



WHITEPAPER

Physical no more – the case for shifting to digital sales channels

An MNO guide for the post-Covid era

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 upstream

Introduction

These are challenging times for mobile network operators (MNOs). They face fierce competition from new service providers. They are making massive investments in new generation networks. And then there's Covid-19, which is spreading economic uncertainty across the world.

The pressure is on to boost ARPU and reduce churn. MNOs need to unlock new revenue streams, safeguard existing incomes and strengthen their core business offerings. They also want to improve customer experience and engagement.

Today, many MNOs still rely heavily on physical stores and call centres to sign up new customers – or upsell packages and services to existing subscribers.

This approach is both expensive for mobile operators and time-consuming for customers. It has also been severely impacted by the Covid-19 pandemic. Estimates say in-store sales are down 90 per cent. And many believe physical commerce will not return to previous levels when the pandemic is over.

The alternative is to use digital outreach. However, many MNOs lack the technical infrastructure to precisely target and convert customers using digital channels. Some lack the in-house skills to create strong campaigns. They might also have budget constraints.

These MNOs need to find a solution fast.

In this whitepaper, we will deep-dive into the digital sales universe. We will show how new tools from vendors such as Upstream make it possible for MNOs to sell online, and to target and convert pre-pay users to post-paid using a variety of channels.

These channels are all digital – no need for store visits or call centre conversations – which keeps costs to a minimum. In fact, there is no upfront cost at all. Upstream's solutions are based on a commission per sale model.

Finally, we will show how a major Brazilian MNO adopted these tools to:

- Upgrade 100,000 customers in eight months
- Improve its conversion rate by 20 per cent
- Reduce cost per migration by 40 per cent

What happened when a Brazilian MNO switched to digital sales

Upgrade
100K
customers in
eight months

Improved by
20%
the conversion
rate

Reduce
40%
the cost per
migration



The case for MNO digital sales

Arguments in favour of embracing new channels

Many operators still depend heavily on physical stores and call centres to manage most processes – including post-paid sales and pre-pay upgrades. While the human touch has some advantages, the truth is that digital sales help customers complete faster. For MNOs, these channels offer a much better ROI.

There are several reasons why the tide is turning towards digital sales:

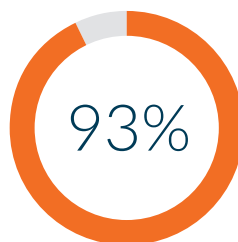
Covid is forcing change

Covid has accelerated a 'new normal', which is digital. Lockdown has forced the closure of physical stores and some call centres. Consumers have been pushed towards digital commerce. Many will not go back to physical transactions as they did before.

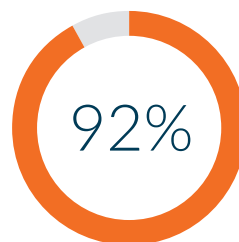
Covid-19 telecom trends

% of telecom executives expecting the following trends

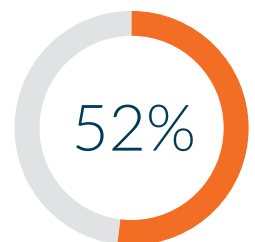
“ Covid has accelerated a new, digital, normal”



Higher online queries



Higher online sales



Reduction in number of physical stores

All data points to this conclusion. According to **Delta Partners' 'Outlook for Telecom Operators post-Covid'** report, more than 90 per cent of industry executives say they are preparing for a massive surge of online customer queries and sales. More than half foresee a sizeable reduction of physical stores.

Customers are demanding digital self-care

In multiple reports, industry analysts have identified customers' preference to help themselves. According to **Forrester**, "customers increasingly leverage self-service and agent-assisted digital communication channels for customer service, as these channels have the least amount of friction."

