

Why success comes from differentiated proposition

A photograph of a city skyline at night, with several tall skyscrapers illuminated by their lights. The lights reflect on the water in the foreground. A white curved line separates the image from the text on the right.

Why success comes from a differentiated proposition

Prepared for: MVNOs World Congress Masterclasses

By: Graystone Strategy

Introduction to your course leaders

Telecoms professionals with over 60 years combined experience in telecoms and MVNO



James Gray – Managing Director Graystone Strategy

James is an experienced commentator and advisor in the MVNO and telecoms industry with over 30 years experience working in commercial and marketing C-level roles at operators and MVNOs.

He has worked with MVNOs globally including clients in Kenya, Somalia, Mexico, Greece, Nigeria as well as the UK, Channel Islands and Ireland. Recently James has worked with a retail MVNO that has been licensed as part of a regulatory remedy to a merger of network operators.

James is a Fellow of the Chartered Institute of Marketing & The Institute of Direct and Digital Marketing.



Erick O'Connor – Associate Director Graystone Strategy

Erick is an experienced advisor to companies and governments on commercial and telecoms strategy.

He previously held senior management positions at Motorola's global GSM Infrastructure group as well as at Inktomi. In 2002 co-founded and raised funding for DotDash, the first pan-European MVNO to address corporate customers. Recently Erick has worked as an advisor to HM Government on the Emergency Services Network in the UK..

Erick holds an MBA from the University of Bath and a BSc (Hons) from City University in Electrical & Electronic Engineering.

Graystone Strategy has global experience

Working with clients across the telecoms ecosystem



Today's masterclass will give you insights on the following areas

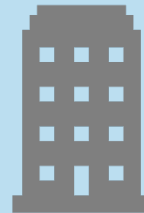
To better target today's session please let us know a bit about you

Agenda

- Different MVNO segments.
- Understanding your target customer.
- Building the end-to-end proposition.
- Key elements of bringing a proposition to market.



➤ Your name?



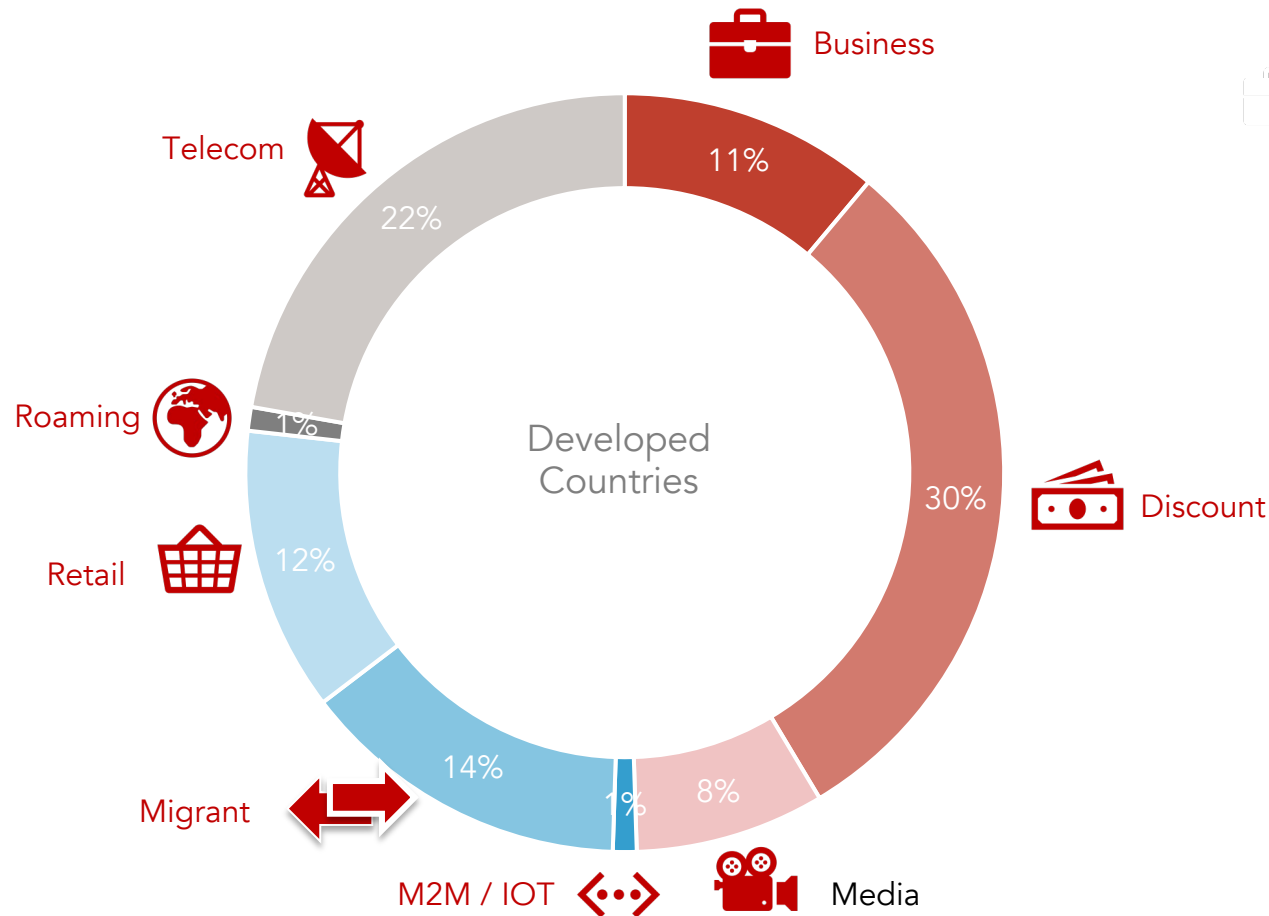
➤ Your company and your role.



