not aligned with the rest of the organisation.	→Churn management to organisation hand-offs are understood and documented in key areas.	→Certain key processes are beginning to integrate with organisation's process standardization and documentation efforts.	→All churn management processes, both routine and abnormal, are seamlessly integrated with several closed-loop enterprise processes with clear definitions of roles, responsibilities, process hand-offs and escalation paths with partner organisations, both internal and external. →Special attention in process integration between product management, customer service and marketing functions to deliver multi-disciplinary churn management.
	Churn lifecycle Management	→Customer churn lifecycles are not recognized or managed.	→There is limited management of customer churn lifecycles. → There is some churn prevention processes introduction.	→There is an intermediate understanding of customer churn lifecycles. →Intermediate level of the churn prevention processes.	→Customer churn lifecycles are actively managed to plan with full consideration given to lifecycle price and product. →The retention lifecycle roadmap is created prior to all phase's levels. →Appropriate level of the churn prevention processes (good predictive model and a complete data analysis).
	Payment Method and	→No structured ways to drive regular and intimal payment from customers. →There is no defined dunning process.	→The only tentative to drive regular and intimal payment from customers is in the act of purchasing. →No dunning process defined.	→Few ways to introduce the regular and intimal payment from customers. →Basic dunning process defined with the need of improvement and being more complete.	→Development of multiple ways to drive regular and intimal payment from customers, such as direct debit and electronic bill. →The existence of a defined and appropriated dunning process.
Technology	Data Collection, Maintenance and Hygiene	→No data capture or storage methods related to advanced customer experience audit techniques (e.g. mystery shopping) incorporated into customer data. →There is no data management such as cleansing and debut.	→Customer data is captured inconsistently by a variety of systems without integration. →Basic customer survey and/or customer satisfaction data captured on ad hoc basis. →Some customer data stored or transferred across functions. →Limited data management and cleansing techniques are employed, inconsistent across functions. →No consolidated data mart storing customer data.	→Basic Customer survey and/or Customer satisfaction data captured on a regular basis - no attempt to utilize information to develop voice of the customer and employee. →Data is passed across some systems and channels to allow limited cross-functional access, review, reporting and analysis. →Data cleansing and management policies and procedures are in place - regular cleansing occurs within soloed functions.	→All advanced customer experience audit techniques, including data derived from persona evaluations, are used to capture voice of the customer. →Fully integrated platform to capture all contact points, which enable voice of the customer and employee view through enterprise-wide visibility of Customer data. →Data is readily available to management and executives for strategic planning and decision-making.
	Operational Efficiency	→There is no operational efficiency.	→Selective or collective outsourcing is considered for low-value Customer Experience functions. →No clearly articulated cost reduction, productivity improvements, or Customer Experience impact considered. →Any current outsourced functions provide reduced Customer Experience quality. →High level assessment of costs (labour, IT support, etc.), service level agreements related to inefficient Customer Experience operations are documented. →No outsourcing options enabled.	→Low-value, or low Customer Experience quality functions are outsourced. →Measurable Customer Experience business and IT objectives are documented. →Outsourced function provides comparable Customer Experience quality. →Documented costs (labour, IT support, etc.), Service Level Agreements, and expectations for improvement; Customer Experience goals linked to business objectives. →Service level Agreements for Customer segments and sourcing partners established.	→Sourcing partner performance management metrics driven by Customer Experience quality. →Customer Experience feedback transferred between company operations and sourcing partner operations Voice of the Customer drives process/IT improvements across company and sourcing provider. →Customer data transfer between company and sourcing partner. →Similar reporting tools and access to tools for both company and sourcing partner. →Customer Experience improvement processes and policies documented; regularly updated with sourcing partner. →Mature, cross-organisational governance system.
	Data Quality and Integrity	→There is no quality and quality assurance processes. →Data is intended for management decision-making, rather than sales support.	→Quality standards are known & implemented for sales & account data. →Conflicting information is rare & most data is consistent and available real-time. →Data is available to support customer interactions, & decision-making. →Channel data quality KPI's are implemented and verified.	→organisation promotes the importance of data quality; data is cleansed accordance with defined procedures. →Sales data include accounts, addresses, contacts, activities, opportunities and calendar →All levels and roles have access to info they need to perform their jobs. →Main data quality KPI's are checked and addressed at least quarterly.	→Data managed for centralized understanding of individual channel relationships. →Account teams have access to competitive and product information to help "win" the sale. →Information accessible online & frequently updated. →Technical and product information can be pulled whenever and wherever necessary. →Periodical quality and integrity reports and there is an improvement dynamic of the integrity and quality processes.

