

Customer Retention & Lifecycle Management

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A Game of Inches

Market Liberalisation '98



- Nov '98; 29 licences awarded by ODTR
- March '99; 40 licences awarded
- Eircom market share 96%



- 1.59 million lines – March 99 120,000 CPS
- Significant focus on international traffic and least cost routing
- Fixed line share 96%



- 2 mobile operators
- 46% mobile penetration – 1.7m subscribers
- Total market value fixed & mobile c€2bn



Current Market Status

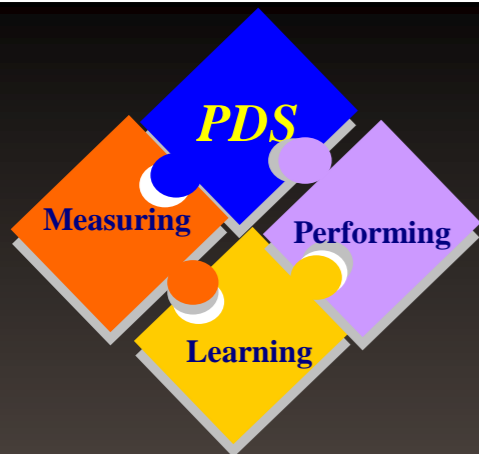


- Total market value €3.8bn – Fixed €2bn; Mobile €1.8bn
- 18bn combined minutes
- Fixed lines 1.9m
- Total BB connections; 1.55m (732k DSL & 541mBB)
- Total Mobile; 5.16m subs 117% penetration incl mBB; 9.1bn texts
- Eircom market share
- 70% share of voice and 50% share of BB
- 20% share mobile market



Immediate Focus – Customer Win-back

- Comreg established 2002  Commission for Communications Regulation
- Eircom deemed to have Significant Market Power
 - Pricing – notification, approval, published, transparent, non-discriminatory, cost oriented (above cost); CPI-6%
- Selling code of practice introduced in 2000
 - 2003 - No contact period 3/4 months after loss notification
- Creation of ‘Win-back’ teams Res & Bus >300 staff
 - Key Metric – Market Share & Win-back % Gross Loss
- Customer benefits – choice & value
 - Market Share managed - but fell steadily



Customer Management

PDS
*Performance
Development
System*

Initial Focus

- '99/'00 – 20 person field force for Corp/Govt
 - 60 desk account managers covering 40,000 customers
- Responsive, dealing with issues; billing, credits discount advice etc

Evolving to:

- Professional Development System – full accreditation – dedicated training team; Product, Code of Practice; Sales Skills
- Performance Related Pay – Balanced KPI's
 - Net Market Share; New Business; Subsidiary Sales & Revenue

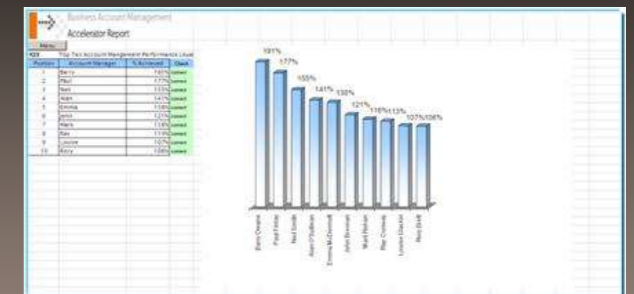
Celtic Tiger

Significant increase in new business revenue

- However Staff churn >50% annualised
 - Impact on customer retention
 - Impact on new business sales – 3/6 months to hit target for new starts
 - Revenue erosion due to churn and slow down in new sales

Response

- Revised OTE;
- Revised KPI's to recognise retention – high visibility
- Propositions & bundle developments
- Migration to Broadband from dial up
- Reviewed account ratios
- Introduced business solutions specialists – drive broader sales & new business



Impact

- Lowest rate of loss in 5 years
- 85% customer penetration of BB
- 30% growth YOY on solutions sales – migration from legacy platforms

New Reality

Economy



Recession

Contracting market

Focus on Cost



Access to cash

Opex v Capex

Cost reductions

Competition



Declining share
in fixed market

New competition
from MNOs

Customer Retention – A Game of Inches

- Customer Understanding

Understanding vs Knowing our Customers



- Customer Profiling & Segmentation



- Targeted Lifecycle Management

- Continuous improvement – People, Processes & Product



- On-going Communication of the *eircom* Value message



Customer Insights

Service

- Access to right person, efficiently deal with queries, knowledge of products & services, kept up to date