➤ Your MVNO journey so far.

GSMA research segmented MVNOs into 8 segments

Our experience suggests that there are now 12



Business: an MVNO whose primary customers are business users



Media: an MVNO associated with the media or entertainment industries



Migrant: an MVNO whose primary offering focusses on international voice services



Roaming: an MVNO targeting travellers with lower cost roaming offers



Discount: an MVNO whose main proposition is low-cost services



IoT/ M2M: an MVNO whose primary proposition supports M2M services



Retail: an MVNO associated with the consumer retail industry.



Telecom: an MVNO whose offering forms part of a range of telecoms services

New segments identified since GSMA research was published



Charity: an MVNO set up to deliver charitable outcomes or societal benefits



Community: an MVNO targeting specific affinity groups or communities



Banking: an MVNO supplying mobile money services or targeting a bank's customers



Public Sector: an MVNO supplying specialist services to govt. or public sector

Source: GSMA 'Setting the scene for future MVNO growth'

Whichever segment you are in you will need to differentiate

Think about your strengths as an organisation and how they can be leveraged as differentiators

Brand

Are there specific brand attributes to assets you can leverage to differentiate your offer?

Channel

Do you have unique channel access or the ability to distribute in a new and exciting way?

Segment

Is there a particular customer segment that you can address better than your competitors?

Customer challenge

Do you solve unique problem or challenge for your customers?

Value

Do you have access to additional value you can offer you customers that will make your offer more compelling?

Customer Experience

Can you deliver a better customer experience, better service, more digital offer to beat the competition?

Emotion

Can you connect with your customers on a more emotional level. Will they buy your offer because they share your values?

Insight

Are there specific insights you have that have enabled you to build a better proposition?

MVNOs that have a differentiated offer

Differentiated doesn't have to entirely different-you can dial up and down various elements to suit your target customers



Target Customers

- Targets a younger more digital native demographic.
- Data use is key to these customer's digital lifestyles
- Community and experiences feature high for these customers.
- Still offers value in areas that are most important to the audience, for example social media.
- Latest technology and a fully digital experience is critical.

Key Differentiators

- Redbull brand gives access to athletes and experiences that competitors cannot match
- Gigacoin concept allows customers to "rollover" unused data but also use it as a currency to access money can't buy experiences linked to the RedBull brand
- Inclusive social media access appeals to target group and doesn't impact on Gigacoin allowances.



Target Customers

- Initially targeted migrants.
- Aimed to move traffic from calling cards onto the mobile phone.
- Targeted large migrant communities globally with the same brand and formula.
- More recently have reinvented themselves as a smart shopper value brand.

