

Increasing Revenue from your Prepaid Customers

Bertus van der Vyver
Executive Head of CRM
VODACOM SA

Email: bertusv@vodacom.co.za
Mobile: +27 82 7891034



Topics of Discussion

- Overview – South Africa & Vodacom
- Establishment of Direct Marketing Competency
- Campaign Success Stories of 2007
- Future plans...

Overview – South Africa

■ General

- Population of 47.4 million
- Size: 2,250km (North-South)
- Multi-cultural (11 languages)
- 25% Unemployment
- 60% Literacy
- Industries: Mining, Tourism, Agriculture
- Sports MAD!

■ Telecommunication

- Role of GSM in Democratization of Communication in SA
- Adoption of Converged Technologies & Licenses
- 4 Mobile Operators (since 1994) – including 1x MVNO
- Continued Major Growth
- Estimated 42m Mobile Customers
- 86% SIM penetration
- 85% Prepaid
- Mobile Number Portability since 2006



Overview – Vodacom

- Vodacom Group
 - Pan-African communications company established in 1993
 - 32m customers in SA, Tanzania, Dem Rep of Congo, Lesotho & Mozambique
 - Annual Revenue approx US\$ 6 billion
- Vodacom South Africa
 - 57% Market Share
 - 23.3 Million Customers
 - 15% Year-on-year Customer Growth
 - Technology Leader (3G HSDPA, DVB-H, Mobile Advertising, Converged ICT solutions to Business)
 - Network Coverage (98% of Land-mass and 99.5% of population)
 - 10% of Revenue from Data
 - Strong Distribution / Sales channels (17,000 Points of Presence)
 - Strong Brand



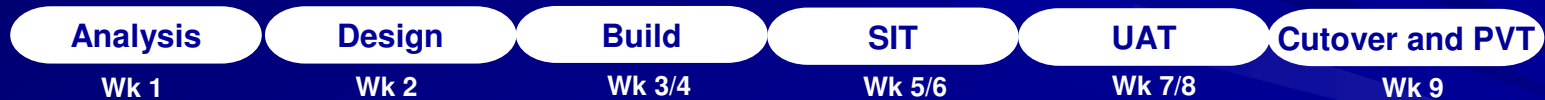
Establishment of Direct Marketing Competency

- Procured and implemented Emagine campaign management system during Q4 2006

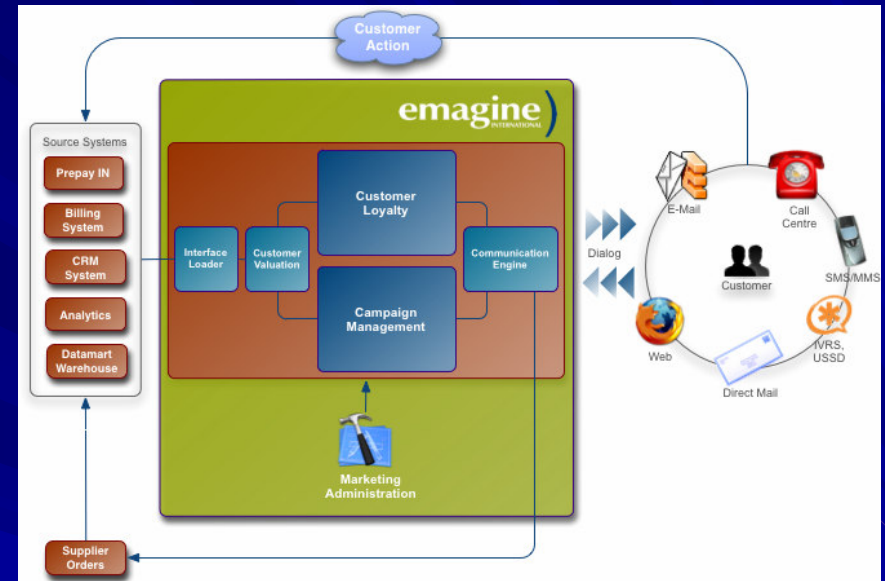
- Approach

- Agreed Pilot Campaigns – 4 in total
- Agreed Technical Architecture
- Agreed Project Plan and Timelines
- Cross-Functional Team Established

- Implemented in 9 weeks!!



