



Finding, Understanding, and Winning the Persuadable Mobile Customer

Abstract: Getting insights that identify and help win persuadable customers can be a challenging market research initiative. When T-Mobile was seeking to win more AT&T customers, they used the real-time intelligent polling and insights platform from CivicScience as an important marketing research tool. CivicScience's data revealed characteristics that defined more likely carrier switchers, as well as measured response to promotional offer test campaigns. This case study provides details about the methodology and insights delivered to T-Mobile for this initiative.

Introduction

In December 2012, speaking at an investor conference in Germany for parent company Deutsche Telekom, T-Mobile CEO John Legere announced a new customer acquisition plan for 2013, which included aggressively targeting current AT&T customers. The strategy coincided with the announcement of a deal T-Mobile struck with Apple to make their products available to T-Mobile customers. The accompanying slogan, “You love your iPhone, you hate AT&T,” leveraged internal research that suggested T-Mobile customers who had previously switched from AT&T did so to gain superior service coverage. The new pact with Apple allowed T-Mobile to further appeal to likely AT&T switchers who were both brand- and value conscious.

For T-Mobile, constructing and deploying a marketing campaign appealing to all AT&T subscribers would be inefficient, as many current customers are either satisfied with their current service or otherwise in a contract situation that would prohibit them from switching carriers in the near future. Instead, the optimal strategy for T-Mobile would focus on the AT&T subscribers who were most likely to switch during the marketing campaign timeframe.

To support this strategy, CivicScience used our online polling application to first identify current AT&T subscribers who were most likely to switch carriers in the near future. Once likely switchers were identified, data mining techniques were then used to uncover the demographic, psychographic, and attitudinal attributes that most distinguished likely AT&T switchers from Non-Switchers.

Finally, considering the key profile attributes uncovered, we tested a series of potential promotional offers to determine those that were most likely to persuade likely Switchers to move to a new carrier. Clear frontrunners emerged among the potential promotions.

The resulting insights could enable T-Mobile to significantly improve potential new customer yield rates through more effective marketing and promotional targeting. Furthermore, by continuing to track likely Switchers longitudinally, we will be able to monitor trends among this target segment in real-time, while modifying marketing tactics to accommodate changing sentiments and attributes over time.

Overview of the CivicScience Methodology

Since the summer of 2010, CivicScience began developing a database of real-time consumer survey responses collected from short polls administered inside the content of third-party web and mobile sites. Respondents engage with the polls voluntarily, with no extrinsic incentive beyond the opportunity to share an opinion and view the results. Relying on hundreds of respondent sites, constructed so as to achieve demographic and regional representativeness, the CivicScience polls reach a broad and diverse base of non-professional respondents, 70% of whom do not serve on a traditional survey research panel.

Over time, a library of thousands of different questions about attitudes, demographics, behaviors, and predictions were delivered at random to tens of millions of unique respondents. For each respondent, responses are appended to an anonymous browser cookie and IP address, building extensive consumer profiles over time. The combinations of questions and answers appended to a respondent's profile are virtually unique. In aggregate, however, nearly all questions in the library can be cross-tabulated in reliable volume among subsets of the respondent population.

For example, during a given browsing session, a respondent might answer questions about how they think Ellen DeGeneres did hosting the Oscars, how likely they are to switch banks, and whether they prefer Coke or Pepsi. The next day, they may answer questions about the legalization of marijuana, their favorite brand of German luxury car, and whether they're a morning person or a night owl. Multiplying these somewhat random interactions by several million each week produces a dynamic database of far-ranging and often unanticipated correlations across questions.