Key Differentiators

- Access to a unique retail channel of corner shops and community distributors
- Differentiated against mobile operators on international calling price.
- Highly targeted local and own language marketing.
- Offered own language customer care- something the MNOs could not do with outsourced call centres.

MVNOs that have a differentiated offer

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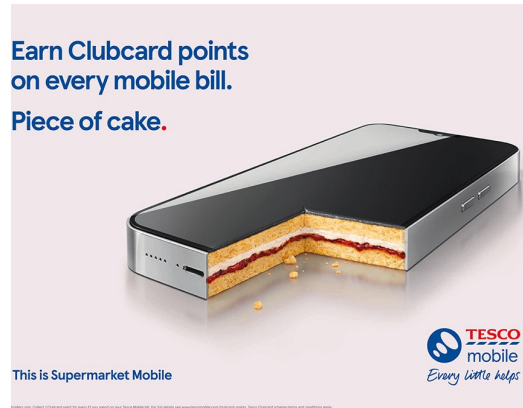


Target Customers

- Targets customers with a poor credit rating who have made previous bad financial choices
- These are customers that the networks won't accept on postpaid.
- Often these customers have disposable income and don't want the faff of a prepaid offer

Key Differentiators

- The offer is not really about telecoms.
- It uses a regular telecoms bill payment to rebuild the customers credit rating.
- Marketing focuses on what customers can access with a better credit rating.
- Offer does not need to be price leading, because of the long-term benefits of rebuilding the credit score. This also opens up additional value streams for Boshhh through financial services referrals.



Target Customers

- Mass market offer targeting the 80m customer transactions in Tesco stores each week.
- Have positioned their mobile offer alongside their grocery value offers.
- Full suite of prepaid, postpaid and handset offers.
- Club card loyalty scheme customers are a particularly valuable target segment.

Key Differentiators

- Huge distribution network both in stores and online.
- Significant access to customer insights through club card.
- Unique added value through the club card points and also special club card offers.

MVNOs that have a differentiated offer

Differentiated doesn't have to entirely different-you can dial up and down various elements to suit your target customers



Target Customers

- Primary target is customers of the bank.
- Secondary target is anyone using mobile money to send small remittances in Kenya.
- This makes for a significant group of customers and develops a real community as it makes sense for family members or businesses to be on the offer.

Key Differentiators

- Distribution network via the banks.
- Simplifies mobile money acting as a merchant managing transactions across multiple platforms.
- Offers micro loans with no forms and approvals to loyal customers.
- Simplified ways to top up family members phones, send money etc so also acts as a financial enabler.
- Gives an easy entry point into other Financial services such as income protection etc.