- Integration to various systems (data warehouse, customer care systems, IN-platforms, billing systems, etc)
- Success due to EXECUTIVE SUPPORT & DEDICATED PROJECT TEAM



Establishment of Direct Marketing Competency

- Established the Centre of Excellence in 2007 Q1
 - Single Custodian of Direct Campaigns
 - Interaction model with Products & Services, Marketing, Customer Care, Finance, etc
 - Resourcing
 - Difference between Below-the-line vs. Above-the-line Specialists
 - Semi-technical resources a bridge between Marketing & IT
 - The Roll of Data Analysts
 - Assistance / Handover from Emagine (technical & marketing)
 - Set the Principles
 - Targeted campaigns
 - Control Groups
 - Frequency of campaigns
 - Recording of interactions
 - etc

Establishment of Direct Marketing Competency

■ Focus Areas for 2007

- Direct Campaigns for ALL Products / Services
 - NEW Products / Services – part of launch
 - OLD Products / Services – 4 new campaigns per month
 - All campaigns had to be ‘recurring’ – run by itself going forward...
- Integration into additional channels (MMS, Bills, Letters)
- **REVENUE TARGETS!!**

May 2007	June 2007	July 2007	August 2007
Prepaid SMS Bundles (SMS)	Prepaid SMS Bundles (SMS)	Prepaid SMS Bundles (SMS)	Prepaid SMS Bundles (SMS)
Contract Data Bundles (SMS)	Contract Data Bundles (SMS)	Contract Data Bundles (SMS)	Contract Data Bundles (SMS)
Voicecall Prepaid (SMS)	Voicecall Prepaid (SMS)	Voicecall Prepaid (SMS)	Voicecall Prepaid (SMS)
Look 4 6/e / Help – Hero Deals (Bill Letter)	Look 4 6/e / Help – Hero Deals (Bill Letter)	Look 4 6/e / Help – Hero Deals (Bill Letter)	Look 4 6/e / Help – Hero Deals (Bill Letter)
mins Usage – Mother's Day (SMS)	Call Sponsor (SMS)	Call Sponsor (SMS)	Call Sponsor (SMS)
Vivitel Push the Button (SMS)	Prepaid Data Bundles (SMS)	Prepaid Data Bundles (SMS)	Prepaid Data Bundles (SMS)
	Contract SMS Bundles (SMS)	Contract SMS Bundles (SMS)	Contract SMS Bundles (SMS)
	Look 4 Help (SMS)	Look 4 Help (SMS)	Look 4 Help (SMS)
	Vodafone Passport (Bill Letter)	Vodafone Passport (Bill Letter)	Vodafone Passport (Bill Letter)
		VodaSure (Bill Letter)	Welcome Tones (SMS)
		D-See Select (Bill Message)	Blackberry Talk 240 (SMS)
		Welcome Tones (SMS)	Blackberry Bol-on (SMS)
		Blackberry Talk 240 (SMS)	6ty Services (1200) (Bill Message)
		Vivitel Explorer Pack (SMS)	1st Time SMS Usage
		Mobile TV (Vodafone Challenge) (SMS)	Mobile TV Plays (ROK TV) (SMS)
			Auto Charge
			Travel Talk
			Directory Enquiries

Campaign Type	October 07	
	# of Campaigns	# of Customers Campaigned
Products & Services	32	929 992
Post Paid (Acquisition; Retention)	2	205 225
Prepaid (Churn Prevention; Recharge Incentive; Prepaid to Contract)	4	491 384
Customer Lifecycle / Service	10	620 970
Loyalty / Rewards	7	2 859 927
Total	55	5 107 498



Campaign Success Stories of 2007

■ Talking Points Campaign

- Loyalty / Awards (High-end Prepaid customers)
- 1 Talking Point = R10 (US \$1.50) recharge.
- Thresholds Redeem for:
 - 150 SMS / 10% Airtime discount
 - 300 SMS / 15% Airtime discount
 - 750 SMS / 20% Airtime discount
 - Free Handsets – Low / Medium / High
- Redemption via USSD, Web, Call Centre, Trade Partners