MNOs can deploy multiple digital channels

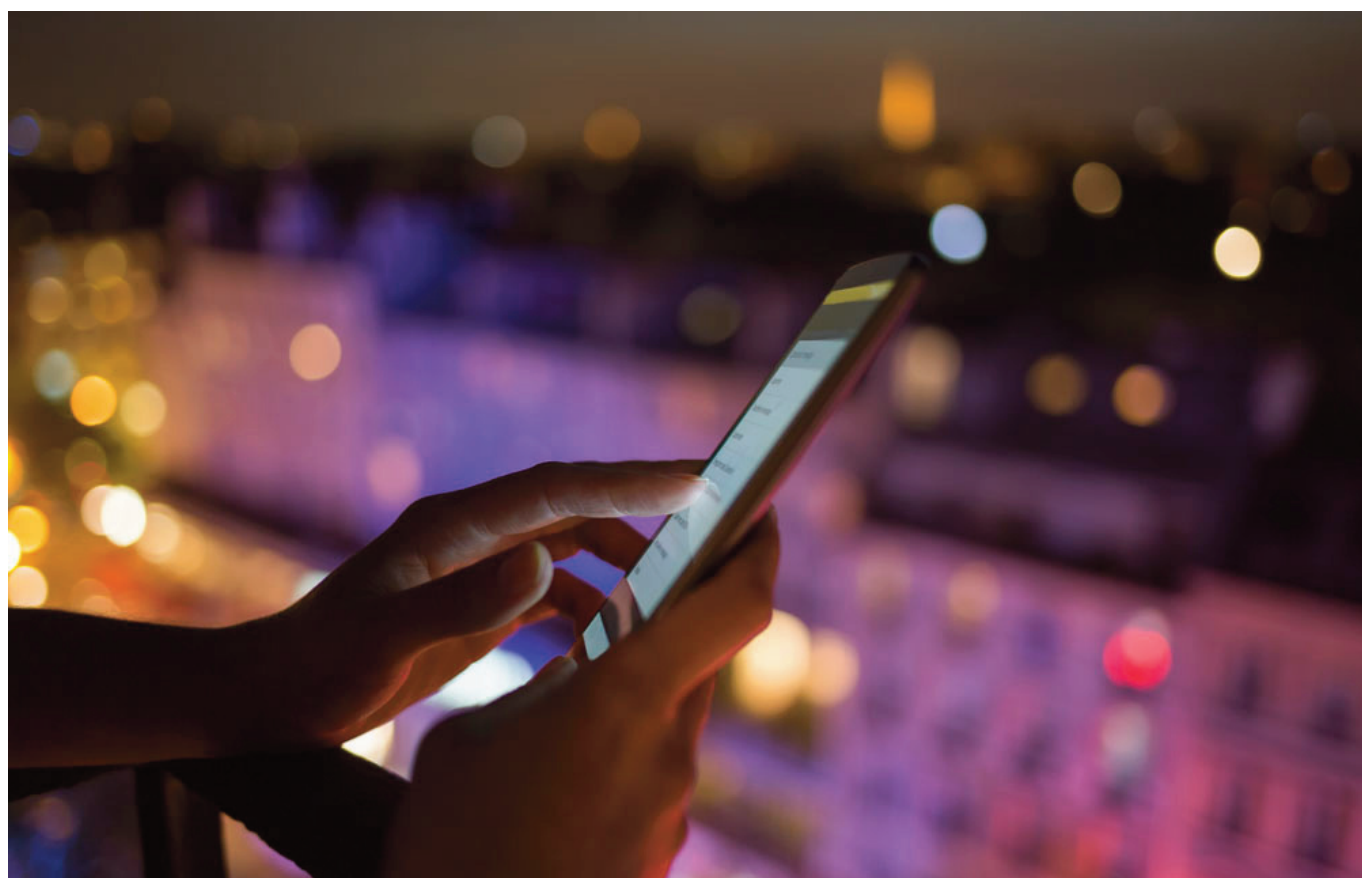
MNOs have an array of digital channels through which to target new customers and upsell existing subscribers: website, app, SMS push. However, there are also less obvious options. Take the balance check menu. Pre-pay customers frequently arrive at this portal to assess their credit. This can be an effective destination for upselling customers to post-paid contracts.