Target Customers

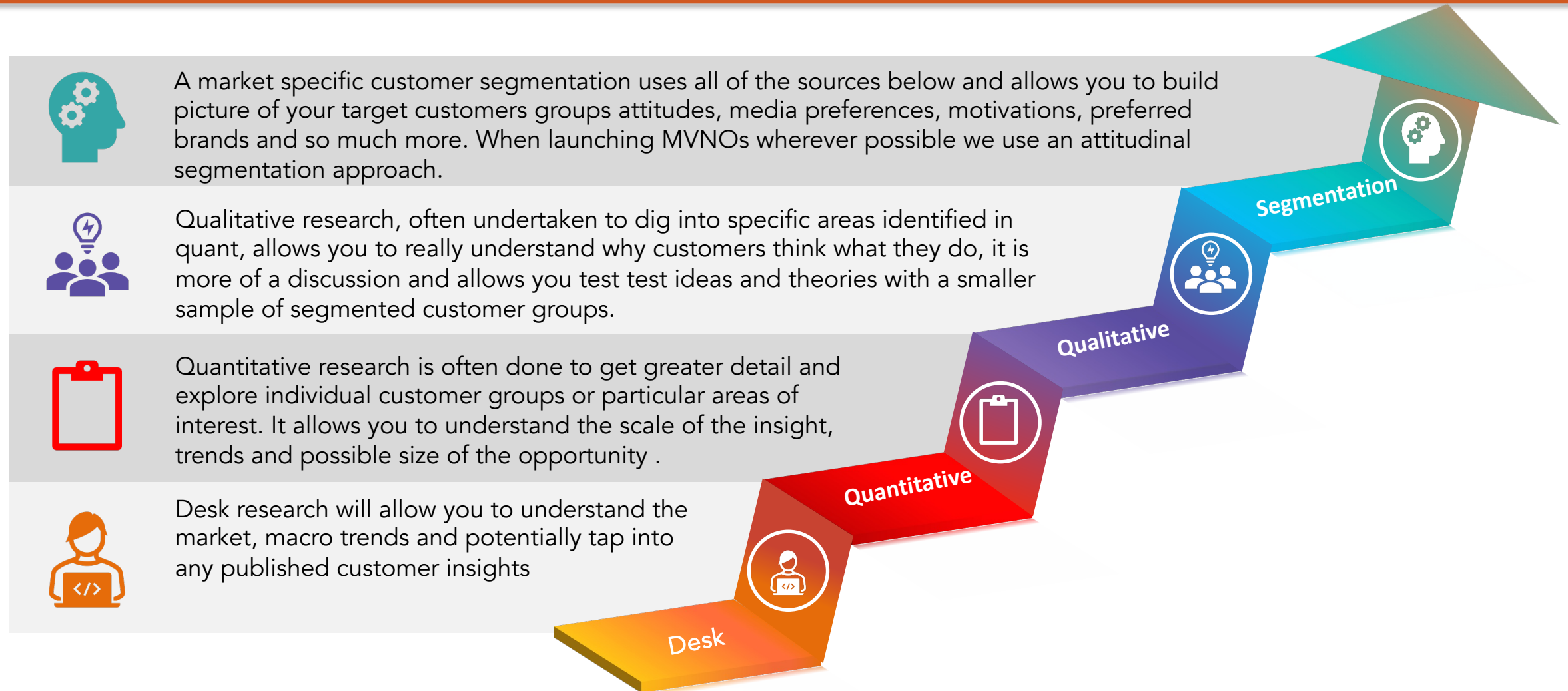
- Targets MNO customers that are seeking better value in a mature and not overly competitive market.
- Positioning and digital centricity means this will tend to be younger more digitally savvy customers.
- Premium Mobile for only \$15 resonates- but in reality, they are trading loyalty for reduced monthly costs