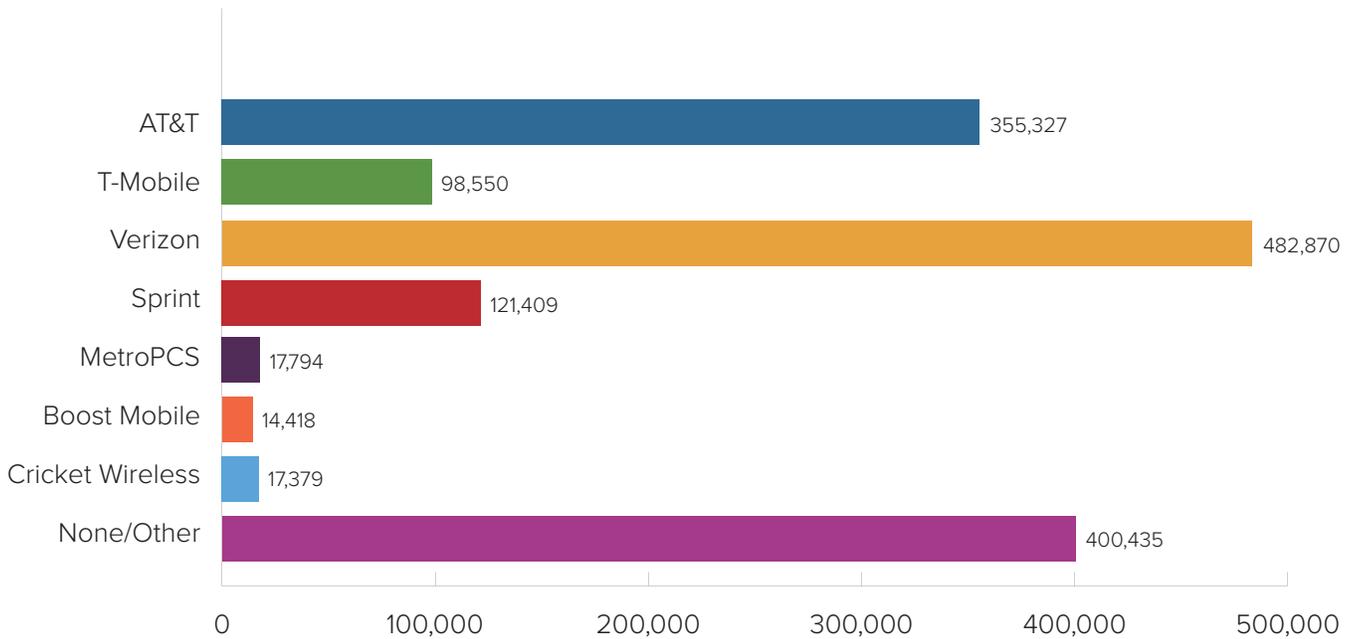
Appending responses to a user cookie also enables CivicScience to target follow-up questions to specific respondents, based on their response history and profile, during subsequent browsing sessions. Responses are also timestamped to measure shifts among the respondent population over time.

In the case of the AT&T subscriber research discussed herein, survey results and cross-tabulation analyses were reweighted, as necessary, to ensure that the conclusions were representative of the US population (age 13 and older) based on demographics and geography. (For a more detailed explanation of our research methodology, please visit: biz.civicscience.com for the following white paper: [CivicScience Methodology and Validity Assessment](#) - Drs. Pierce, Chatterji, Snyder, and Acquisti.)

AT&T Research Step One: Identifying the Likely Switcher

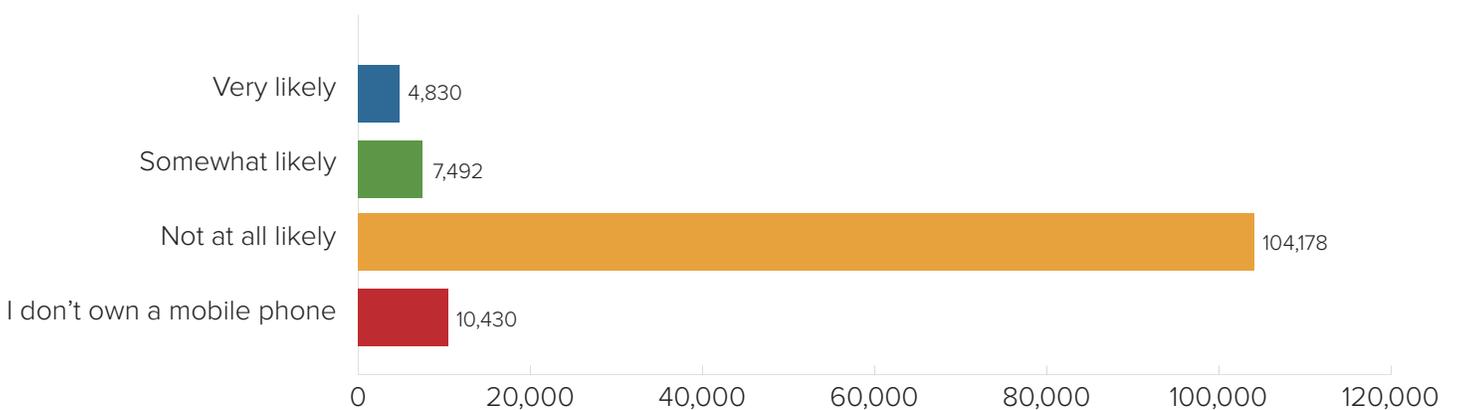
The thousands of questions circulating among our respondent population included two specific questions of relevance to this research: (1) “Who is your current wireless carrier?” From March 16, 2012 through March 15, 2013, over 1.5 million people answered this question, with 355,000 of these respondents identifying themselves as AT&T subscribers.

