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THE SERVICE PROVIDER'S GUIDE TO ANALYTICS-DRIVEN SALES GROWTH

CONTENTS

INTRODUCTION

WHAT IS SALES ANALYTICS & WHY SHOULD YOU BE INVESTING IN IT?

Service providers invest substantial resources to attract new customer leads across a range of marketing channels including SEO, paid search, social media, digital ads, radio, and TV. Much of this spend is focused in competitive areas – to win business where customers have choices. Once a prospective customer inquires about a service, the sales team must take all the right actions to maximize the chances of closing the sale and initiating a long-lasting customer relationship.

Unfortunately, much too frequently, customers are lost for avoidable reasons. In these cases, marketing investments effectively attracted qualified leads, but the sales team did not translate them into new revenue. These unnecessary customer losses, most often due to poor experiences or ineffective needs identification, result in increased acquisition costs through a combination of reduced marketing efficiency and lower sales productivity.

In today's highly competitive environment, advanced sales analytics are essential to prevent avoidable sales losses. Service providers must leverage a range of available data sources and performance metrics to track and benchmark effectiveness across and within sales channels. This process should include the entire customer acquisition journey spanning consideration, purchase, onboarding, and initial usage (see Figure 1).

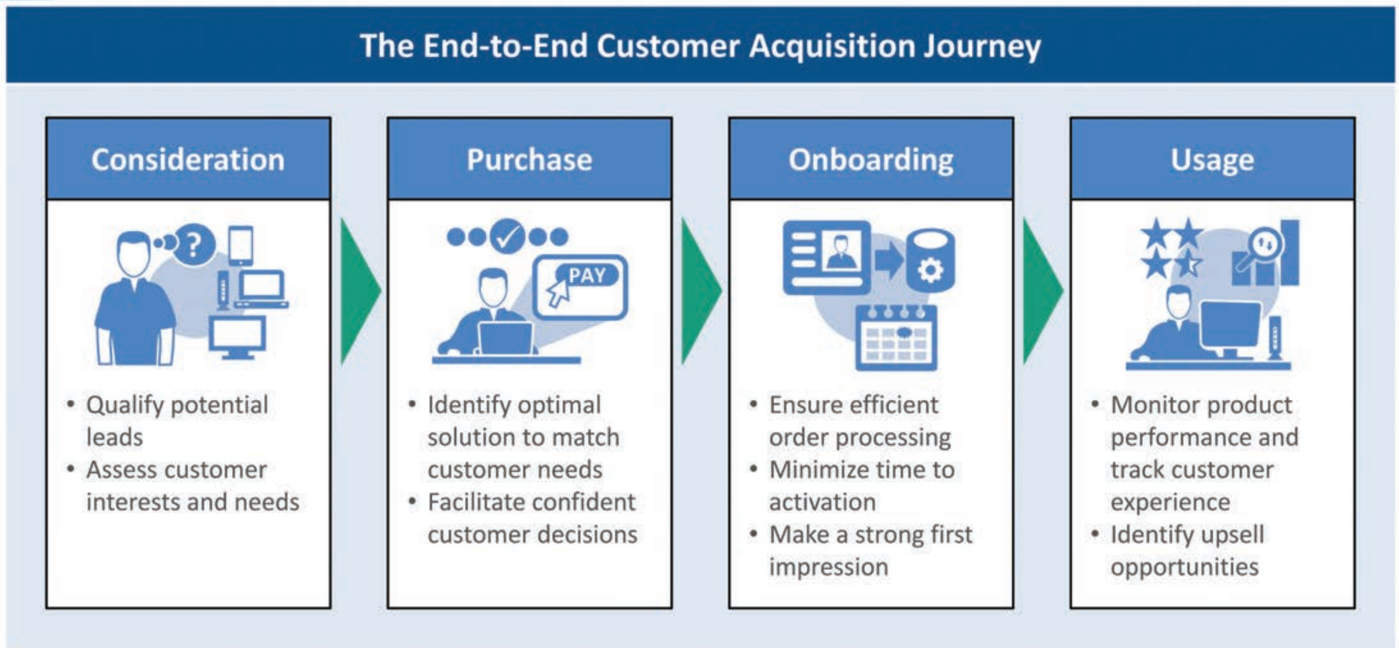


Figure 1

SALES CHANNEL REPORTING DASHBOARDS

Figure 2

Accurate and up-to-date sales performance metrics help identify, quantify, and remediate avoidable sales losses. These losses may be due to long-persisting issues that have not been properly addressed, or caused by emerging problems that should be quickly fixed before they have a substantial impact. In some cases, issues may be isolated within specific sales channels, while in others they may impact the entire sales organization. Regardless, thoughtful sales channel analytics such as those outlined in Figure 3, will highlight them, making it easy to focus attention on the areas with the greatest ROI.

Once issues are identified and prioritized for further evaluation, predictive analytics can be used to determine their root causes and develop long-term scalable solutions. For example, predictive analytics can:

- **Identify which products and services are most appropriate for different customer segments, and determine where and why mismatches are occurring**
- **Determine which sales agents struggle with specific sales situations and target training appropriately**
- **Detect and remediate avoidable sources of sales friction (e.g., slow website, long hold times)**
- **Provide insight, that can facilitate optimized lead offers that drive increased customer conversion**
- **Identify customers who will likely churn in the first 90-days due to a poor product fit, and remediate through targeted upsell**

These types of data driven analyses enable sales and marketing departments to make more informed decisions. In the following chapters, we review a number of steps service providers should take to leverage analytics to more effectively compete and improve sales outcomes.

CHAPTER 1

RIGHT PACKAGE, RIGHT CUSTOMER: HOW SALES PERFORMANCE ANALYTICS CAN BOOST SALES VOLUMES & IMPROVE CUSTOMER LTV

It's critical for communications firms to "right-size" customers, and get them into the right package at the point of sale. This increases the likelihood that a prospective customer will complete a purchase, and establishes a proper foundation for the customer relationship, which maximizes the potential customer lifetime value. Aggressive upsell can leave a customer feeling overcharged, making them less likely to advocate for a brand, more prone to exploring competitive offers, and more likely to be an early tenure churn risk. Alternatively, underselling can lead to customer dissatisfaction due to unmet service needs, which can facilitate a perception of poor product quality, leave revenue opportunity on the table, and can also increase the likelihood of churning.

Since overselling and underselling both result in poor outcomes for service providers and their customers, sales analytics should be designed to identify these types of right sizing issues. Right sizing effectiveness can be evaluated by tracking a number of performance metrics across the sales and customer lifecycle (see Figure 3).