to drive up CLV and moving customers up the price ladder.

Key Differentiators

- A list movie star Ryan Reynolds as a front man.
- Media savvy and able to leverage all PR opportunities and extensive social reach.
- Well executed marketing strategy targeting their core consumers.

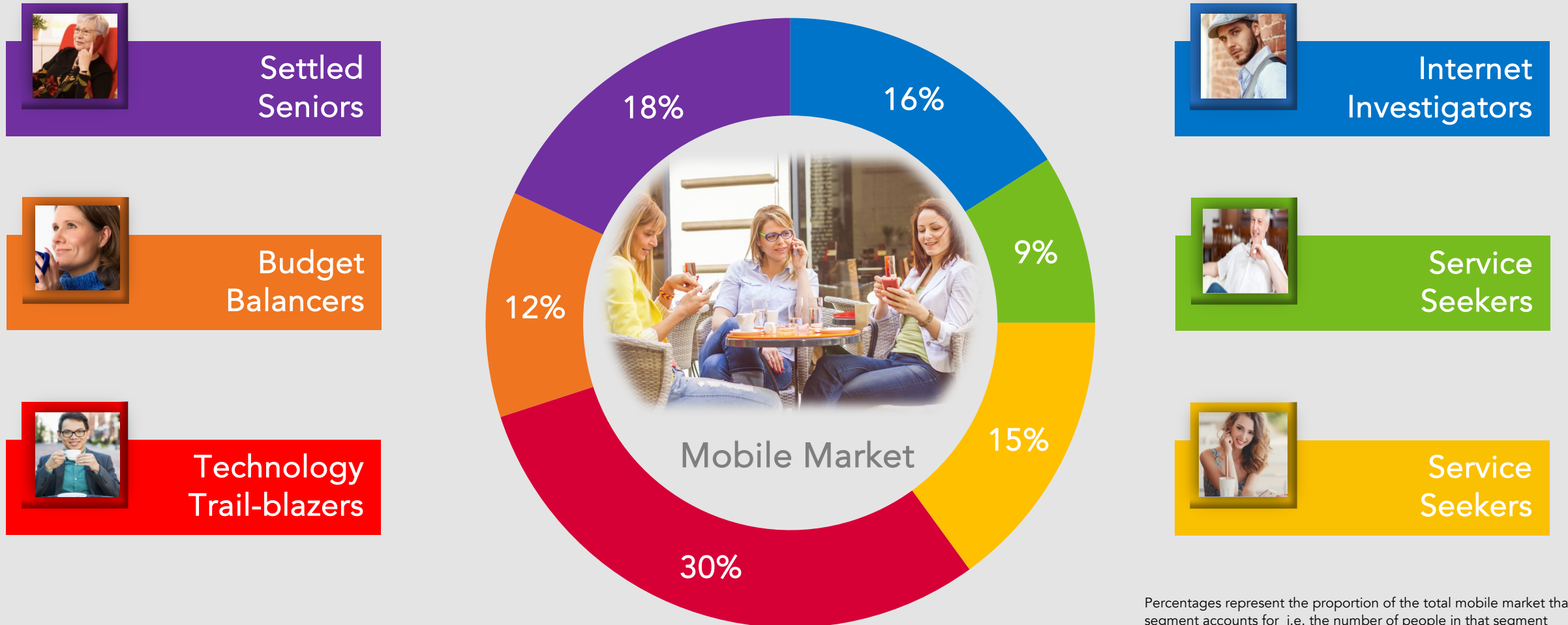
Understand your target customers and their needs.