Characterization of the Clients Retention in the Telecommunications Companies

Monitoring	Predictive Model	→There is no Predictive model.	→Manual and automated data capture that is less prone to errors. →Custom data stores with defined reports. →Predictive model reporting available at increased frequency intervals. →Defined performance indicators but not benchmarked against objectives.	→Comprehensive, automated and accurate data capture by the predictive model. →Access to data stores and customization facility. →Increased frequency (e.g., daily). →Defined key performance indicators benchmarked against objectives.	→Full operational predictive model with regular reports. →Usage of the appropriated KPIs in the customer data analysis. →Constant usage of the predictive model to: monitoring the churn management strategy, do the strategical business decisions, update de churn personas profile. →Data consolidated from various sources to provide meaningful decision support capabilities and trend analyses.
	Usability	→Technology is cumbersome and used primarily for management reporting. →No standardization of applications, data, or platforms	→Technology is useful (e.g. databases) but slow when uploading the information.	→Technology is available and easy to use with minimal training. →Technology is standardized across all organisations with similar sales methodologies and processes.	→Collaborators are actively involved in the design stage to ensure that technology supports their business processes and is easy to use. →Customer requirements and buyer behaviour is used to guide technology standards, so that information and functionality is seamless across the supply chain.
	Churn Management Measurement	→No systemic program for capturing the voice of the customer exists. →No defined processes to measure overall customer Experience effectiveness. →Lack of organisation dynamism to develop analyses, products and tools that help the client's retention strategies.	→Some measurement of the Customer Experience exists, but usually anecdotal. →Customer Experience measurement not readily available to operations. →Standardized Customer operations metrics relied upon to determine Customer Experience quality. →Possible analysis of the following KPI's: Average revenue per user, average margin per user and average margin per user segmentation (per 2P, 3P, 4P, 5P).	→After interactions with the company, some population of Customers receive and complete surveys. →Survey feedback is available/accessible to operations. →No process for identifying methods to improve Customer Experience quality. →Analysis of the following KPI's: ARPU (average revenue per user), ARPRU (average revenue per retained user), AMPU (average margin per user) and AMPU segmentation (AMPRU per 2P, 3P, 4P, 5P).	→Customer experience measured objectively by third-party or team internal to company with executive support. →Many different tools are used to measure the voice of the customer. →There is a culture of service and customer advocacy that is clearly demonstrated and measurable. →Analysis of the following KPI's: ARPU (average revenue per user), ARPRU (average revenue per retained user), AMPU (average margin per user), AMPU segmentation (AMPU per 2P, 3P, 4P, 5P), AMPRU (average margin per retention user) and AMPRU segmentation (AMPRU per 2P, 3P, 4P, 5P).
	Customer	→Monthly analysis of churn (%)	→Analysis of: monthly churn (%), overall customer retention rate (%), customers who their problems were solved (%).	→Analysis of: monthly churn (%), overall customer retention rate and retained customers per employee.	→Complete analysis of: monthly churn (%), overall customer retention rate, retained customers per employee and retained customers segmentation: 2P, 3P, 4P, 5P (%).
	Marketing	→Analysis of: customer satisfaction and ROI for campaigns. →The impact of different marketing analysis in overall churn? New campaigns will positively affect churn?	→Analysis of: customer satisfaction, ROI for campaigns and SAC (subscriber acquisition cost).	→Analysis of: customer satisfaction, negative churn (the upgrade or purchase additional products/services), ROI for campaigns and SAC (subscriber acquisition cost).	→Complete analysis of: customer satisfaction, negative churn (the upgrade or purchase additional products/services), brand awareness, ROI for campaigns, SAC (subscriber acquisition cost) and SRC (subscriber retention cost): dealer commission, terminal subsidy, sales, marketing, and distribution.
	Quality	→No quality process implemented.	→Analysis of the service performance (retention call time, time to resolve a subs problem, efficiency of the retention calls and ads).	→Analysis of: service performance (retention call time, time to resolve a subs problem, efficiency of the retention calls and ads) and quality of service (drop rate of services).	→Complete analysis of: service performance (retention call time, time to resolve a subs problem, efficiency of the retention calls and adds), quality of service (drop rate of services), NPS and CES (customer effect score) and periodical quality audit. →Ability to manage the data quality linked all the changes that operators involved to.
	Performance Measurement	→Operators are aware of the necessity of measurement the performance of the company but they not have a system or a defined processes to do it.	→Customer retention numbers are analysed and reported on a monthly basis which impacts short term forecasts.	→Business units have a common set of KPIs which are aligned to churn management strategy, business goals and account plans, which is frequently reported. →Forecasting is directly influenced by analysis on cost of customer retention and acquisition analysis.	→Balanced scorecard approach is taken which is tied into compensation for key roles and aligned with company and churn management strategy. →KPIs are aligned with customers. →KPIs and key measures are based on value driver analysis and have automated reporting. →The customer retention strategy is directly influenced from regular performance and activities adjusted.

4. Sample Survey

3. SAMPLE SURVEY

Category	Vector	Maturity Score				Comments
		1	2	3	4	
Strategy	Churn Strategy					
	Reactive and Predictive Strategy					
	Business Alignment					
	Churn Value					
	Churn Knowledge					
	Marketplace Assessment					
	Loyalty Program					
Customer	Customer Behaviour Analysis					
	Voice of the Customer					
	Customer Churn Segmentation					
	Customer Experience Touchpoints					
	Value Proposition					
	Customer Churn Management					
Offer	Retention Offers					
	Channel Differentiation					
	Point of Differentiation					
	Negotiation					
People and Organization	Governance / Operating Model					
	Culture and Values					
	Voice of the Employee					
	Internal Communication					
	Training and Mentoring					
	Performance Management					
Processes and Operations	Process Integration					
	Churn Lifecycle Management					
	Metric Reporting, Utilization and Feedback					
	Payment Method and Process					
Technology	Data Collection, Maintenance and Hygiene					
	Operational Efficiency					
	Data Quality and Integrity					
	Predictive Model					
	Usability					
Monitoring	Churn Management Measurement					
	Customers Retention					
	Marketing					
	Quality					
	Performance Measurement					