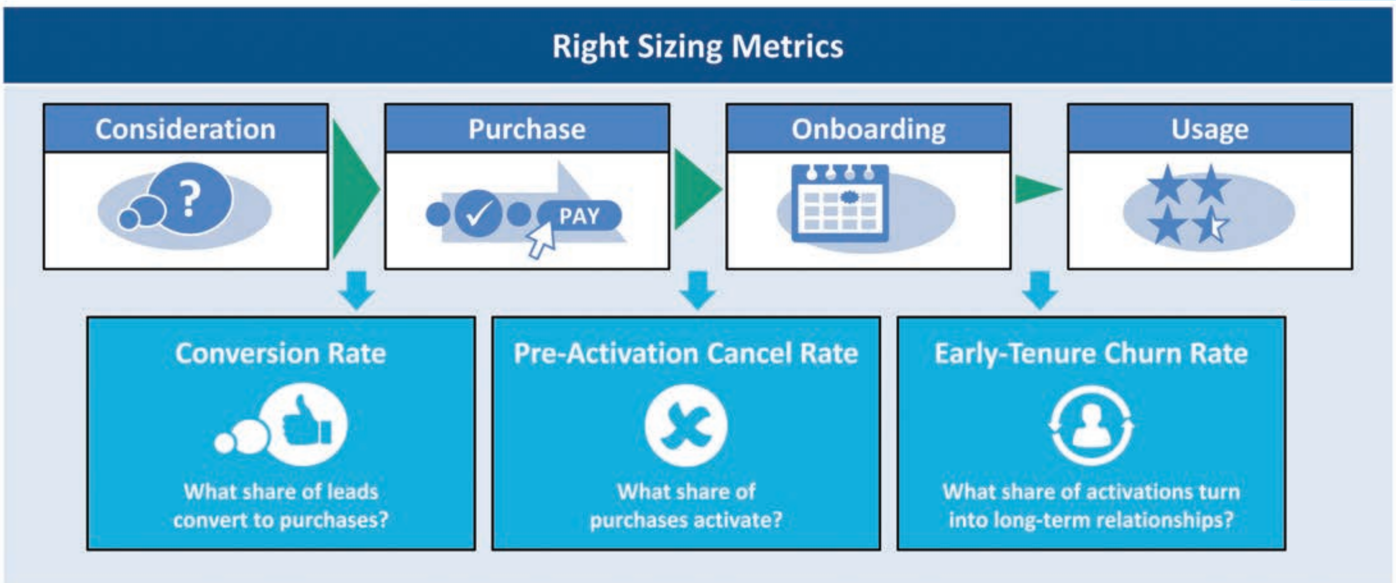


Figure 3

Conversion rates measure how effectively sales channels convert leads into customers. Leads from different sales and marketing channels typically have different conversion rates due to the types of customers they attract and the level of qualification that is achieved by marketing. For example, an inbound call generally has a higher likelihood of converting than a click on a web ad due to a higher initial level of customer engagement. Within a sales channel however, low conversion rates relative to industry peers can be indicative of a range of problems including:

- **Inappropriate lead offers presented to customers**
- **An inability to properly qualify customer needs and present an appropriate set of products**
- **Confusing product messaging or descriptions**
- **Failure to clearly articulate the value of products**

If any of these problems are occurring, then there's likely a failure to right size certain customers. And when prospective customers do not believe their needs are going to be met, or if they feel that the process to get there will be long and painful, they are highly likely to abandon the process and begin considering competitors.

Right sizing issues can persist past the point of sale. A subset of potential customers who place an order will typically change their mind and cancel it. There are a range reasons why this happens, but one of the most common is poor right sizing (see Figure 4).

These new customers committed to purchasing products and services, but something didn't feel right afterwards. Maybe the price was too high and they felt as though they agreed to buy more than is necessary. Alternatively, maybe they aren't convinced that their purchase will solve all of their problems. This unease quickly turns into buyer's remorse, which can motivate newly acquired customers to begin looking at alternatives to see if there's a better option.

Figure 4

CHURN REASONS OVER TIME

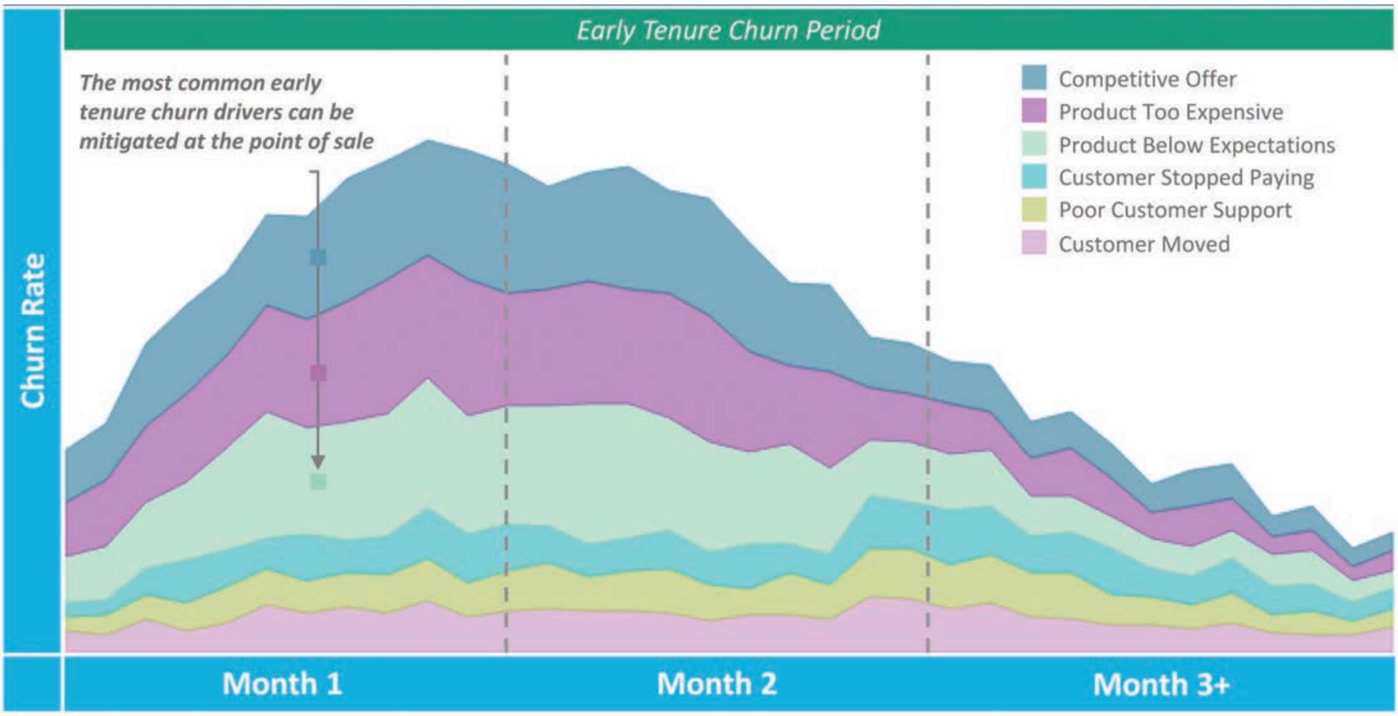


Figure 5

The best indication of whether or not a customer was sold the right set of products is their level of satisfaction with the activated service. In many cases, a customer won't be aware that their purchase wasn't aligned with their needs until it's activated, or until they receive their first bill.