Customer research and segmentation can help you understand them better



We have deployed an attitudinal segmentation for several clients

Including a client in the multi-play telecoms and energy market



Example of the data you can get from segmentation

Allows you to build more relevant and margin generative propositions

Who we are



Our mobiles are extremely important to us – we rely on them to manage our social lives and we are always connected to them using them a lot at home and to fill time. This reliance is reflected in our increased likelihood to be on a standard contract and our increased likelihood to have an iPhone. We rely on the internet generally and social media in particular. But when it comes to shopping, we still prefer to go in store. We are more likely to be women.

What we want from a mobile and mobile network

It's very important to have good access to social media networks
A good data connection is important, we want the internet available wherever we are
We want an up-to-date handset – a third of us already own an iPhone and the same proportion expect their next phone to be an iPhone
We are more likely to be on a standard contract – so look to a network to provide good options including decent volumes of minutes, texts and data.
Over half of us spend between £11 and £30 a month currently
We like to shop in store so having a good in store experience is important to use

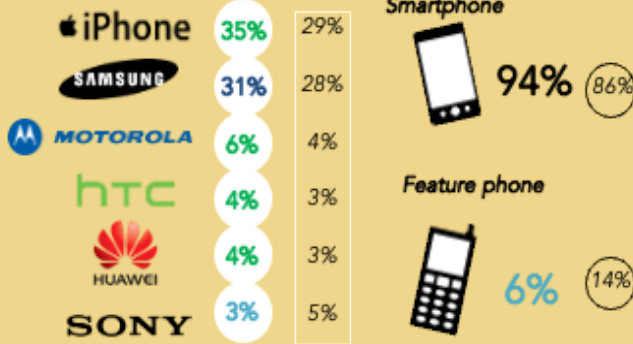
Have the following services



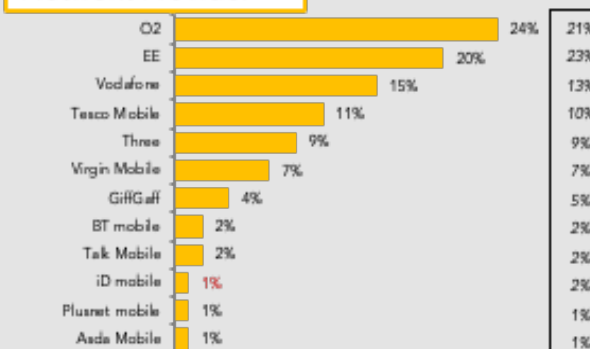
Would take services from the same provider