Digital channels support proactive and customised campaigns

Most sales handled by call centres and physical stores either rely on customers to make the first move or are customer-agnostic. Digital is different. MNOs can precisely target individual customers with personalised offers.

Digital journeys can be analysed and constantly improved

It's far easier to monitor the digital journey than the in-store and call centre process. MNOs can scrutinise performance analytics and run A/B tests to assess factors such as copywriting, the layout of forms, placement of buttons and so on.











Digital selling applies across the portfolio

MNOs can sell a wide range of products and services digitally




MNOs have a plethora of offerings in their portfolios that they can sell via digital channels. These include post-paid contracts and other core products, pre-paid to post-paid upgrades and digital products and services.

9 products MNOs can sell digitally

Core

-  New post-paid activations
-  Mobile portability activations
-  Prepaid to hybrid/control plain conversions
-  Pre-pay/hybrid to post-paid plan conversions
-  Post-paid plan renewals
-  Direct debit/credit card charging sign up

Non-core

-  OTT services promotion (e.g. video streaming)
-  Mobile money products (e.g. e-wallet, micro-loans)
-  Cross-selling to fixed-line services



The opportunity for emerging economy MNOs

Data-hungry smartphone owners. Newly connected users

There's a strong argument for every MNO to switch to digital selling. However, the case is especially compelling for operators in developing markets.

These MNOs are sitting on a vast untapped market. Every year, millions of people in their regions are buying smartphones. For the first time, these customers want a data allowance. A post-paid contract is the most cost-effective way for them to get it.

Meanwhile there are millions of existing customers on pre-pay deals. They are on the same smartphone journey. The opportunity is there to move these individuals to post-paid contracts too.

“ Emerging market MNOs are sitting on a vast untapped market ”

Digital channels offer the most efficient way to make these sales.

Here are four data points that show why digital sales are a must for MNOs in developing economies:

Demand for mobile data is driving post-paid sales. And it's growing.

In its **Mobility Report**, Ericsson stated that mobile data traffic will increase 5x to reach 164EB per month in 2025. Smartphones generate 95 per cent of mobile data traffic.

The mobile market in developing economies is overwhelmingly a pre-pay one.

According to a report by **Strategy Analytics**, pre-pay customers accounted for 71 per cent (5.7 billion) of global connections in 2018. In developing economies, the rate was 82 per cent.

Post-paid customers spend more than pre-pay customers. They are also more loyal.

In the eight markets studied by Strategy Analytics, pre-pay churn ranged from 37 per cent to 80 per cent a year. For post-paid it was 16 per cent. This means, on average, MNOs have to replace their entire pre-pay subscriber base every two years.

There is still a substantial cohort of unconnected customers waiting to buy a phone and sign up – possibly to a post-paid plan.

In its **Mobile Economy 2020** report, the GSMA said it expects 600 million new subscribers – from countries like India, China, Pakistan and Nigeria – to connect by 2025.

Putting digital sales into action

The factors holding MNOs back. The need for experienced partners

If digital journeys are so effective, why are so many MNOs unable to offer them?

Often, the answer comes down to **budget**. MNOs have CAPEX and OPEX constraints. It costs money to build a digital strategy that embraces all channels and links back to existing CRM systems. With so many other investment priorities, MNOs can overlook the digital sales process.

There is frequently a **skills-gap** too. It is expensive to recruit and train digital sales personnel. This explains why the majority of MNOs still sell post-paid contracts – the most obvious candidate for digital conversion – via call centers and physical stores.

And when they do make it possible for customers to buy or upgrade digitally (especially in emerging markets), it is usually via a form on the website that triggers a future call-back.

“ MNOs turn to specialist e-dealers like Upstream ”

To unlock every available digital sales channel MNOs can turn to specialist e-dealers such as Upstream. These partners can build systems, and constantly iterate them to produce the best results.