Conversion Rate:
The share of sales leads that convert into customers.

Pre-Activation Cancel Rates:
The share of converted customers that cancel their order before it activates.

Early Tenure Churn:
The share of customers who churn in the first few months of service, typically 90-days.

For this reason, communications firms should closely track early tenure churn trends, as shown in Figure 5, as they can help determine whether something isn't working in in the sales process.

Sales analytics covering the three metrics discussed – conversion rates, pre-activation cancel rates, and early tenure churn rates – can provide valuable insight into problems in the sales process. Small improvements that incrementally raise conversion rates or reduce pre-activation cancel rates can have a large impact on overall sales volumes. Similarly, reducing early tenure churn through improved customer needs alignment can reduce short-lived customer relationships, increasing average customer lifetime value.

In the next chapter, we'll discuss how to leverage data to run more effective sales organizations.

CHAPTER 2

INSIGHTS TO ACTION: LEVERAGING SALES ANALYTICS TO DEVELOP ROI POSITIVE PROGRAMS

Simply tracking sales metrics isn't enough to drive sales improvement. Thoughtful analysis of the trends is necessary to uncover the largest growth opportunities, and these opportunities then need to be implemented as programs. A robust analytics platform provides a solid foundation for this process by allowing service providers to:

- ▲ **Easily integrate a range of data sources from disparate sources across the organization**
- ▲ **Use advanced and predictive analytics to determine which factors are responsible for different outcomes, and then identify the largest actionable opportunities**
- ▲ **Develop and implement data-driven growth programs based on these opportunities, and measure the results**

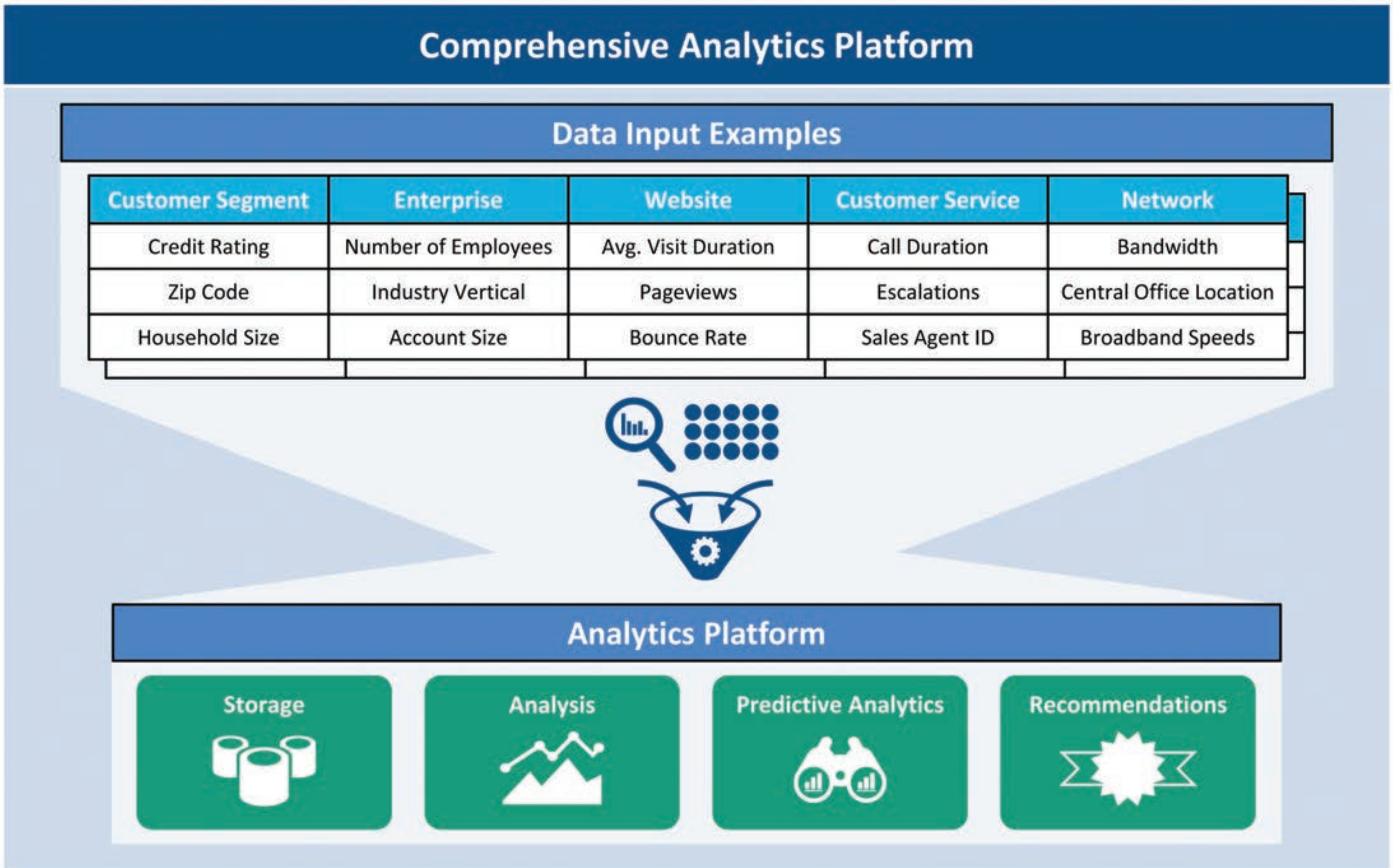


Figure 6

Throughout sales, onboarding, and product usage, service providers collect a wealth of information. If leveraged in the right way, this data can provide valuable insights into what's working and what isn't in the sales process. By gathering and integrating all of this information at the customer level, sales analytics can extend beyond high level sales metrics, and help identify the performance drivers behind them.

Below, we provide three case studies that demonstrate how performance insights can be translated into actionable ROI positive sales improvement programs.

CASE STUDY 1: IMPROVE SALES AGENT PERFORMANCE

In the previous chapter we emphasized the importance of "right sizing" customers to ensure products and services meet their needs, and outlined how three sales metrics – conversion rates, pre-activation cancel rates, and early tenure churn rates – can help identify right sizing issues. A common driver of right sizing issues is that certain sales agents lack the appropriate level of training for specific sales situations. Analytics can easily highlight where and when these issues occur, and pinpoint which types of training are necessary for which sales agents. This facilitates targeted coaching with very specific agent-level goals, and helps avoid broad programs that are time-consuming and ineffective.

A typical starting point might just track sales metrics for each agent, highlighting that some do better than others (see figure 7).

This is helpful, as you can clearly see which agents are the rockstars, and which are underperforming. However, it doesn't provide enough context to identify and solve the root causes of underlying problems. We can see that Agent 3 has a low conversion rate and a high early tenure churn rate, but we can't yet determine why.