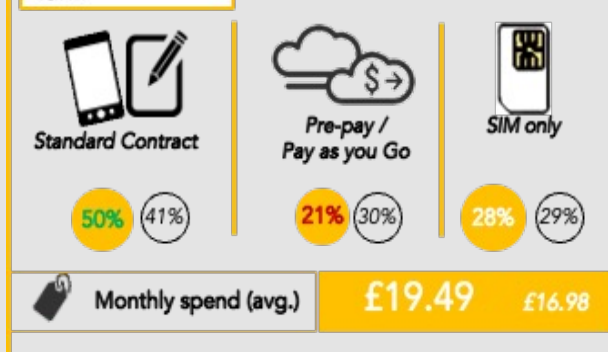
Handset Type



Network Provider

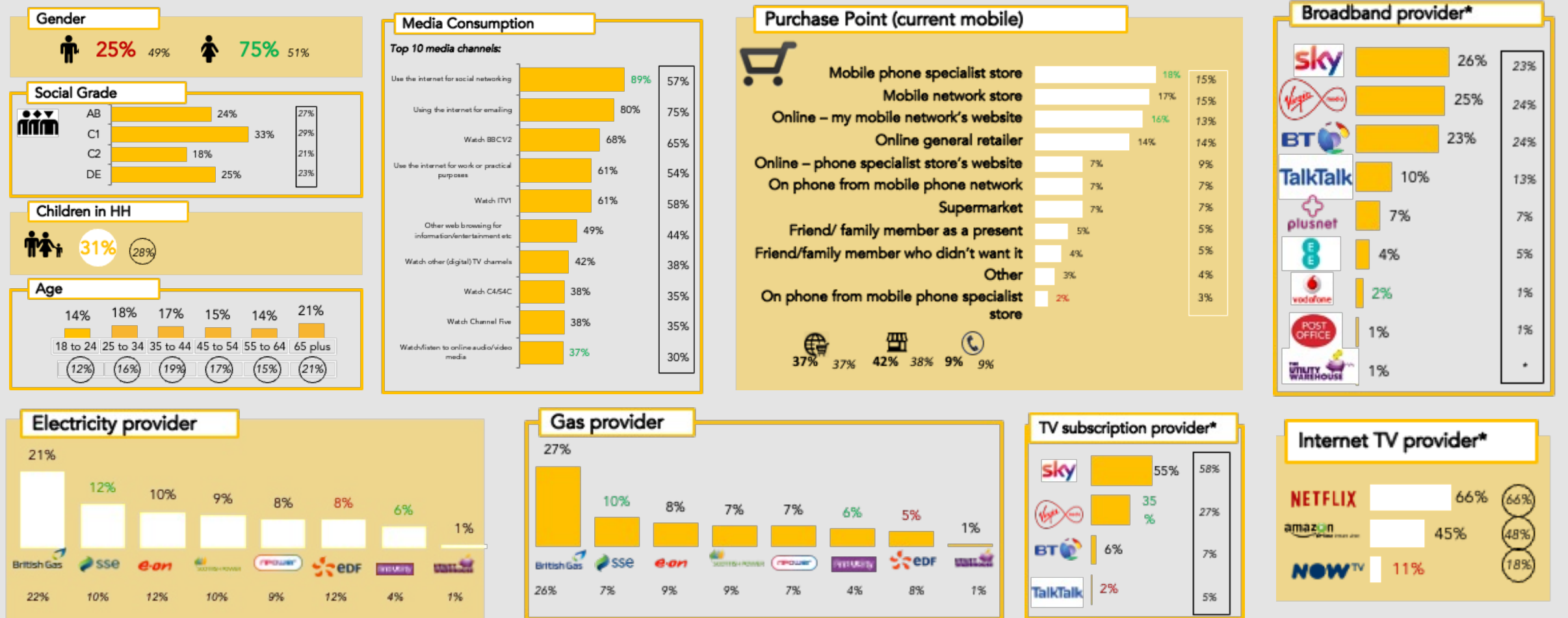


Tariff



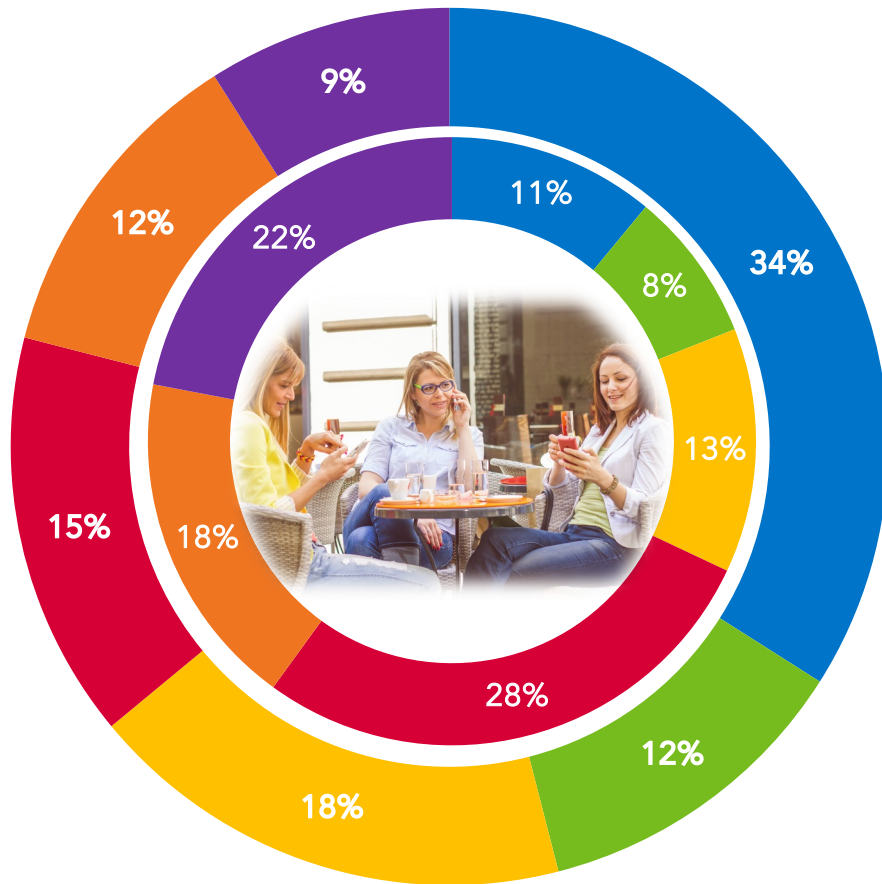
Example of the data you can get from segmentation

Allows you to build more relevant and margin generative propositions



Segmentation can demonstrate you bring incremental customers

This can be a critical element to an MNO pitch



- In this fictional example the mobile network operators share of segments is shown on the inner ring.
- The MVNO has segmented their customer base or the customers they expect to win on the outer ring.
- You can see significant positive variances in Internet Investigators, Service Seekers and Digital Devotees.
- This shows that the MVNO will attract more of these customers to the hosts networks and deliver incremental customer growth

