

DTS Reference Case: Telekom Networks Malawi

Reducing Dual Sim Usage in Competitive Prepaid Markets



Overview

TNM has been using Digitata's Dynamic Tariffing System since 2012 under the product name of Yanga.

TNM's Yanga is a service where subscribers enjoy intelligently priced voice calls and data bundles based on time, location and subscriber segment.

Over 70% of TNM's active prepaid subscribers are registered with Yanga.

Business Challenge

TNM operates in a duopoly with high "dual-simming" in the market.

Digitata was tasked to conceptualise and execute a strategy to increase TNM's market and wallet share.

The key metrics to be measured for success were off-net MOU and revenue increase.

Market Characteristics of Malawi

Country Population	18.9M	Prepaid Market	97.5%	Telephony Penetration	43%
Mkt Size by Connection	8.1M	Market ARPU	\$2.05	Number of MNOs	2

Source: GSMA Intelligence (Q4-2017)

Digitata Methodology

Digitata implemented its tried and tested methodology for executing on the business challenge.



Digitata's Methodology at Work

1 Determine Business Objectives



The business objective was to increase market share and increase off-net subscriber activity (MOU).

2 Formulate the Strategy



The strategy was to target off-net voice rates in three stages to encourage existing subscribers to make TNM their primary SIM, thereby improving wallet share.

Stage 1:

Decrease off-net rates dramatically to create a viral word of mouth campaign.

Stage 2:

Segment the market and increase rates based on segment elasticity.

Stage 3:

Find a new point of price equilibrium where rates are effectively lower than the rates offered pre-campaign, but individual usage and subscriber numbers have increased.

3 Subscriber Profiling through Segmentation



The campaign focussed on subscribers segmented by location, time and subscriber value.

Within the nominated locations and time periods, intelligent pricing offers were calculated with high-value customers targeted to increase revenue.

4 Intelligent Pricing Offers



Digitata's Dynamic Tariffing Solution delivered intelligently priced off-net and on-net offers on Voice Pay As You Go (PAYG).



Business Objectives



Strategy Formulation



Customer Segmentation



Intelligent Offers

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5 Communication Channels

Digitata selected three through-the-line digital engagement channels to communicate the Intelligent Off-Net offers to TNM subscribers.

- **Cell broadcast (CBC)** on feature phones
- **Start and End of Call Notification** messages
- **USSD Push and Pull** to allow the subscribers to proactively query available intelligent offers.



6 Analytics and Reporting

The four KPIs impacted by the strategy included off-net MOU, effective tariff, revenue and market share.

Stage 1: The first stage of the strategy was to dramatically decrease prices in the target areas to create market buzz and enhance viral marketing to stimulate a sizable customer response.

The decrease in prices resulted in a large increase in MOU and activity amongst subscribers. Note that the anticipated reduction in revenue occurred.



The revenue reduction is the marketing cost of increasing subscriber awareness and uptake over this short period.

Stage 2: With awareness created and activity stimulated in stage 1, Digitata then systematically increased prices in small increments.

The slight upward adjustment in pricing was done to test for optimal new price points where usage and revenue upliftment would be achieved.

Consistent usage by both current TNM subscribers as well as competitor subscribers who dual-SIM, resulted in an overall subscriber upliftment.

Stage 3: From results gathered in stage 2, enhanced optimal price points were implemented in stage 3 to achieve our ultimate objective of increasing TNM's off-net subscriber activity (MOU) and improving market share in predefined regions, with revenue upliftment.

With the new optimal price points obtained under a more aggressive pricing strategy, Digitata's intelligent pricing engine was empowered by TNM to continue optimising price points automatically.

Key Performance Indicators Achieved



This allowed TNM to drive revenue upliftment while sustaining high levels of subscriber activity.

7 Return on Investment



No additional investment was required from the operator to implement this strategy.

This meant that all additional topline revenue contributed to increased profits.

Even after the campaign, the targeted locations continued to experience a revenue increase of more than 40% in off-net voice revenue. Acquired subscribers remained loyal.

Key Takeaways

Applying Digitata's intelligent offers to segmented subscribers allowed enhanced price discrimination and yielded increased revenue at effectively lower rates.

From Our Customer...

"Digitata is very good at coming up with a strategy that delivers results. The team is supportive and very hands on, with constant reviews and feedback that ensures the client is informed at every stage of the process."

Ngamise Gumbo – Manager - Product Development



Communication Channels



Analytics & Reporting



Return on Investment



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