By layering in additional context, such as products, customer attributes, and call characteristics, we can identify the specific circumstances in which the problems are occurring and target resources accordingly:

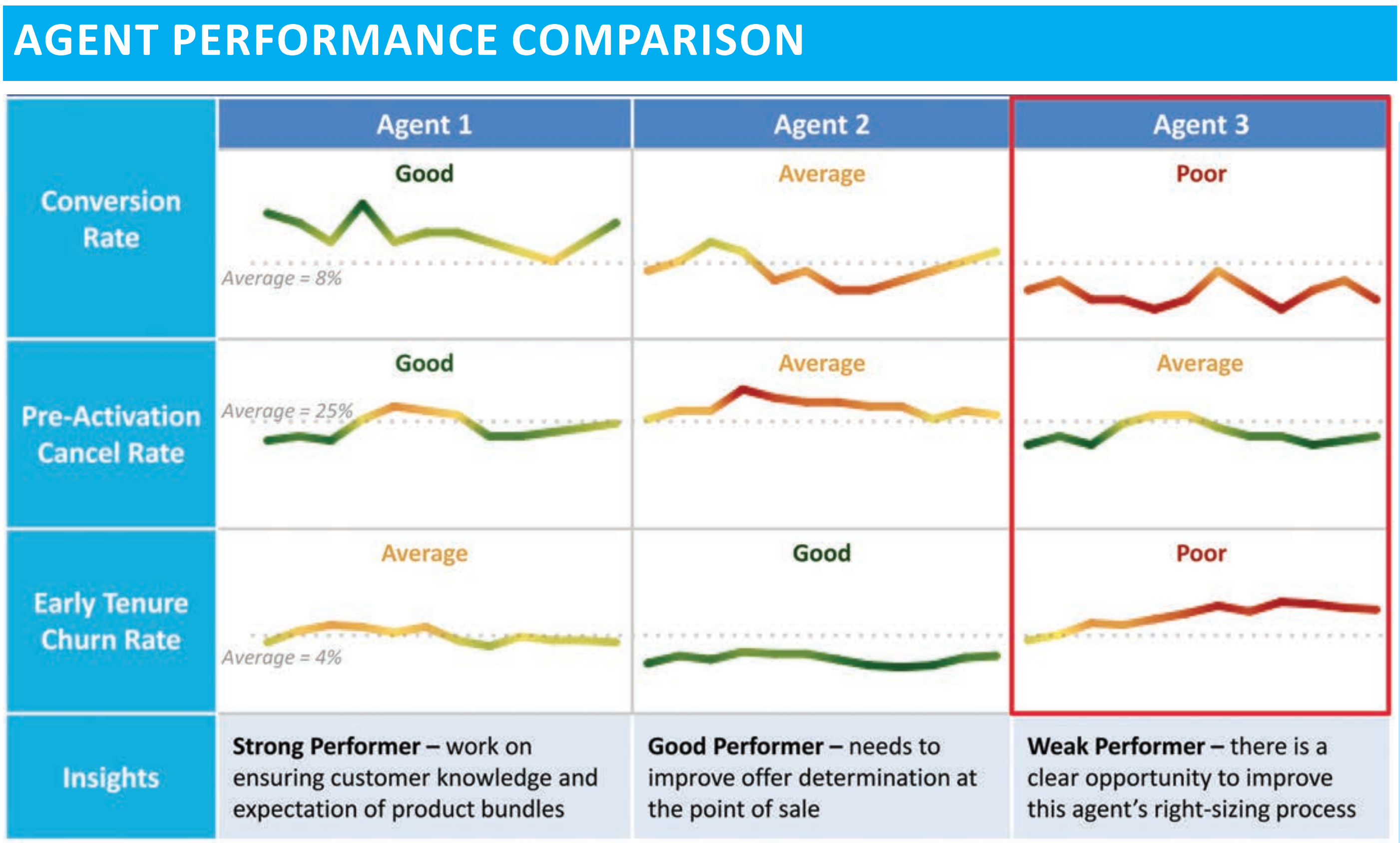


Figure 7

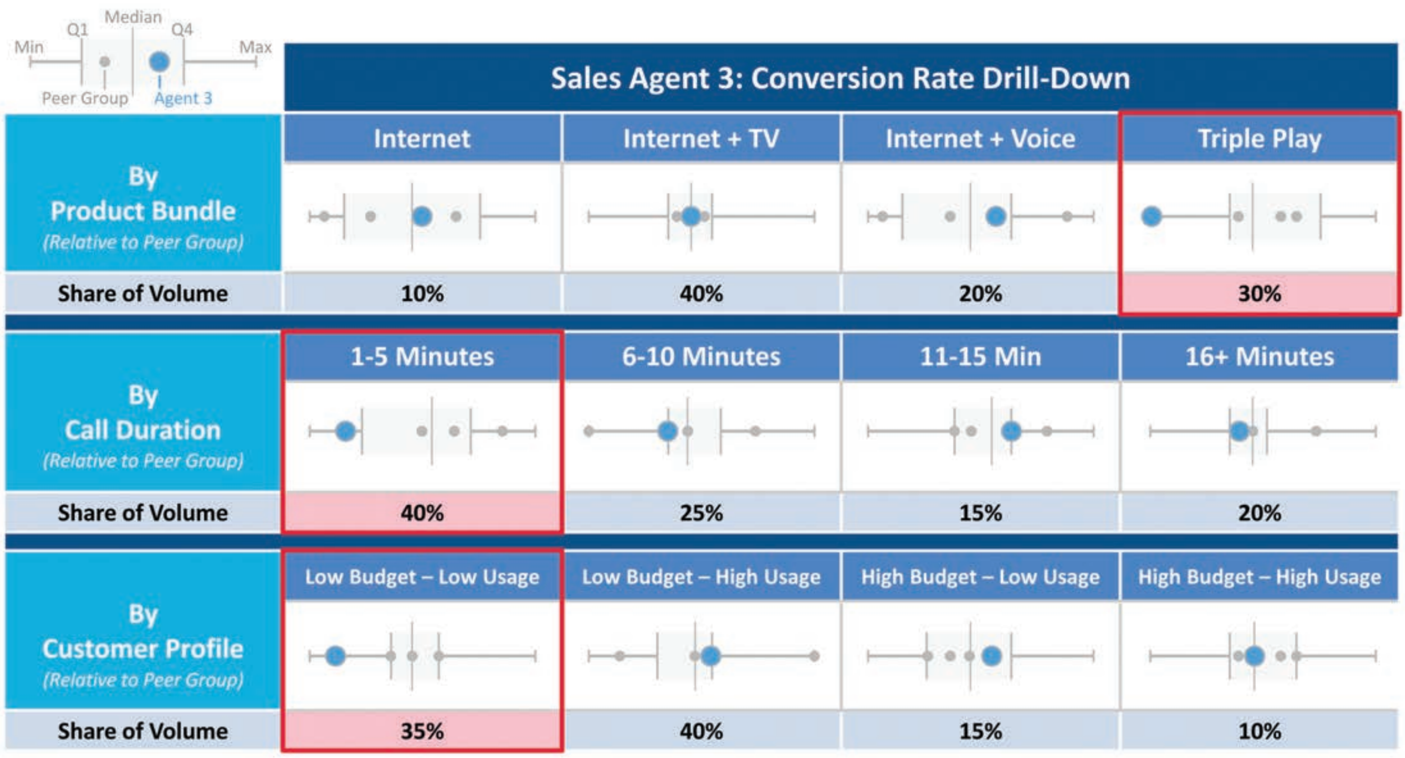


Figure 8

In this case (figure 8), we can now clearly see a number of drivers behind Agent 3's poor conversion rate, and easily identify an appropriate solution to remediate each:

▲ **Low Conversion on Triple Play Bundles:**
There's a training opportunity to ensure both that that the sales agent fully understands the product that they are selling, and also that they are taking the time to fully understand customer needs and expectations before matching them with a Triple Play bundle.

▲ **Poor Conversion on Short Calls:**
The sales agent seems to rush through a high proportion of their calls, and is failing to gather enough information up front before matching a customer with a product bundle in this short amount of time.

▲ **Overselling Low-Budget Customers:**
In light of our previous two findings, it would seem that the agent is selling more expensive packages, like 'Triple Play', to customers who can't afford it and don't need it, and who therefore end up cancelling their orders prior to installation. Additional analysis could validate this hypothesis. By integrating additional contextual data sources with the core sales metrics, we can identify and diagnose problems quickly, then develop targeted action plans to remediate them.

CASE STUDY 2: STREAMLINE PRODUCT SALES STRATEGY

Sales analytics can also inform product sales strategy. For example, a specific customer segment – a business vertical of a certain size, or a consumer household type – may have abnormally high early tenure churn rates for a certain product. Identifying these types of issues, then investigating the underlying reason can help to better understand customer needs, and realign the sales approach accordingly.

As a simple example, this process can be used to rationalize certain products that are underperforming, taking them out of the product catalogue to shift customer purchases to other products with better sales performance and a higher customer lifetime value.

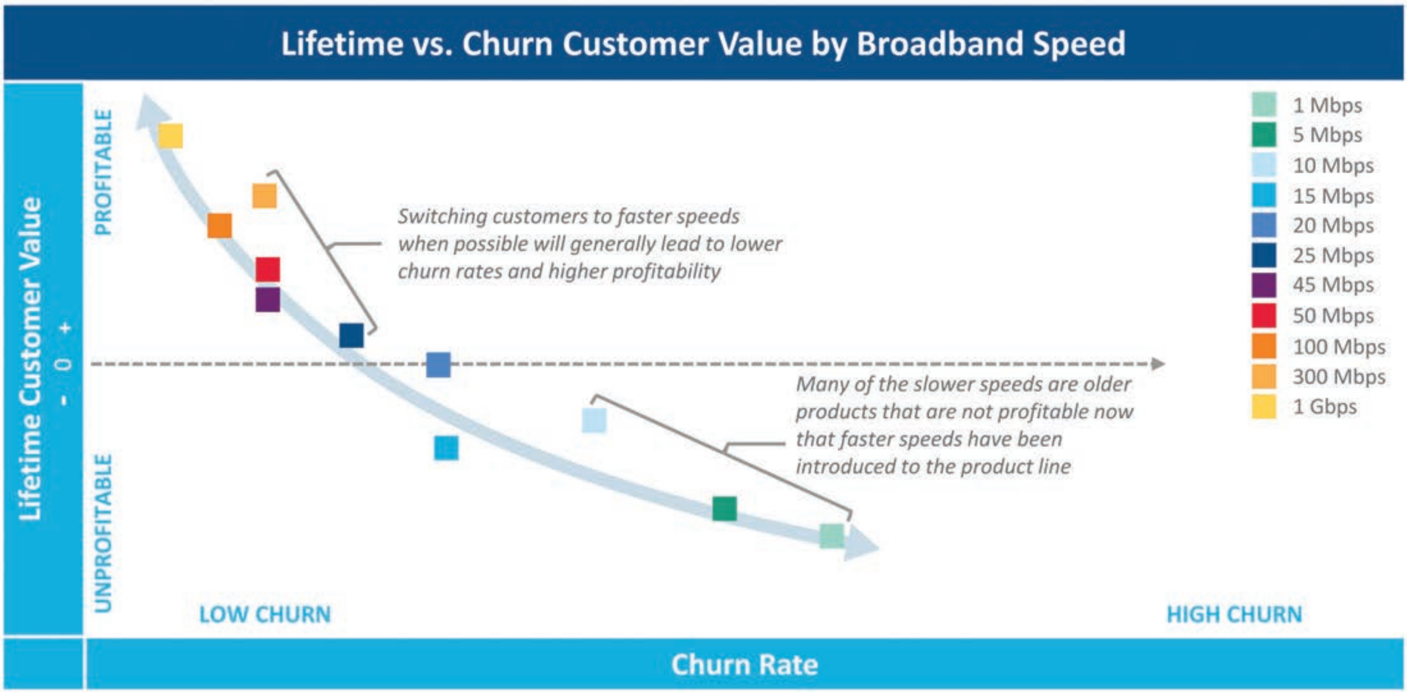


Figure 9

In the case above, we evaluate customer churn and lifetime customer value by broadband speed. First, it's clear there are quite a few different speeds offered. As new products became available, older ones were not retired. This has resulted in a crowded catalogue, confusing the sales process.

It's also clear that slower broadband speeds are more likely to churn and are less profitable overall. Viewing the data in a customer decay chart (figure 10) further emphasizes this point by showing the extent to which slower broadband speeds underperform all others throughout their entire customer life:

The slowest internet speeds are churning significantly faster over the first two years of customer life. These products are not profitable, and they are likely driving negative customer experiences. If they don't serve any other strategic purpose, they should be removed.