Upstream has been working with operators in developing economies for 15 years. It has created solutions that allow MNOs to migrate to digital sales in weeks. And it does this for zero CAPEX (set-up) or OPEX (running) costs. Upstream's model is a revenue share on completed conversions. MNOs can see sales from digital channels in just two months.





Different levels of MNO readiness

How e-partners tailor the digital sales strategy for every need

Some MNOs are new to digital sales. Some are more advanced. But whatever the level of readiness, every operator can get help to unlock the full monetization potential of digital channels.

The chart below shows how novice, established and advanced MNOs currently handle product sales – and how e-partners can help them move to digital.

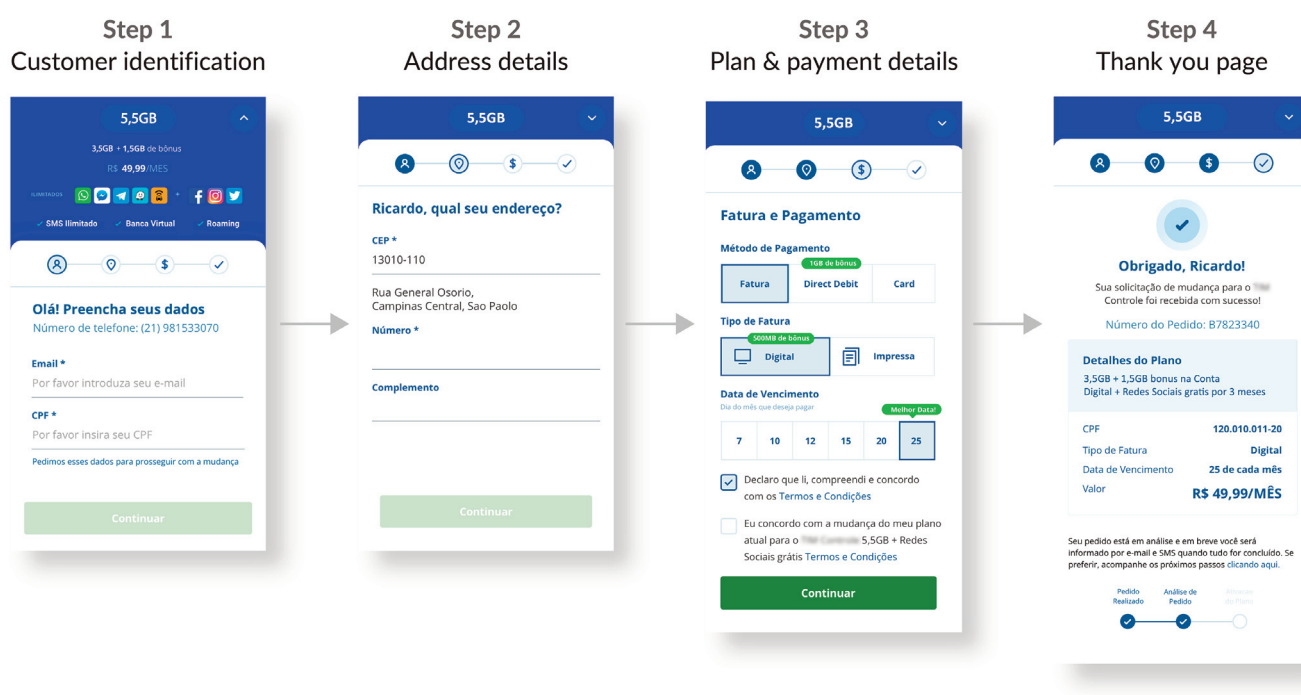
	Novice players	Established players	Advanced players
MNO Maturity Level	<ul style="list-style-type: none">Typically new entriesDigital sales limited to call centers & online formsHigh customer acquisition costs & limited response ratesReliance on inbound voice calls or call-backs, resulting in high costs & low conversion response rates	<ul style="list-style-type: none">MNOs with longer market presenceDigital user journeys rely heavily on organic traffic from websites & appsProactive reaching out & targeting still an issue	<ul style="list-style-type: none">Large mobile operatorsA wider range of digital user journeysUse of e-dealers to drive acquisitionsCan improve by adding incremental non-organic traffic, optimizing targeting & improving conversion rates
Upstream	New fully digital user journeys to complement existing channels & speed up time-to-market.	New, non-organic traffic sources to expand reach into new segments. Optimized traffic through better targeting & advanced retargeting.	Improved targeting by proactively reaching prospects via new segments & channels. Proof of concept to compare performances.

