Activating Data to Accelerate the Industry

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Key Take-Aways:

| Challenging the Status Quo Requires Data Savviness | Analysis and Insights are Useless Without Dynamic Decisioning | Behavioral and Demographic Data Amplifies Program Performance |

The New Playbook for Broadband Marketers: Data-Driven Marketing Decisions

A complacent industry is ready for generational change that reframes the relationship between subscribers and their service providers.

Powerful forces are shaping the broadband industry. The Federal Communications Commission (FCC) has established The Rural Digital Opportunity Fund to close the digital divide broadband networks in rural America. The FCC will provide up to $20.4 billion over ten years to finance high-speed broadband networks in unserved and underserved communities. This investment fuels the growth of communities by connecting millions of American homes and businesses to digital opportunities. This desire to build has been accelerated by COVID-19 which led to the rapid adoption of remote work, education, medical care and commerce.

The lure of billions of dollars in funding is attracting new market entrants and inspiring Broadband Service Providers (BSPs) to build out fiber networks and overbuild existing networks. All of this investment activity creates merciless competition but also rapid competitive evolution. Additionally, consumer giants like Amazon and Google are investing billions to insert themselves into subscriber homes and displace the traditional relationship between subscribers and their service providers.

And if that does not properly illustrate the changed competitive landscape, consider the ambitious launch schedule of SpaceX which has a goal of activating12,000 low-earth satellites to compete in rural markets and underserved communities. The challenges are increased by the current state of the broadband industry. Consumers have grown weary of aggressive triple play offers and other bait and switch pricing schemes long championed by Tier 1 internet providers like Comcast, Charter and AT&T. Local BSP's are currently unwilling entrants in a race to zero. Pricing models based on ever-increasing bandwidth speeds for smaller prices puts a squeeze on smaller providers without the audience size to drive scale-based economic efficiencies.

"The home network will be defined by a battle between service providers and large technology companies for ownership of the home network. "

Average NPS by Industry

Net Promoter Scores vary widely by industry, as you can see from the average scores for 23 industries. Knowing what similar companies have achieved helps you to set realistic goals for improvement, and realism is key to the long-term success of your program.

Department/Specialty Stores
Tablet Computers
Brokerage/Investments
Online Entertainment
Online Shopping
Airlines
Auto Insurance
Credit Cards
Laptop Computers
Hotels
Home/Contents Insurance
Smartphones
Banking
Grocery/Supermarkets
Cell Phone Service
Software & Apps
Shipping Services
Life Insurance
Drug Stores/Pharmacies
Travel Websites
Health Insurance
Cable/Satellite TV
Internet Service

Source: *Satmetrix*

Compared to other industries, broadband service providers are rated poorly by their consumers, particularly by modern digital metrics such as NPS scores. Consumer satisfaction with their BSPs is at historic lows. Net Promoter Scores for the service providers are in the negative territory, scraping the bottom with Health Plans, Utilities and TV Service Providers. If an industry ever needed an urgent call to action to change their practices, then consider for a moment health insurance is held in higher regard than BSPs.

Better marketing really can save the world.

Looking on the brighter side, marketers have a real opportunity to affect change within their own organizations and more broadly across the industry. How can broadband marketers salvage their industry's dignity? It is very simple – they unleash the power of data…

More specifically, they unleash two different but powerful kinds of data – behavioral and demographic. The combination of the two data types is revolutionary. Marketers have a tremendous opportunity to utilize data intelligence and insights to create offerings that delight subscribers, accelerate market growth and build the foundation for long term relationships. Data and intelligence are essential to identify the right audience and BSPs sit on top of mountains of subscriber home network data. The data and its potential insights are the single most valuable growth asset the company owns.

> "Subscribers who run speed tests, hit usage limits and visit competitor websites are 10X more likely to churn than those who do not complete these actions."
>
> **Gabe Petersen**
> Customer Success Manager, Calix

Behavioral data

Behavioral insights can reveal use cases and patterns that are invaluable, including:

- Extreme gaming habits
- Heavy use of remote work applications (video conferencing, collaboration and training)
- Device rich households (more than 20 connected devices)
- Churn risk

Think of behavioral data as digital body language with contextually relevant actions and consumption triggers that can identify transaction opportunities across the customer journey. Sophisticated marketers are looking at key behavior indicators such as email open and click rates, website visits, search patterns, and digital click-through rates.

Behavioral data represents valuable intelligence for marketers because it can provide predictive insights. These insights can be used to create propensity-to-buy models for existing subscribers.

Behavioral data refers to observational information collected about the actions and activities of consumers under the circumstances where that behavior actually occurs.