Figure 1.0: Who is your current wireless carrier?



(2) Beginning in September of 2012, we began asking “How likely are you to change mobile phone carriers in the next 90 days?” This question reached over 126,000 respondents during the research phase.

Figure 2.0: How likely are you to change mobile phone carriers in the next 90 days?



During our analysis, our data mining engine uncovered 96,206 consumers who had answered both the “wireless carrier” question and the “change mobile phone carriers” question. By cross-tabulating these two questions, we identified 2,497 AT&T subscribers who recently reported that they were “Somewhat Likely” or “Very Likely” to switch (“Switchers”) and 22,902 respondents who said they were not likely to switch (“Non-Switchers”).

AT&T Research Step Two: Comparing Switchers and Non-Switchers

Once segmented, we compared AT&T likely Switchers’ and Non-Switchers’ responses to hundreds of other active questions in the CivicScience survey library, building contingency tables for each comparison. These comparison questions covered basic demographics, shopping behavior, media consumption, technology usage, brand preference, and other attributes. We calculated the chi-square coefficient for each contingency table, and screened out any table that had a corresponding p-value higher than 0.01. (P-values were adjusted according to the Benjamini-Hochberg False Discovery Rate procedure.) See Figure 3.0 below for an example.

Figure 3.0: Do you usually try new products before other people do?

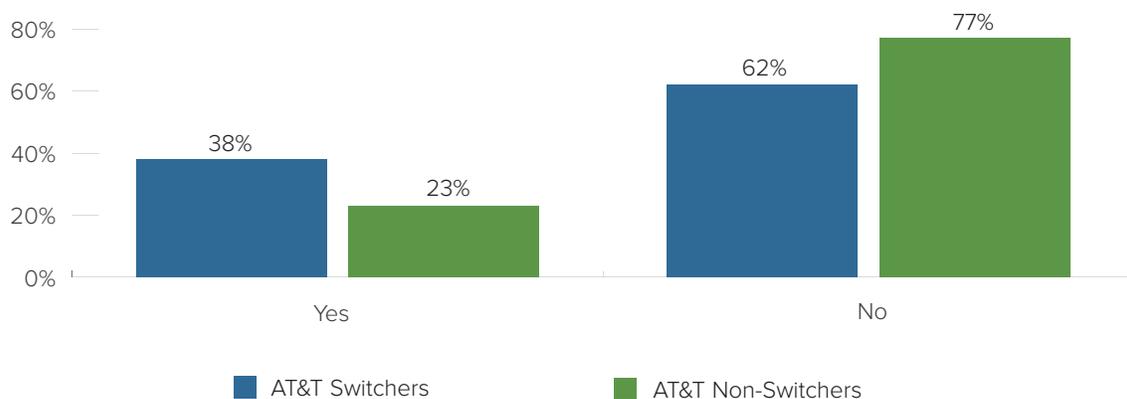


Figure 3.0 tells us that 38% of AT&T Switchers say they try new products before others do, vs. only 23% of Non-Switchers.

Shopping and Brand Drivers

When considering potential marketing and promotional tactics, a primary point of interest for T-Mobile was to determine whether AT&T Switchers are more brand-conscious or price-conscious when shopping. As part of the data analysis, CivicScience compared Switchers’ and Non-Switchers’ responses to the question “When shopping, what is more important to you: brand or price?” CivicScience found that

AT&T Switchers are more likely to be brand conscious than Non-Switchers. 17% of AT&T Switchers said brand was more important to them, vs. 10% of Non-Switchers¹.

This data point aligns with the comparisons we ran for AT&T Switchers' and Non-Switchers' responses to questions about 301 of the brands that we track. These brands include clothing stores, big box retailers, fashion labels, restaurants, auto manufacturers, and more. For 233 of these brands (77% of the brands evaluated), AT&T Switchers were more likely to say they “love” a given brand than were Non-Switchers.