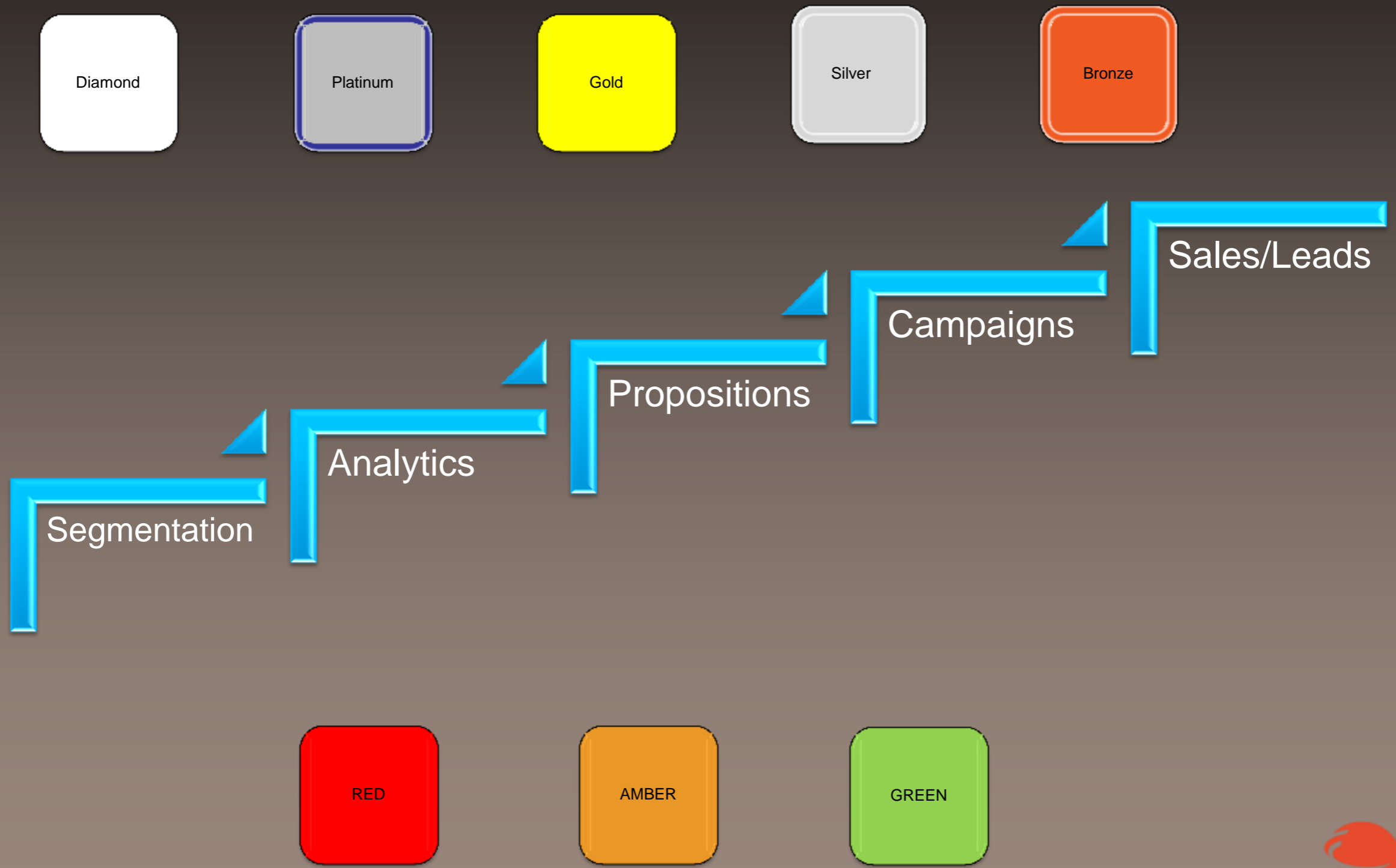
Account Management

- Availability, responsiveness, appropriate contact, understand my business, presents relevant solutions

Churn

- Churn reasons – 92% based on price
- Return reasons – 85% eircom value & quality contact

Base Management



Life-cycle Management



Retaining & Growing Customer Business

Capture profile and engagement data

Use database knowledge to personalise messages

Manage contact frequency



On-going Communication of Value

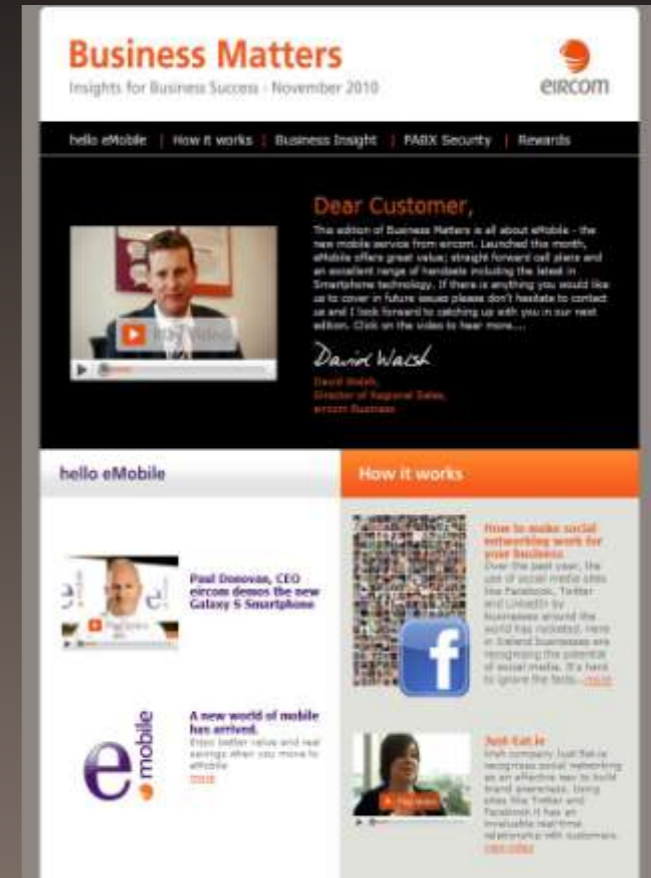


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Dear Customer,
The editor of Business Matters is all about eMobile - the new mobile service from eircom. Launched this month, eMobile offers great value, straight forward call plans and an excellent range of handsets including the latest in Smartphone technology. If there is anything you would like us to cover in future issues please don't hesitate to contact us and I look forward to catching up with you in our next edition. Click on the video to hear more...

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hello eMobile | **How it works**

Paul Donovan, CEO eircom demos the new Galaxy S Smartphone

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Incremental Inches

Do the common thing uncommonly well

Essential to profitable business and growth

Listen to your customers – what do they want & need?

Clear metrics – rigorous measurement, MIS and reward –
continuous improvement

Not glamorous – requires passion

Continue to create value....

*Your brand is the promise you make..... your customer's
experience is the promise you keep*

Thank-you