The three MNO digital sales maturity levels & the e-partner contribution

Specialists such as Upstream assist MNOs in a number of important ways. In order to give customers successful digital journeys, MNOs rely on enablers such as existing CRM systems that can help them identify the best customer targets. e-Partners offer simple APIs to link these CRM platforms to digital sales channels.

They can also help MNOs to explore all possible **targeting** routes. These include tried-and-tested channels such as Sat Push and IVR. However, partners can also help MNOs open up less obvious options. One example is the zero-rated content portal.

Customers can visit these destinations to access value added content without using any data. Many operators in emerging markets offer them. These portals can provide an effective destination for driving post-paid upgrades. e-Partners can help to unlock their potential.



Here is a typical user flow designed by Upstream. Screens are easy to read and complete. Multiple A/B tests on the copy and layout are performed to get the best results.

Another key area is the customer journey itself. Specialists such as Upstream know how to optimize the user experience with good copywriting/design and with rigorous testing to find the most high-yield journeys. They can also provide fraud detection algorithms to minimise the risk of fraudulent sign-ups.

Finally, when a customer abandons the sign-up process, a good partner will analyze why. It can then **re-retarget** the customer with a new message via another channel.



Enablers	CRM /Billing system connectivity	Prerequisites to build & boost digital sales. If APIs are unavailable Upstream can support to develop workarounds
	Credit scoring (post-paid)	
	CVM / Campaign Mngm System Connectivity	
Targeting	Digital marketing campaign design & deployment	Effective DM campaigns via traditional & new channels fueled by expertise & global footprint
	Traditional MNO Channels	Text optimization & continuous A/B testing for improved conversion from SMS to digital flow
	Alternative MNO Channels	SatPush, Interactive IVR, SIM Menus, Balance Check, USSD etc, often overlooked for their upselling opportunities, can be unlocked & augmented versus traditional channels
	Traditional Digital MNO Channels	MNO website: digital flows for web purchase journey optimization MNO app: leads' execution to custom digital flows
	Non-traditional Digital MNO Channels	Captive portals & data rewards platforms: driving digital sales & pre to post conversions. Upstream's zero-D allows MNOs to improve customer out-of-data experience driving digital sales, engagement, powered by mobile advertising
	Call Center & Offline Channels	Normally with high acquisition costs & reduced reach these channels take a back seat
Digital Purchase Journey Optimization	Digital Purchase Journey Design	Engaging digital journeys that are easy to follow and finish, designed to be intuitive & drive completion
	Continuous Performance & Analytics	"Design-test-adapt" agile methodology adapting the flow for maximum conversions
	Fraud Prevention Algorithms	Advanced fraud detection capabilities to only allow legitimate transactions & protect customers & revenue
Advanced Retargeting	Targeting & Funnel Conversion Rate Analysis	Embedded analytics to retarget customers falling-off the funnel with the right message & channel
	Cross-Channel Optimization	Using full suite of channels to ensure conversion rate ie retargeting a web-sourced customer via SMS to reengage

How e-partners can help: APIs, identifying channels to target, optimizing the journey, retargeting



Case study: How digital sales delivered for one Brazilian MNO in months

100,000 pre-paid users moved to post-paid plans

Brazil is Latin America's largest telco market with more than 200m subscribers. But it is dominated by volatile pre-pay users with a high propensity to churn

“Brazil’s MNOs in race to convert customers to post-paid”

Because of this, its MNOs are in a race to convert their more valuable subscribers to post-paid contracts. The incentives are obvious: higher and more stable ARPU, lower churn.