CivicScience then looked at how AT&T Switchers rated these 301 brands according to their favorability by subtracting the percentage of negative responses from the percentage of positive responses a given brand received. Below are separate lists of the ten most popular restaurants and retail and apparel brands, respectively, among AT&T Switchers.

Table 1.0: Most popular restaurants and retail and apparel brands for AT&T Switchers.

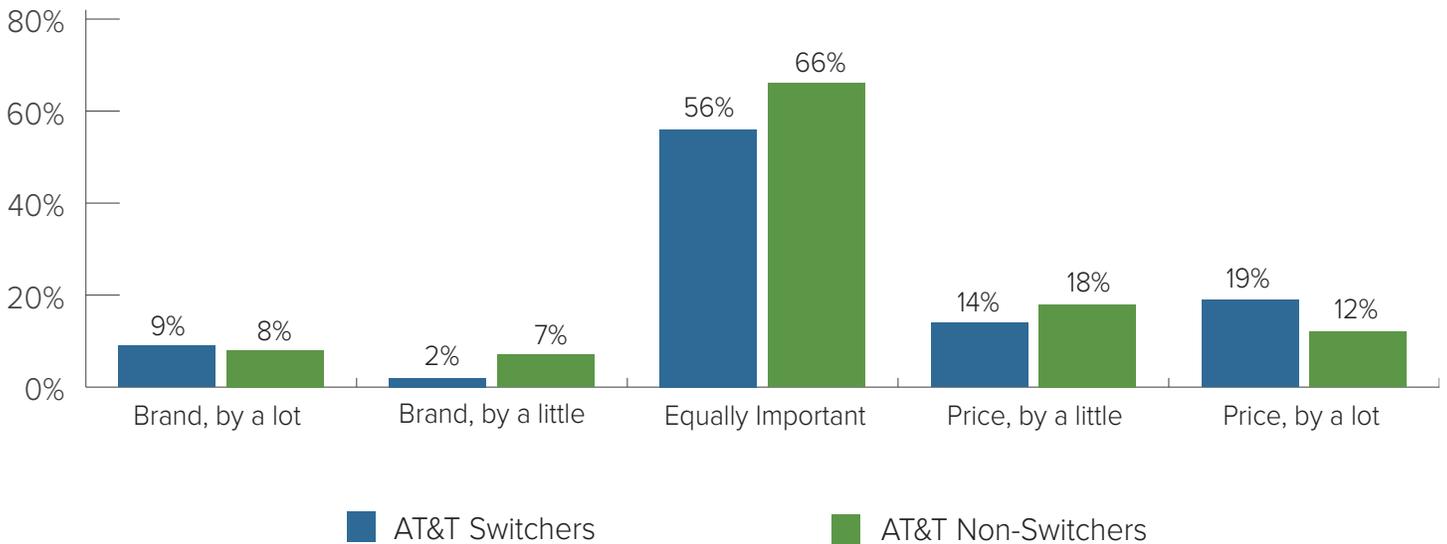
Restaurants	Net Positive Rating	Retail and Apparel Brand	Net Positive Rating
Outback Steakhouse	55%	Hanes Clothing	67%
Panera Bread	55%	Levi's Clothing	67%
Cracker Barrel	54%	New Balance Shoes	62%
Subway	54%	Carhartt Clothing	62%
Wendy's	53%	Rockport Shoes	51%
Olive Garden	48%	Champion Clothing	47%
Baskin Robbins	46%	Target	45%
Five Guys Burgers and Fries	46%	Timberland Shoes	43%
IHOP	43%	Whole Foods	38%
Texas Roadhouse	43%	Reebok Shoes	38%

Judging from these lists, while AT&T Switchers may be more brand-conscious than Non-Switchers, their most favored brands – aside from Whole Foods – can be primarily characterized as value, not luxury brands. By and large, AT&T Switchers' loyalties lie with brands that are known for producing reliable products or services at a competitive price. This makes sense, because while AT&T Switchers are more brand-conscious than Non-Switchers, they are still more likely to be price conscious in general.

¹Note: for each variation of our “brand vs. price” questions, “both are equally important to me” is the most common response.