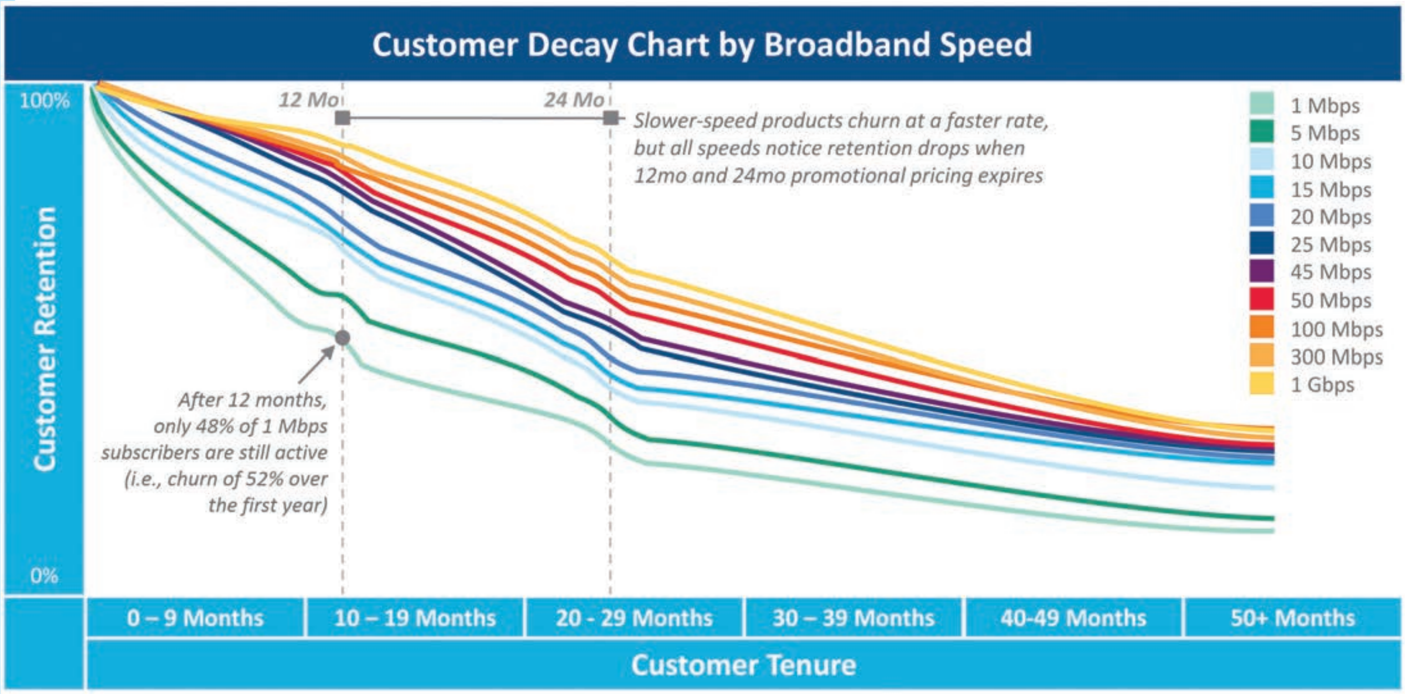
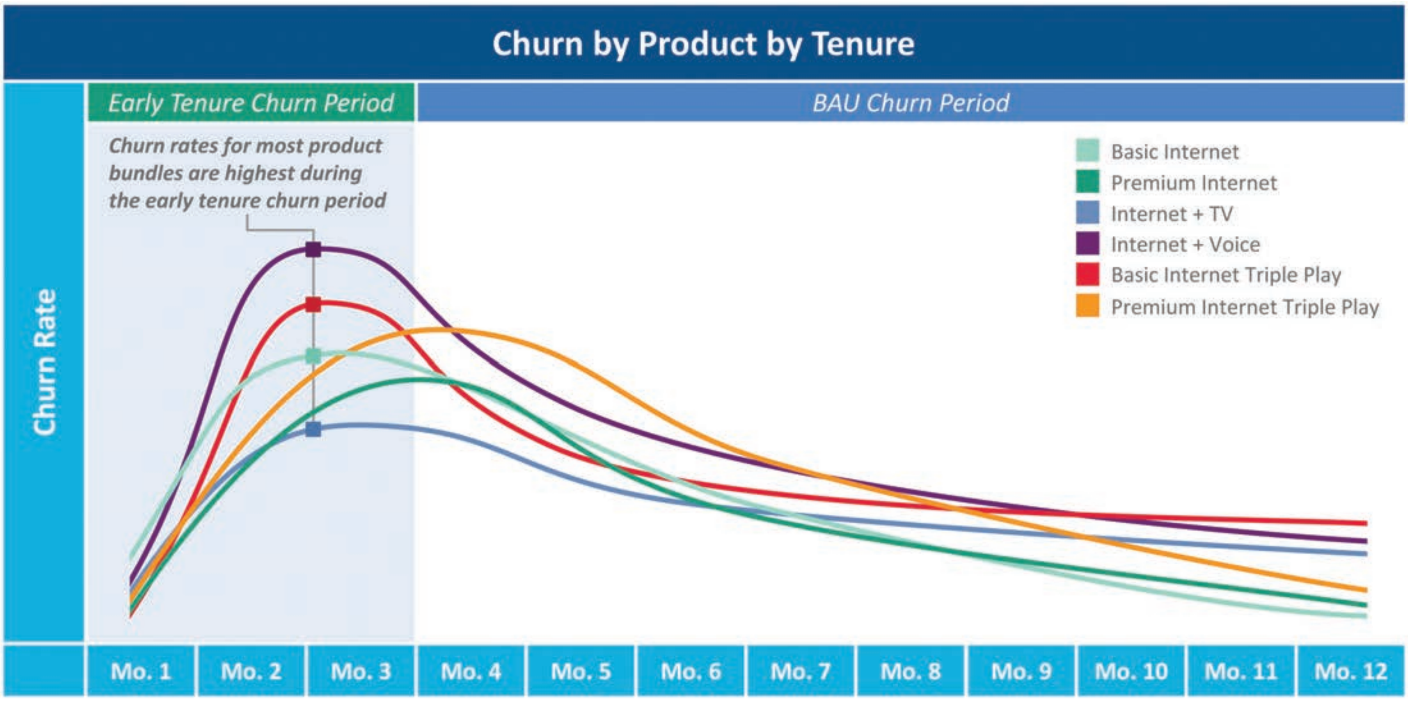


Figure 10



Another helpful view to evaluate churn rates by tenure (i.e., number of months after the initial onboarding) **Figure 11**

By comparing churn by product, you can figure out which product bundle churn rates spike after activation, and then focus additional analysis to determine the driver of this trend. These approaches can be extended across different verticals to inform and drive a breadth of product sales strategies.

CASE STUDY 3: REMOVE SALES FRICTION

Sales friction can create a drag on performance as certain customers get frustrated and abandon the process. In many cases the impact of various sources of friction aren't tracked and quantified, so it becomes difficult to prioritize which should be addressed, and which are acceptable. By identifying which sources of friction are relevant, tracking them, and quantifying their impact on results, sales organizations can make smarter decisions about where to allocate resources and where investment is needed.

In figure 12 we can see that for many of the metrics, there is an impact point, before or after which the friction can be measured and quantified in terms of the reduction in sales. This information can be used to prioritize investments in resources/capacity, process improvements (e.g. alert triggered when a metric crosses a threshold for a prolonged period of time), and website improvements.