In 2019, one of Brazil's major operator's joined forces with Upstream to target and upsell pre-pay customers without the use of call centres and physical stores.

The MNO had already made some inroads, working with e-dealers to increase its digital sales. Upstream was called in to complement this activity by unlocking new traffic sources and adding new channels through which to target customers.

A winning multichannel approach



One of these new channels was Upstream's own proprietary data rewards platform, Zero-D. Customers could visit this zero-rated portal to earn more data by watching videos or filling in surveys.

Upstream performed hundreds of A/B tests to make these purchase journeys friction-free. It did this by simplifying data inputs and improving copywriting.

Sometimes, the improvements were counter-intuitive. For example, when a new pre-purchase confirmation screen was added (which lengthened sign-up times), it reassured nervous customers. This improved conversions by 44 per cent.

And, of course, when subscribers did not complete, Upstream deployed its re-targeting tools. It analysed the results to see which channel and which message would win back the abandoning customer.



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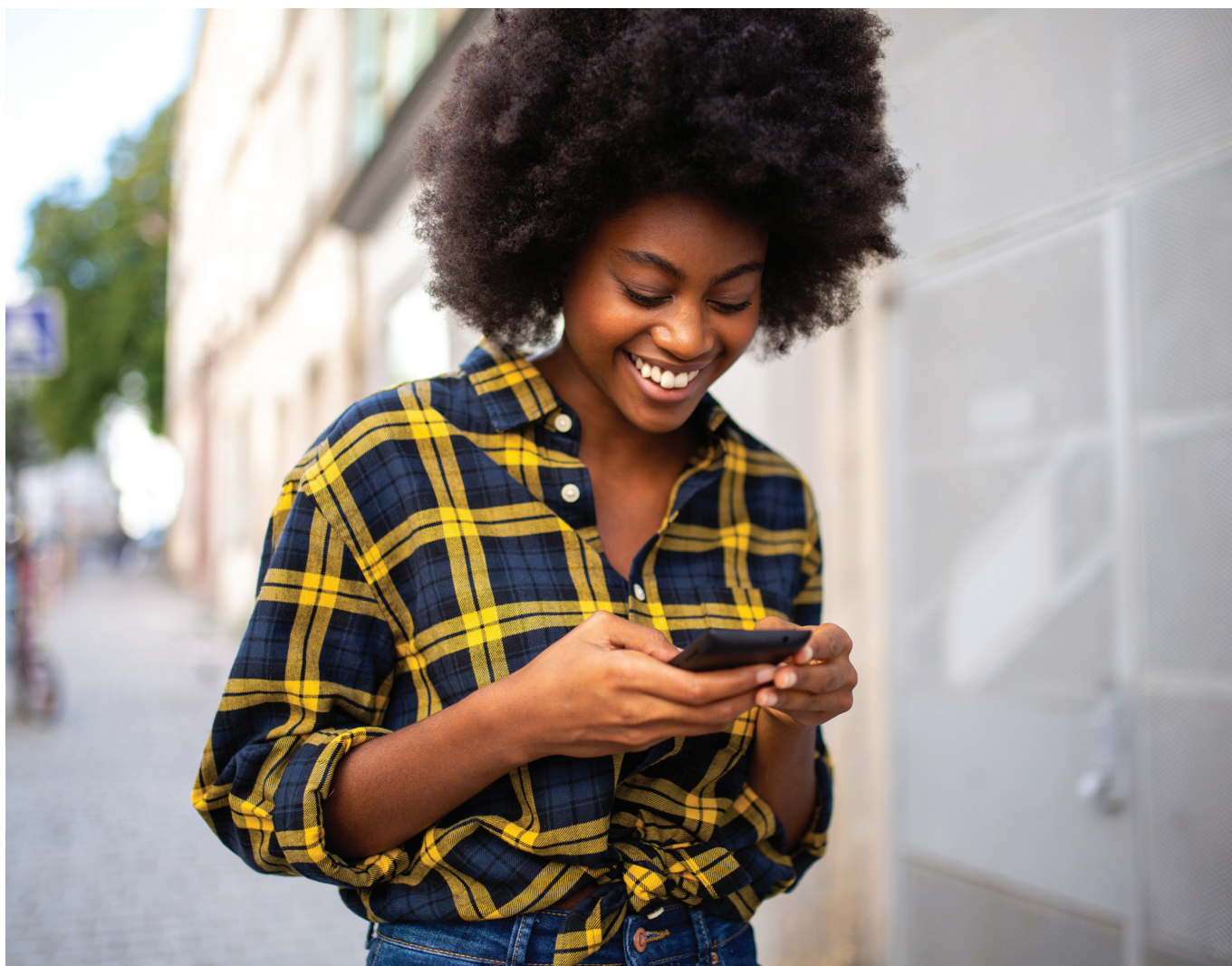
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✓ Ligações ilimitadas para qualquer operadora
✓ Banca Virtual ✓ Roaming Nacional ✓ Globo Livros