As seen in the chart below, one interesting observation was that AT&T Switchers are 68% more likely to be price-conscious than Non-Switchers when shopping for electronics specifically. This is the only area where Switchers valued price over brand more than Non-Switchers, providing an important divergence when thinking about the types of marketing and promotions to offer.

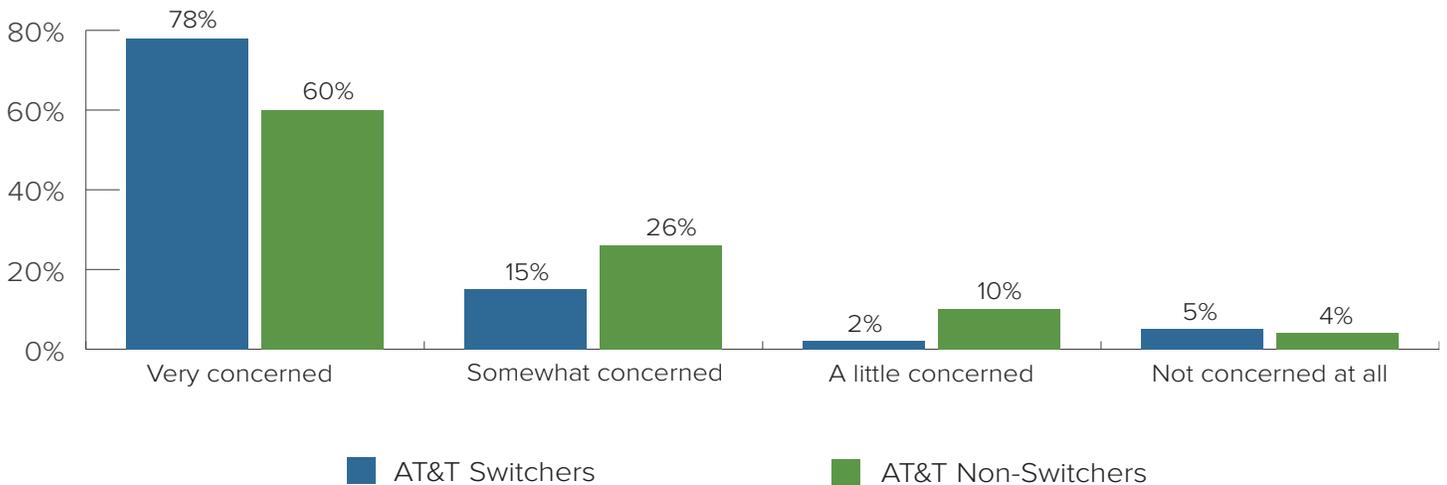
Figure 4.0: When shopping for electronics/media, what is more important to you: brand or price?



Personal Finances and Economic Sentiment Drivers

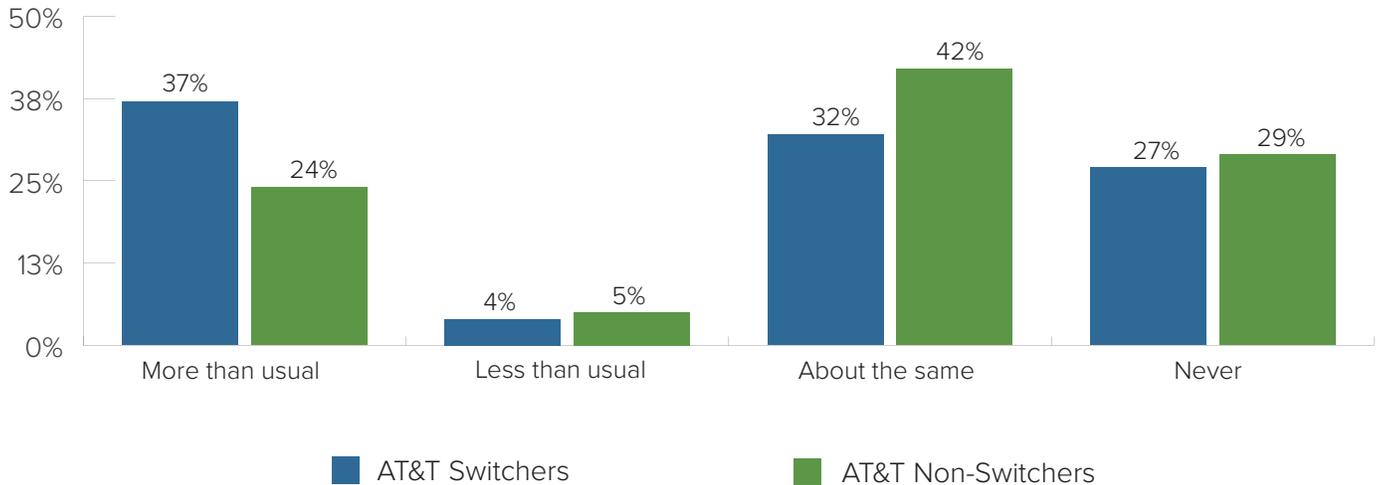
Shopping and brand preferences were not the only data points CivicScience found that indicate that AT&T Switchers’ shopping decisions might be driven primarily by value. When it comes to specific spending categories, AT&T Switchers seem especially concerned about gas and energy prices on both absolute and relative terms.