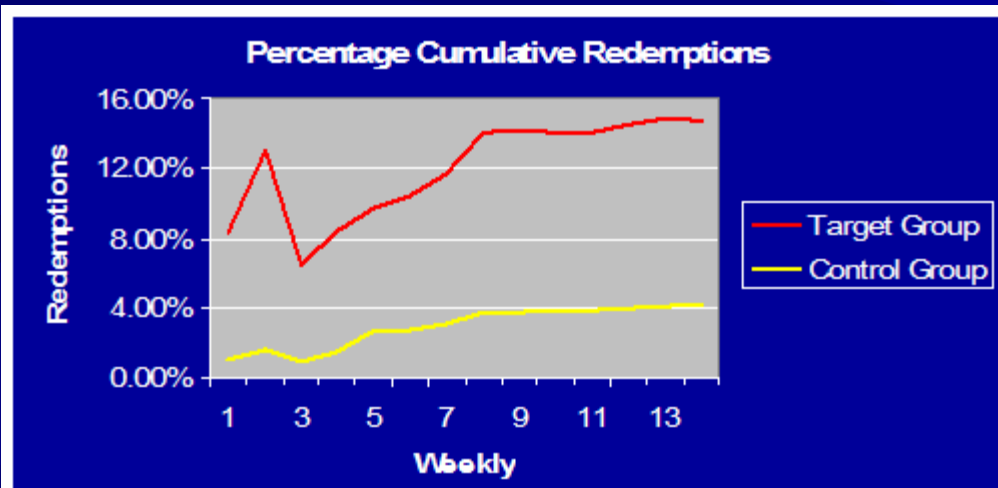


An advertisement for the 'Vodacom Talking Points' campaign. It features a couple in formal attire smiling and looking at a mobile phone. The background is blue with a large speech bubble containing the text 'voda.com Talking Points'. Below the speech bubble, it says 'Earn Points every time you recharge!'. To the right, there is a list of 'FREE REWARDS' including 'The latest cellphones', 'Loads of SMS Bundles', and 'Huge Call Discounts'. At the bottom, there is a Vodacom logo and the text 'South Africa's Leading Cellular Network'. The advertisement also includes a stack of Vodacom recharge vouchers and a small text box at the bottom left that says 'As a Vodacom Prepaid customer, have you ever wished you could get a cellphone like contract customers do? With Vodacom Talking Points you too can earn a free cellphone!'.



Campaign Success Stories of 2007

- Talking Points Campaign
 - Targeted per Points band
 - SMS to invite Redemption
 - MMS for Handset Redemptions
 - Outbound Call
 - Forfeiture Notifications
 - RESULTS:
 - 375% Increase in Redemptions
 - Virtually 0% Churn Rate after Redemption



Rewards available from 5 March 2006

What kind of rewards can I get for my Vodacom Talking Points?




1000, 1500 & 2000 Points

Get a FREE cellphone from one of these Vodacom Talking Points categories

150, 250 & 500 Points

Free SMSs OR up to 20% off Vodacom to Vodacom calls for 90 days

- 2000 Talking Points You get a FREE cellphone (from this points category)
- 1500 Talking Points You get a FREE cellphone (from this points category)
- 1000 Talking Points You get a FREE cellphone (from this points category)
- 500 Talking Points You get (750 FREE SMSs OR 20% off all Vodacom to Vodacom calls) for 90 days
- 250 Talking Points You get (300 FREE SMSs OR 15% off all Vodacom to Vodacom calls) for 90 days
- 150 Talking Points You get (150 FREE SMSs OR 10% off all Vodacom to Vodacom calls) for 90 days

Talking Points Terms and Conditions
Only Vodacom South Africa Prepaid customers are eligible to participate in the Talking Points programme. Vodacom customers making use of one of the Top-Up tariff packages (e.g. Family Top-Up, Business Top-Up, etc.) do not qualify to participate in the programme. All participants, by participating in the programme agree to be bound by the standard Talking Points terms and conditions which are available on www.vodacom.co.za or by dialing 062 541 1 062.