I want this offer

44%
Total increase in
conv. rate





The results

Upstream migrated more than 100,000 pre-paid users to higher value post-paid plans in eight months. In so doing it **outperformed the target given by the MNO by 360 per cent.**

The MNO saw overall plan migrations grow by 20 per cent, with Upstream driving a quarter of them.

Crucially, the cost of migrating pre-pay customers to post-paid contracts was slashed – 40 per cent less than when using stores/call centres.

100K

post-paid upgrades
in 8 months

40%

decrease in
cost per upgrade

20%

additional
post-paid sales

63PB

data purchased
in total

“ Outperforming MNO target by 360% ”

Conclusion

Covid has accelerated the shift away from physical. It has reduced store visits by 90 per cent. Digital transactions are the new norm and buying habits are expected to change permanently.

Customers now demand a personalized and seamless user experience across multiple digital touch points. Their expectations are higher than ever.

The good news is that every MNO has the ability to respond. They can offer digital user journeys across a range of channels. They can also precisely target individual customers with personalised offers.

In emerging markets, the opportunity is especially compelling. MNOs here can move millions of customers from pre-pay contracts to post-paid plans using digital sales. They should also be ready to offer the same plans to unconnected users – and those of rival networks.

There are significant rewards for doing so. Post-paid customers deliver more ARPU. They are also more loyal. The average annual rate of pre-pay churn is 37 per cent to 80 per cent. For post-paid it is 16 per cent.

Relying on stores and call centres to sell core and non-core is no longer enough. MNOs, regardless of their readiness, need customized solutions to build up their digital sales capabilities. They need to offer well-designed digital journeys that they can optimise when needed. They need to grow non-organic traffic and develop multi-channel strategies.

It's not easy. MNOs are investing heavily in intensive network roll outs. They have budgetary restraints. Often, they lack the in-house expertise to push any digital transformation project forward.

E-partners like Upstream can support this transformation voyage. They have the technical infrastructure to sync with MNO billing and CRM systems. They have the expertise to create compelling digital journeys across every available traditional and new channel. They can set up campaigns in two months.

And they can deliver all this for no upfront cost.

sales@upstreamsystems.com



Upstream is the go-to partner for mobile operators seeking to achieve digital growth. As a leading mobile technology company, we provide innovative solutions that offer seamless and secure mobile Internet access to 1.2 billion consumers in high growth markets. The MNOs partnering with us unlock new revenue streams while strengthening their core business offerings, drive conversions and reduce churn. At the same time they invigorate their customers' experience and engagement via Upstream's personalized digital journeys and omni channel approach. Our end-to-end solutions make migration to digital sales only a matter of weeks with no need for upfront investments. Upstream currently works with more than 60 MNOs in over 45 countries in Latin America, Africa, the Middle East and South-East Asia.

For more information visit:
www.upstreamsystems.com/digital-sales



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