Figure 5.0: How concerned are you right now about gas and energy prices?



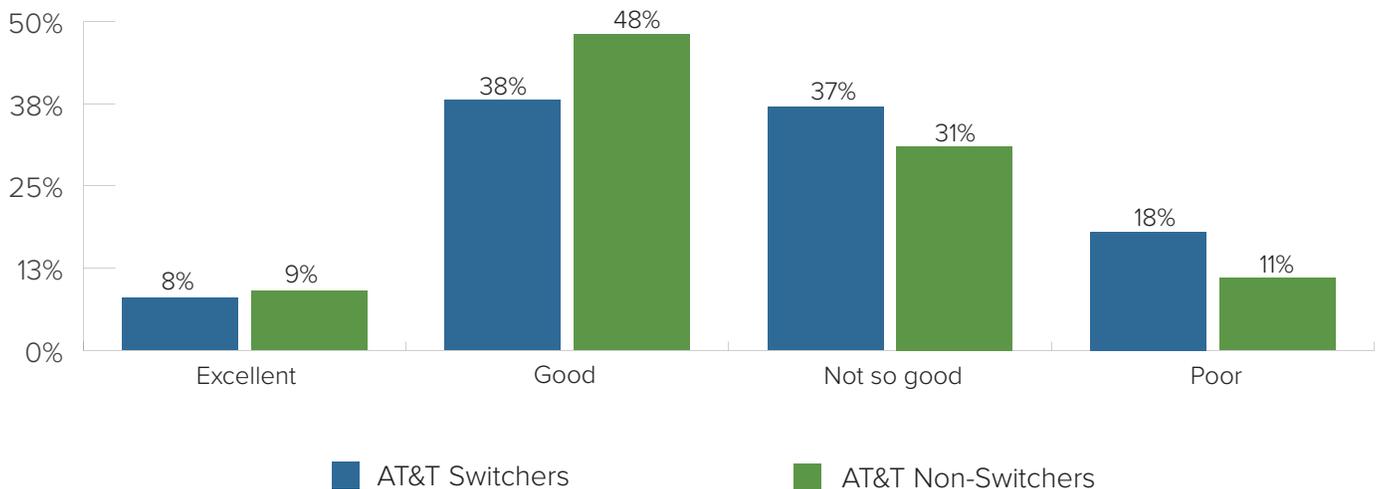
AT&T Switchers are also more likely than Non-Switchers to be using coupons when shopping “more than usual.”

Figure 6.0: How often right now are you using coupons to save money on shopping?



