

How a global telco company optimizes its 4-play strategy with buynomics

Initial situation

An European telco company was looking to improve its product and pricing operations. For quite some time, the telco industry has been shaped by consolidation and high service penetration rates in mature markets. This has led to product and pricing strategy to revolve around “convergence” or “4-play” meaning that telcos aim to cross-sell or upsell their

customers between their four product verticals fixed line, mobile line, internet and TV. With increasing channel complexity and fierce competition, however, the telco company was increasingly confronted with the limitations of market research and Excel-based models.

Challenges

The telco company faced distinct challenges in its convergence strategy:



Long-winded processes: The telecommunications space is driven by rapid technological “inflation”. But as data and download speeds accelerate, engaging consumers in comprehensive market research takes a lot of time. Analyzing the resulting data using Excel or other rules-based software requires a lot of assumptions and inputs adding to the overall timeline.



Cost-intensity of process: Pricing- and portfolio optimization are expensive: a conjoint study can cost between €20k-€60k depending on the scope. Add to that FTE cost of design and analysis for such studies and a simple scenario can cost hundreds of thousands of Euros. Given the timeliness and often inaccuracy of such research the cost is immense.



Difficulty to gauge market reaction: Especially in competitive and dynamic environments like telecommunications it is increasingly difficult to gauge consumer reactions to price or portfolio changes. Conventional methods are overwhelmed with the complexity of one’s own and competitors’ portfolios across different channels and provide little insight on market reaction.

“The telco industry is driven by rapid technological “inflation”. But conventional tools have not kept up with the accelerating pace of change.

Solution

The telco looked to novel technologies such as machine learning to be able to tackle these challenges. It came across buynomics which is a SaaS-based solution that leverages behavioral models and machine learning algorithms to forecast consumer

behavior. It uses readily available market information to create a sample of Virtual Customers who behave exactly like their real counterparts. Pricing-, channel-, and portfolio strategies can be tested on the Virtual Customers easily and without any risk.

With its unique capabilities, buynomics solved the problems previously encountered



Time efficiency: Simulating a new scenario takes five minutes, and detailed impacts on revenue and profit are instantly visible. The telco could therefore design its optimal strategy with ease and introduce it to the market swiftly, eliminating the need for lengthy market studies or A/B tests.



Cost efficiency: With buynomics, simulating an unlimited number of price strategies and portfolio variations comes at zero marginal cost. No analysts or consultants need to be paid, and available resources can be implemented more effectively.



Market transparency: Thanks to its >95% forecast accuracy, buynomics is able to deliver actionable insights with the push of a button. Thanks to the time and cost efficiency the scenarios can be iterated quickly, and various hypotheses can be tested empowering decision makers to try out novel strategies for even better commercial outcomes.

Results

Using buynomics, the telco firm improved both financial & operational performance

Financial value:



For the telco company, the impact of using buynomics was immense. Costs are much lower as fewer market studies with smaller scopes are needed.

Operational processes:



Scenarios no longer take weeks but minutes. Executives now tests new products, bundles and cross-selling promos before they are launched leading to better outcomes and empowering them to focus on what they do best: Creating offers their customers love.

Simulating an accurate market scenario with buynomics takes five minutes, and detailed impacts on revenue and profit are instantly visible.