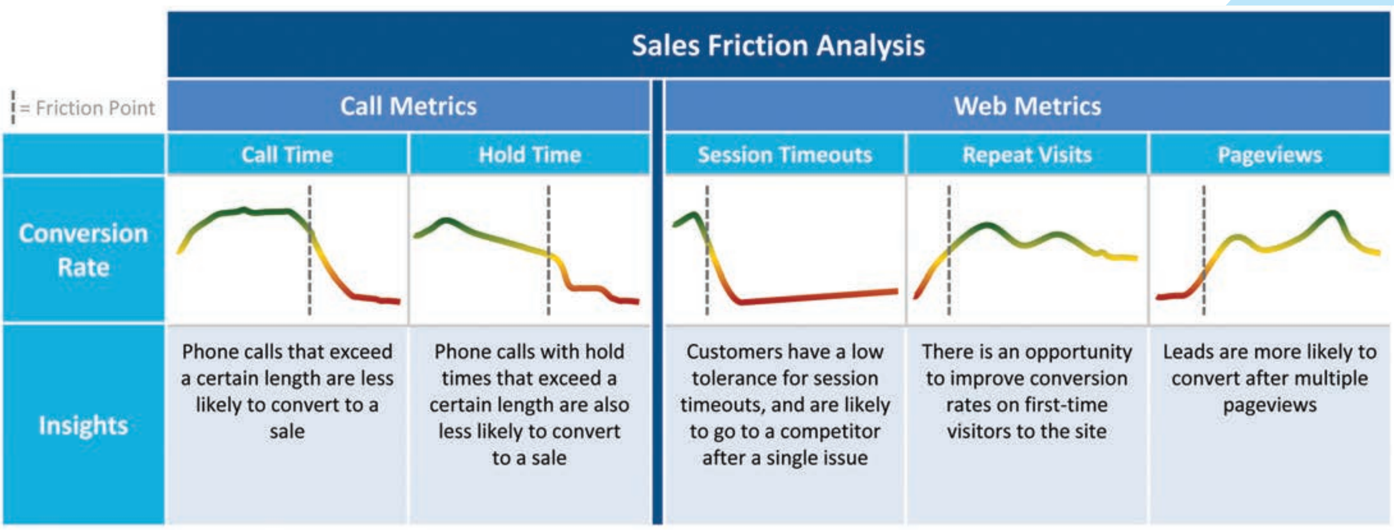


Figure 12

CHAPTER 3

PRODUCT RECOMMENDATION ENGINES: INCREASE CONVERSION AND REDUCE CHURN WITH PREDICTIVE ANALYTICS

In the last chapter we discussed the importance for service providers to have a flexible analytics platform that facilitates the correlation of sales metrics with a range of contextual data sources. This allows sales organizations to understand which factors influence sales outcomes, and use this information to develop ROI-focused growth programs. Once this level of analytics maturity is achieved, more advanced data-driven strategies leveraging predictive analytics and machine learning can be developed. In this chapter we will explore one example that builds on the concepts from the previous chapters: product recommendation engines.

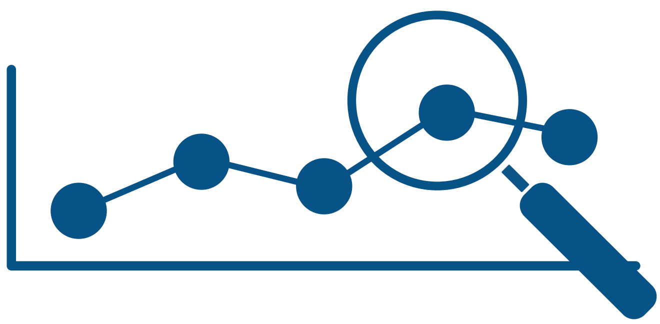
UNDERSTANDING PRODUCT RECOMMENDATION ENGINES:

So what is a product recommendation engine? At its most basic level, it's a predictive analytics algorithm that synthesizes all available data about a prospective customer, and predicts the most appropriate products and services to be sold. By the time a prospective customer is engaging in a sales discussion, a wealth of data will have already been collected on them that can be leveraged in this type of algorithm.

For consumers, this information may include: search terms, website browsing patterns, and a range of demographic, psychographic, and customer segmentation information that can be inferred from their address (e.g., age, household size, discretionary income, and even the preferences of other customers living nearby). For businesses and enterprises, examples may include: industry vertical, revenue, employee numbers, IT spend, data storage strategy (e.g., cloud vs. on-site), and office locations/sizes.

By analyzing patterns, sales organizations can determine which of these data elements collected at the point of sale can predict which products and services are most likely to have the positive sales outcomes described in the first chapter: high conversion rates, low pre-activation cancel rates, and low early-tenure churn rates. Getting this right requires robust statistical analysis.

The process begins with hypothesis testing to determine which data elements have predictive power. It then progresses to model development to build an algorithm that has the highest success rates at leveraging these data elements to predict sales outcomes. Finally, extensive testing is required to validate the model's effectiveness, and refine it accordingly.



Once built, a well-developed product recommendation engine evaluates available customer data, and then scores various combinations of products and services based on how likely they are to result in a high level of customer satisfaction. The products and services with the highest scores should be positioned as the lead offer to the prospective customer.

While this process is not a substitute for needs qualification, it can help to ensure that the conversation begins with products that have a high likelihood of being relevant, creating a more positive experience and reducing the average amount of discussion time. These predictions also raise the base level of information in the hands of sales agents, which gives them more confidence throughout the sales process.

For consumers with a shorter sales cycle, these models can be incorporated real-time into the sales process, so that websites recommend most relevant products, and sales agents have the product recommendations available to guide their discussions with prospective customers. For businesses and enterprises which typically have longer sales cycles and may involve more information gathering, these models can serve as a tool that is leveraged throughout the sales process, continuously updated to refine recommendations as more information is available, which can guide proposals and inform outbound marketing campaigns.

A product recommendation engine should be a living, breathing model that is refined, improved, and updated as new information becomes available. For example, machine learning techniques can be used to iterate and refine the weights of different factors driving the prediction based on how well the model is working. A/B testing can be used to evaluate a range of model variations, and update the algorithm with the variations that demonstrate the most power to predict positive outcomes. And finally as new data elements become available, they should be considered and tested for inclusion if they improve the model's predictive power.

Service providers that build and maintain product recommendation engines to inform the sales process have an edge over their competition. They leverage the valuable data they collect to guide customer interactions, ensuring that the right products and services are always the focus. From the outset, this provides and positive customer experience and improves right sizing, helping to boost sales and increase customer lifetime value.

CHAPTER 4

IMPROVE THE CUSTOMER EXPERIENCE WITH A DATA DRIVEN APPROACH TO UPSELLING

Up until now we've focused on how analytics can be used to improve sales processes and help communications firms acquire new customers. The same principles can be applied to derive more value from existing customers. The statistical methods to determine which products are right for which customers (i.e., those used to develop a product recommendation engine) can be extended to the entire customer base.

Since even more data will have been collected about customers after they are using products, needs can be assessed by evaluating both their characteristics and their usage patterns. By doing this, sales teams can identify customers that were initially undersold, as well as those whose needs have changed, and initiate discussions to put them into more appropriate packages.