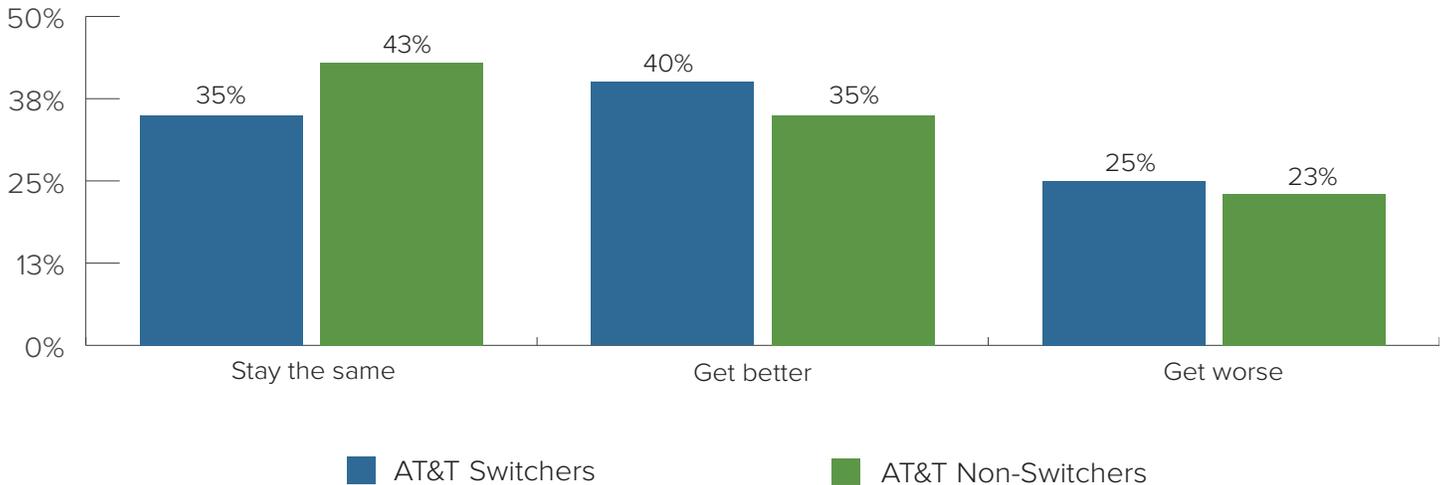
These data points seem to indicate that AT&T Switchers are currently struggling economically, both as a whole and relative to Non-Switchers. AT&T Switchers are more likely to describe the state of their personal finances as either “Not so good” or “Poor.”

Figure 7.0: “How would you describe the state of your own personal finances these days?”



With all this in mind, it’s interesting to note that AT&T Switchers’ current economic circumstances can be contrasted with a more optimistic outlook for the near future. AT&T Switchers were more likely than Non-Switchers to say that their personal financial situation would “get better” over the next six months.

Figure 8.0: Over the next six months, do you expect your personal financial situation to get better, stay the same, or get worse?



While AT&T Switchers are more likely to say that they’re struggling economically right now, they also feel that they’re close to turning the corner. This would support the notion that they are looking to switch carriers to find a superior service in the future, while still discriminating among their options based on brand and value.

AT&T Research Step Three: Comparing Possible Promotional Concepts

Based on the analysis of AT&T Switchers, we then targeted a slate of possible promotional concepts among previously-identified Switchers. A total of six concepts were tested to gauge the impact of either brandrelated or value-related promotions. These included:

- | | |
|--|------------------------|
| Earn rewards for favorite brands based on payments | Brand-Conscious |
| Earn points to purchase wireless products based on payments | Brand-Conscious |
| Lock in monthly fee with 90-day cancellation agreement | Price-Conscious |
| Earn 10% off bill with 90-day cancellation agreement | Price-Conscious |
| Earn 10% off bill every 6 payments (up to 30% after 18 months) | Price-Conscious |
| Earn 10% discount based on a 3-month prepayment | Price-Conscious |

For each concept, CivicScience surveyed a minimum 1,000-person sample based on a consistent question format:

If a wireless carrier allowed you to earn [X] based on [Y], how likely would you be to stay with that carrier?

- a. Extremely likely
- b. Very likely
- c. Somewhat likely
- d. Not very likely
- e. Not at all likely

Results were then compared across all six questions and then ranked by total likelihood on a -100% to 100% scale. The top promotions, respectively, for brand-conscious consumers and value-conscious consumers were then identified based on the total score. One promotion in each of the two sub-categories (Brand and Value) emerged as clear frontrunners. (The specific winning promotions have been obscured for proprietary reasons.)

Conclusion

Based on these results provided by the CivicScience InsightStore platform, T-Mobile can develop a roadmap for targeting specific promotional offers to known AT&T subscribers who fit the “Likely Switcher” profile based on their demographic, psychographic, and behavioral attributes. Deeper profile data regarding their media consumption habits and brand preferences enable further refined promotional targeting in future iterations.

Finally, by continuing to grow and track the segment of likely AT&T Switchers in the CivicScience database, they can monitor trends and changing profiles of Switchers over time, informing an adaptive marketing strategy accordingly.

Contact Us

To learn more about how CivicScience’s real-time polling and human insights platform, please contact us for an initial meeting and demo:

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See how our polls work at: www.civicscience.com

Visit our business site at: biz.civicscience.com