Build your customer proposition around your target segments

We recommend a 360-degree approach and use this simple proposition mapping tool



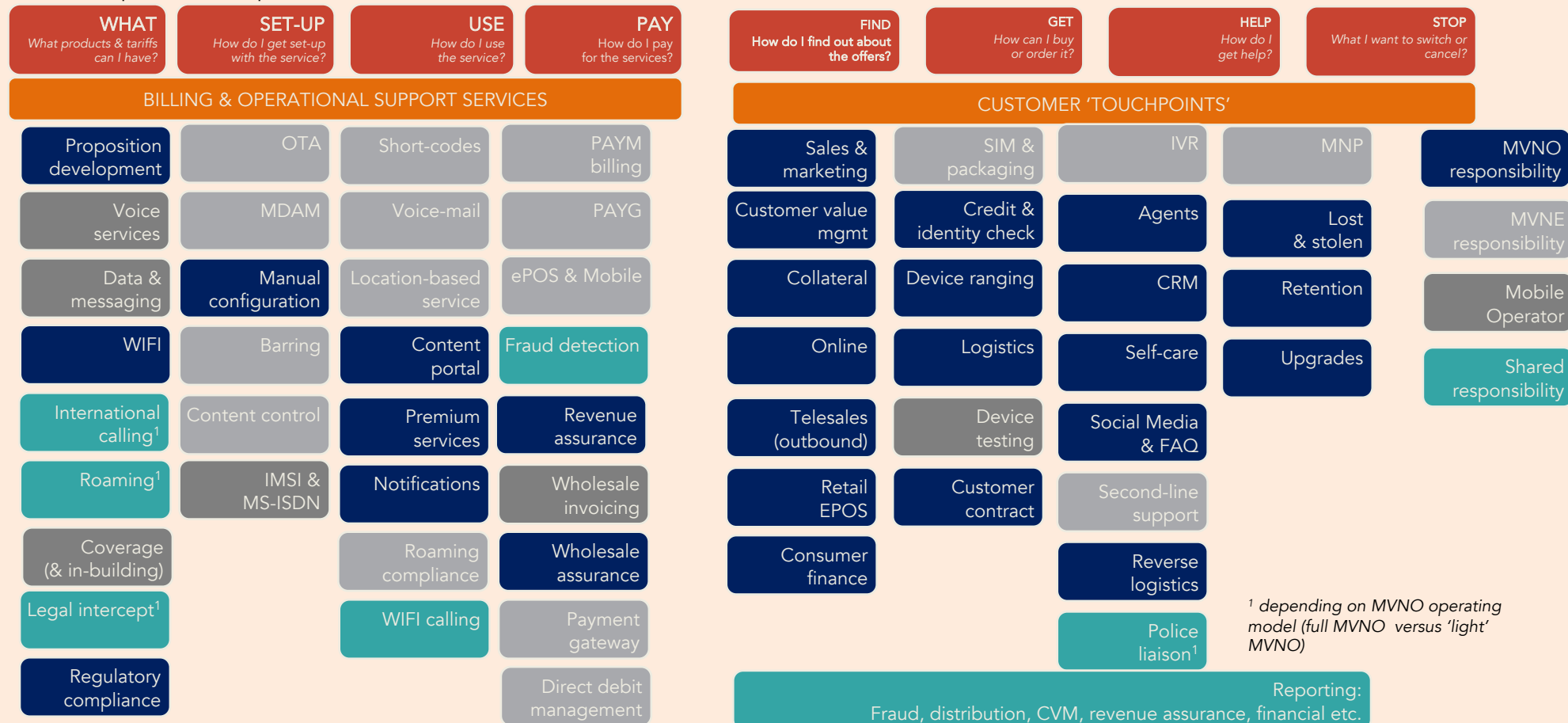
- Life cycle approach builds the best end to end experience for the primary customers
- Propositions are built to delight the primary customers without alienating other secondary segments
- Different propositions can be built for different segments over time
- This model will ensure that focus is given to the user experience across the whole lifecycle

Customer proposition aligns with the technology required

Identifying salient characteristics of who does what in the value chain

Proposition wheel

Technical & operational implications: illustrative





10 guidelines for building your proposition

Consider each of these as you build your proposition- but qualitative research is still important to validate your offer



Target a specific customer or niche

Build your proposition to delight a specific customer segment, niche or vertical. Then expand from there.



Leverage your strengths

Distribution, customer loyalty, digital excellence, unique brand assets etc. Use your unique tools to deliver value.



Solve a customer problem

Approach customer needs differently. Find a challenge you can solve better than others and deliver against it.



Communicate to your customers

Ensure your marketing language and channels are differentiated. Target your customers efficiently.



Differentiate across the customer experience

You have to be brilliant for your customers everywhere, not just in sales and the offer!



Don't rely on price cuts

MVNOs need to offer value but you will never win a price war with MNOs, they control your cost base!



Don't copy competitors and hope to win

Know the size of the market, market shares, acquisitions, your TAM and have realistic market-based growth forecasts



Don't over complicate it.

It may be incredibly clever and offer great value but if you can't communicate the benefits in a sentence its no good!



Don't forget you are a marginal business

All your propositions, promotions and changes to market competition need to be carefully costed.



Don't launch and leave it.

Keep iterating, improving and innovating. Telecoms moves fast and you need to keep up!

More than just training

We offer an end-to-end consultancy service for our clients



MNO engagement & negotiations



Ideation & proposition development



MVNO board advisory



Technology & procurement strategy



Business & commercial strategy



Customer research & segmentation



Go to market & project delivery



Business planning & modelling

Please take 2 minutes to give us feedback.

This allows us to continually improve our course content and delivery.

2-minute course evaluation survey



Thank you for your feedback and participation.



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