

## Company profile

O2 is a leading provider of mobile services to pre- and post-pay subscribers and corporate customers in the UK and Ireland. O2 also has fixed and mobile businesses in Germany (Telefónica O<sub>2</sub> Germany GmbH & Co. OHG), the Czech Republic (Telefónica O2 Czech Republic) and the Isle of Man (Manx Telecom). In addition, O2 has established the Tesco Mobile and Tchibo Mobilfunk joint venture businesses in the UK and Germany respectively. O2 is a wholly-owned subsidiary of Telefónica S.A. [www.o2.com](http://www.o2.com).

- Over 22 million UK customers.
- Revenues in excess of £6 billion.
- 27% of UK market share (rank #2).
- #1 rating for customer satisfaction.

## Business situation

Over 50% of O2's UK subscriber-base is made up of pre-pay (Pay & Go) customers, who typically buy an O2 SIM card in a supermarket or other retail outlet, or receive a free SIM, and top-up their account as needed. They have no contract with O2, and could switch to an alternative provider in an instant.

In the majority of cases, the only contact detail that O2 has for these customers is their mobile phone number, and traditional methods of marketing communication (such as email and post) can't be applied.

Keeping these pre-pay customers loyal to the O2 brand is a business imperative, and part of O2's strategy to achieve this is through a wide range of tariffs and bolt-ons, offering service differentiation and best-value.

Successfully marketing these offers to O2 subscribers, when all you have is a mobile number, is not easy. O2 found that outbound SMS was often not an effective call-to-action, and ensuring that customers fully understood the terms and conditions of taking-up a new offer was also difficult through SMS alone.

## Solution

HTK used Horizon to implement a high-volume inbound 'marketing IVR' service. O2 continued to send outbound communications by SMS, but rather than ask customers to reply to the SMS in order to discover more about an offer – and potentially purchase it as a bolt-on – the SMS call-to-action was to dial the IVR.

Callers to the 'marketing IVR' are recognised by their mobile phone number, and the real-time CRM data-segmentation capability of Horizon is used to determine which tariffs, offers and promotions are eligible. Rather than a 'one size fits all' IVR menu, each caller is presented with marketing content specific to them.

The HTK Horizon IVR service handles over 20 million calls per-year for O2 UK, across 2,000 inbound lines.

## Benefits

Over a four-month period between January and April, O2 ran a focused marketing campaign (“Project Drive”) with the objective to retain 225,000 customers who were identified as being at-risk of leaving O2.

To identify the benefit of the Horizon marketing IVR service (compared to the previous approach of using SMS only) an ‘A / B split’ test was used to target two equivalent groups of 10,000 subscribers each. In each case an SMS call-to-action was used; with one group being prompted to reply by SMS and the other group being encouraged to call the ‘2202’ marketing IVR number. Customers were to be offered a new bolt-on, and campaign success was measured as the uptake of that offer by an at-risk subscriber.

The test results were as follows:

	Response	Success
SMS call-to-action	10.8%	8.1%
Horizon IVR call-to-action	27.9%	18.9%
<b>Improvement using Horizon</b>	<b>258%</b>	<b>233%</b>

Following the successful test, the Horizon marketing IVR was used as the call-to-action for the remaining at-risk subscriber base. During the three-month period, over 61,000 customers were actively retained.

O2 estimated that the increase in customer retention from using the IVR service generated an additional £225,000 in the first-month alone. That equates to a return on marketing investment of more than 900%.

What’s more, callers to the IVR can be targeted with multiple promotions and offers within a single call, making it a highly cost-effective channel and one that O2 customers enjoy. In actual fact, call analysis has shown that subscribers often dial into the 2202 service without an SMS call-to-action, simply because they know the IVR will make relevant, timely and engaging offers that they’ll be genuinely interested in.

Horizon has become a cornerstone of O2 UK’s pre-pay marketing, handling over 20 million calls per-year.

## About HTK

The HTK Horizon Software-as-a-Service platform changes the way that businesses sell-to and serve their prospects and customers. Horizon’s industry leading CRM data-segmentation capabilities and seamless integration of email, social, mobile and voice communication channels enable the creation of more effective marketing campaigns, a higher adoption of customer self-service and greater customer satisfaction, with the ROI and cost benefits of a true SaaS solution.

Horizon is used by small businesses, government departments and large enterprises including Telefonica O<sub>2</sub>, Specsavers, the Scottish Environment Protection Agency and over half of all UK Police forces.

To learn more about HTK and the Horizon platform visit [www.htkhorizon.com](http://www.htkhorizon.com)