Demographic data

Demographic data is the perfect complement to behavioral data. Demographic data has always been leveraged by consumer brands and traditional marketers. However, as digital marketing and digital tracking techniques developed demographic data has faded, primarily due to its high cost of acquisition. Additionally, some of the traditional indicators for internet purchase no longer correspond to income level or age. For example, lower income households may prioritize higher end Internet packages or older consumers who are not heavy Internet users may wish to maintain higher levels of Internet access situationally for when the grandchildren visit.

Demographic data may include:

- Age
- Household income
- Consumer preferences
- Car choice
- Level of technology adoption within the household

Demographic data refers to data that is statistically socio-economic in nature such as population, race, income, education and employment, which represent specific geographic locations and are often associated with time.

The implications of combining behavioral and demographic data

Three use cases illustrate the power of combining behavioral + demographic data. Here are three different scenarios where combining behavioral and demographic data can create new or improved use cases

### Create strategic fiber build-out plans that drive ROI.
Marketers can contribute to the fiber build out planning process by identifying the neighborhoods and locations where concentrated future subscribers have the highest propensity to buy. This enables BSPs to better manage new build expenses while prioritizing the fiber installs that will yield the highest and fastest ROI. Once the install is complete marketers can focus acquisition campaigns on the subscribers who most closely match their existing high-value customer profiles.

Drive growth by Identifying and acquiring new subscribers.
Acquisition for broadband marketers has always been challenging and with competition at an all-time high, it's imperative for BSPs of all sizes to find the right subscribers to help grow the business. By leveraging behavioral and demographics data, marketers can locate and profile markets and acquire net new subscribers. Rather than ineffective "spray and pray" tactics, BSPs can strategically carry out acquisition campaigns that maximize spend and yield the highest return.

Implement effective upsell campaigns that maximize marketing spend.
Marketers can focus on high impact campaigns that maximize ROI. For example, a BSP marketer can combine a behavioral insight like bandwidth usage with demographic intelligence like income level to run a managed WiFi upsell campaign. Or marketers could leverage whether a subscriber has adopted a specific service and merge that with a demographic insight to then run a cross-sell campaign.
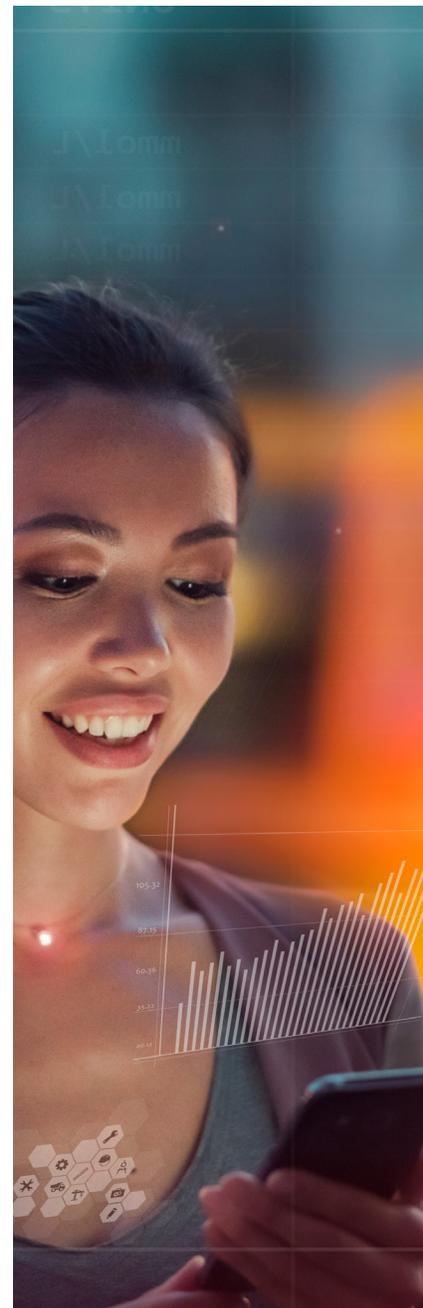
CONCLUSION:
Embrace Data Driven Dynamic Decisioning

The most critical element of successful data driven marketing programs is a commitment to dynamic data driven decisioning. It often difficult for traditional marketers to abandon instinct driven marketing and pricing decisions. Data has no opinions and insights don't have an agenda. The world's best marketers embrace the often difficult and challenging truths that data and insight creates. They then make rapid decisions that launch programs to market quickly, adapt them often and commit to analytical discipline. The process of evolution may be painful but the robust financial results are worth the effort.