

Reduced customer churn and improved brand loyalty with an automated top-up service

AN ALPHACOMM SOLUTIONS CASE STUDY

Deutsche Telekom, a telecommunication company in Germany, was having trouble retaining its prepaid users. To guarantee a steady flow of top-up income from prepaid customers and to reduce churn rates, a much easier top-up method was required. Deutsche Telekom turned to Alphacomm Solutions for help with its automatic reload undertaking.

The company: a telecom company making life easier for customers

With some 165 million mobile customers, Deutsche Telekom is the largest telecommunication companies in Germany, providing postpaid and prepaid telecom solutions. But its ambitions don't stop at national borders: its aim is to become the leading telecommunications provider in Europe. Making life easier for people has become one of its mantras.

The challenge: how to reduce churn rates and create loyal customers

For Deutsche Telekom to be successful, it was essential to create loyal and happy customers across the board, but this is a challenge in the prepaid phone market, where no contract and a commoditised product means no commitment.

The lack of an automatic top-up service gave prepaid customers no opportunity to establish a longer-term relationship with the company. As a result, they would often switch to another provider, making it difficult for Deutsche Telekom to control churn in this part of the business.

It was time to meet the needs of its prepaid customers.

The first step was to recognise that most prepaid users don't really care which provider they go to for their prepaid plan as long as they get good coverage and can top up their credit easily and quickly. The second step was to work out the best way to help customers extract as much value as possible from their existing Deutsche Telekom prepaid plan so they wouldn't be lured away by a competitor.

The company realised it needed to offer an automated top-up service via its own website and mobile app. Not only would this make life much easier for its customers (as per its mantra) but also it would strengthen loyalty among its customer base and provide valuable marketing insight into consumer behaviour.

The solution: an automatic top-up service to make reloading credit a piece of cake

To ensure its top-up solutions would serve the needs of its customers perfectly, Deutsche Telekom asked Alphacomm Solutions for advice. Ilona Wayand, Senior Manager Prepaid at Deutsche Telekom explains: "We wanted to provide the most appropriate automatic top-up features and most relevant payment methods for our customers to increase our own revenue *and* to create the most customer-friendly prepaid experience."

Alphacomm Solutions' recommendation was its reload service. This customised tool comes with three automatic top-up solutions to make the whole top-up process a piece of cake for its clients' customers:

- 1. Automatic periodic top-up:** The customer determines when or how frequently the account is credited. For example, on the first of every month, three days prior to the plan's expiry date, or every four weeks.
- 2. Automatic low balance top-up:** The customer instructs the provider to automatically top up the account whenever the credit balance falls to a certain limit, say €5.
- 3. Automatic bundle top-up:** The customer mandates the purchase and activation of a recurring bundle of text, minutes and data as soon as the current bundle expires.

Although Alphacomm Solutions handles all the payments itself through Centurion—its top-of-the-line white-label payment platform—it nevertheless provides a seamless branded payments experience for Deutsche Telekom's customers. Centurion's front-end integration means customers don't have to be transferred to a third-party website to sign up to the service or make changes.

To reduce the risk of cart abandonment during the enrolment process, Alphacomm Solutions offers customers the most common global and European payment methods: PayPal, Credit Card and SEPA Direct Debit. Furthermore, it automatically insures every top-up payment against fraud. This means Deutsche Telekom doesn't have to worry about any type of fraud and doesn't have to waste any resources on fraud protection.

"Alphacomm truly provides an end-to-end reload solution," says Wayand. "It takes care of all the payments on our behalf, gives us a zero-fraud payment guarantee, provides excellent business insights into the automatic top-up sector, and offers great customer support."

Outcome: happy and loyal prepaid users, reduced churn and increased customer value

Since Deutsche Telekom has introduced the automatic top-up service to its prepaid customers, a quarter of all online top-ups has been automatic. Customers no longer have to manually top up their prepaid credit online (or instore) if they don't wish.

Automatic top-up not only frees customers from the worry of running out of minutes or data when it's least convenient but also encourages them to top up more frequently. What's more, by strengthening the bond between company and customer, the average value of each prepaid customer increases and loyalty to Deutsche Telekom improves significantly. The result? A far lower churn rate and a much easier life.