The following examples demonstrate how these types of upsell opportunities can be identified with advanced analytics:

▲ Customer-Bundle Mismatches:

The customer lifetime value and customer satisfaction levels (e.g., NPS scores) for different product bundles held by different consumer segments can be compared and sales teams can determine which bundles perform best within each segment. Customer-bundle mismatches are then identified and can be remediated through targeted upsell campaigns.

▲ Changing Needs:

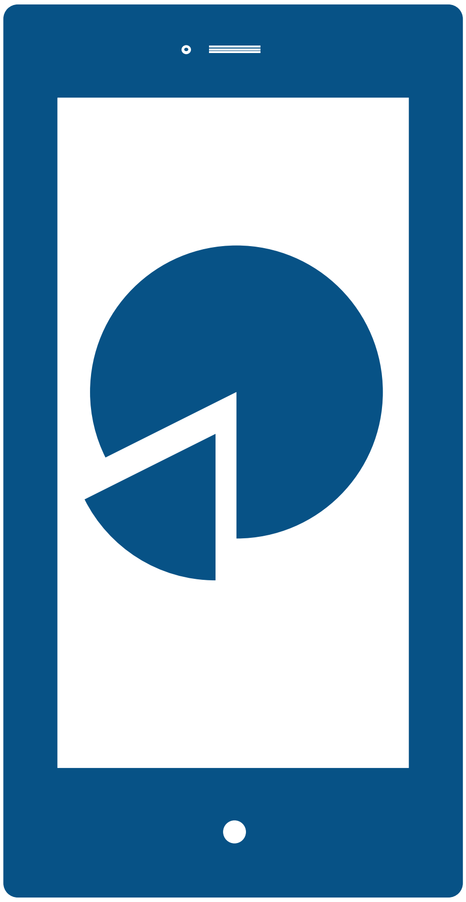
Product usage data across enterprise customers can be analyzed and sales teams can identify instances where customers are frequently hitting the limits of their services (e.g., bandwidth allocations), suggesting a higher tier service might be more appropriate and provide a better experience. These customers can be engaged with a specific focus on their pain points, which will have a higher likelihood of resonating and resulting in successful upsell.

Deploying these types of data-driven upsell campaigns are a win-win for the customers and the service provider. The analytics will help identify customers who likely have unmet needs and would be more satisfied with additional products and services. This solves a pressing problem for the customer.

Addressing these unmet needs also has many benefits to the service provider. Before the upsell, these customers had an above average risk of churning and were unlikely to be brand advocates. Correcting the product mismatch increases monthly revenue and extends their expected customer life, improving the customer lifetime value. Further, a better product experience can increase satisfaction metrics such as NSP scores. And finally, targeting upsell resources in areas with the highest likelihood of success improves the sales team's productivity.

The benefits of these types of campaigns can be measured and evaluated by running a trial among a test group, and comparing the results – upsell rates, NPS scores, churn rates, average customer lifetime value – to a control group of customers with the same characteristics and product subscriptions. These results can be quantified in terms of the financial upside or other strategic objectives, and if the case is compelling, the campaign can be extended to the entire control group.

Service providers that continuously develop and test these types of data-driven hypotheses, and then deploy the most effective ones, will continuously outdo their competitors by having greater sales success and more satisfied loyal customers.



CONCLUSION

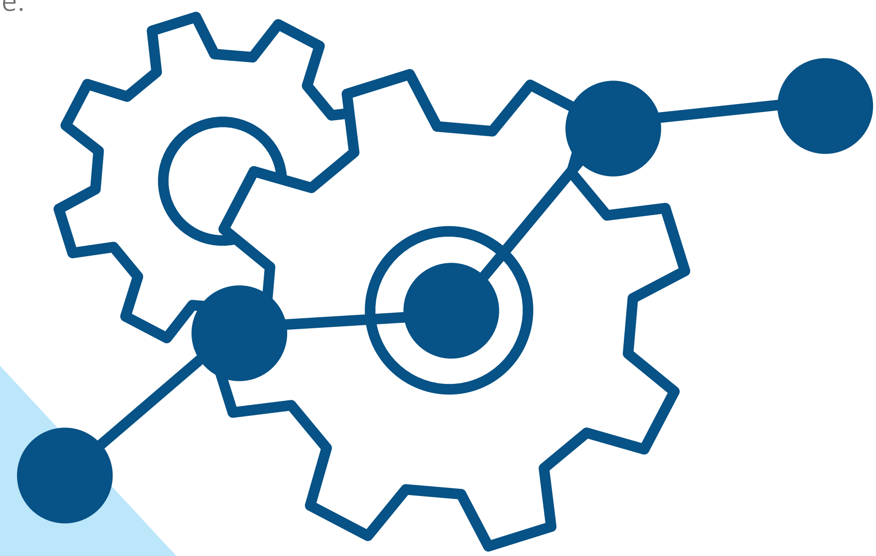
FUTURE PROOF YOUR BUSINESS AND BEAT COMPETITION WITH ADVANCED SALES ANALYTICS

Thoughtfully executed sales analytics can create a tremendous amount of value for service providers. The benefits can be realized at all stages of the customer lifecycle, including at the point of sale (i.e., increased conversion rates), during the onboarding process (i.e., lower customer drop off), and during product use (i.e., greater product satisfaction). These improvements in sales performance translate into longer customer relationships and greater customer profitability.

In the previous chapters we've discussed numerous ways to leverage analytics to identify opportunities for improvement, develop better processes, and make better decisions throughout the service provider sales organization. This practice isn't static, but requires continuous iteration and improvement starting with effective data collection and aggregation and continuing through the implementation and testing of data-driven processes and programs that create value.

For this reason, sales analytics programs require commitment and patience. They should begin with a strong data foundation to ensure that all useful information is accessible and can be leveraged. They should be flexible, so that the analytics program can be adapted to changing products, organization structures, priorities, and technology. And finally, they require dedicated resources that are accountable for the outcomes through analysis, program development, and testing.

Once developed, effective sales analytics programs will provide an extraordinary competitive edge by helping to optimize business practices around growth and informing data-driven strategic decisions at all levels of the sales organization. Competitors who don't follow will find it challenging to keep up, as the most effective analytics programs continuously evolve by testing and expanding programs, leveraging new techniques and information, and incorporating new technology.



Our world is transforming. Every day, communications technology creates new opportunities to connect. Always on the move, this world is as complex as it is exciting – just keeping up is a full-time job. To truly succeed, you need to go further. By making this world simpler and smarter, Cartesian can make this happen.

We are passionate about problem solving, figuring things out, seeing things from a different angle and cutting through the complexities of the industry. We not only provide the right solutions, but also the answers that push our clients forward. And by doing this we help organizations transform – themselves, the industry and the wider world.

Ours is a world of opportunity. Combining analytics,
technology and industry experience,
we can help you succeed in it – faster.

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