1) Earning Talking Points

- Points will be earned on various recharge and SMS service recharges. These points will automatically be earned. Customers do not have to register to earn points.
- 1 point will be earned for every R10 spent on a recharge. These points will be calculated by dividing the recharge amount by 10 where after the amount will be rounded to the nearest whole number. (e.g. R12 recharge earns 1 point, a R25 recharge earns 2 points, a R45 SMS recharge earns 4 points, a R55 recharge earns 5 points).
- The points will be earned for the amount acquired as part of a Starter Pack, e.g. the R25 included in a 4GB Starter Pack and the R20 included in a Power Starter Pack.
- No points will be earned on Prepaid Recharge and Recharge Your Purchase.
- Airtime that customers receive as part of the Value-Minded Campaign prizes will not earn points.
- No points will be earned for services acquired via the Activia Transfer service.
- Points will accumulate for a period of 18 months. Points that are older than 18 months and that have not been exchanged for rewards will be forfeited and no compensation will be given by Vodacom.
- Points will be earned on the telephone number loaded with the recharge airtime and are not transferable to another telephone number.

2) Exchanging Points for Rewards

- Points can be exchanged when the customer's Talking Points balance reaches any one of the following levels: 100 points, 250 points, 500 points, 1000 points, 1500 points, 2000 points.
- Customers are required to register before they can exchange the points they have earned.
- Points cannot be exchanged for cash.



Another reason to join the Vodacom family!





Campaign Success Stories of 2007

■ Recharge Incentive Campaign

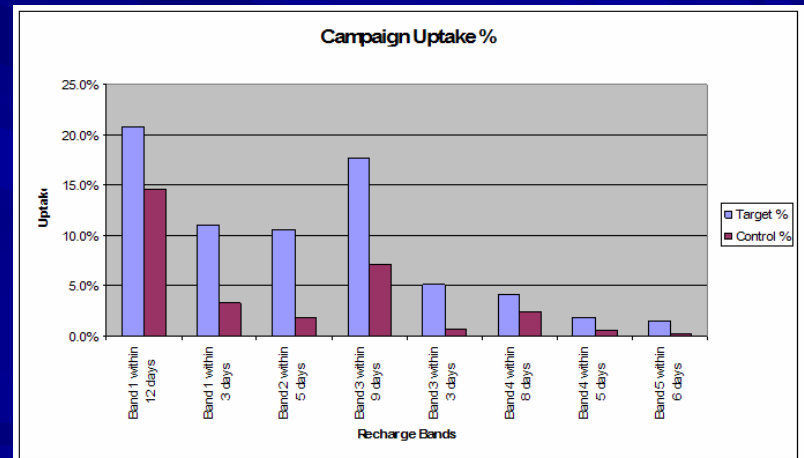
- Simple Concept:

*Recharge with R24 before 17/12
and get R3 free airtime*

- 8 trial campaigns during '07
- Target 3.5m customers via SMS in Dec 2007

– RESULTS:

- 150% Increase in Recharges
- US \$1.5m Campaign Profit in 10 days
- Insights Gained
 - Uptake % variances
 - Change in behaviour



Campaign Success Stories of 2007

- Prepaid to Postpaid Conversion Campaign
 - 20% of new Postpaid activations comes from Prepaid
 - Challenges with Credit Vetting
 - Targeting Prepaid Customers
 - > 12 months Recharge History
 - Consistent Monthly Recharge
 - Determine Average Recharge & Handset
 - Send MMS with appropriate deals
 - Pre-vetted when applying for contract
 - Special Credit Management processes
 - RESULTS:
 - More than 100,000 conversions in 7 months
 - US \$2.6m Revenue

SA rates Vodacom tops

Vodacom has once again proved itself to be one of South Africa's best-loved brands. In the recent Sunday Times Marklinor To Brand Survey, the most comprehensive of its kind, Vodacom retained its position as the country's top Telecommunications brand. In the overall brands category Vodacom was voted second best to Coca-Cola, and it ranked amongst the top five coolest brands in South Africa. The brand continues to resonate with the South African public and Vodacom's adverts are still South Africa's favourite. Vodacom's commitment to the community was also recognised as the company was ranked second in the category of community upliftment. "This is a great stamp of approval for us and we are delighted with the results," said Andre Beyers, Vodacom Managing Executive: Advertising and Brand Management.

"Getting independent confirmation of how well we are viewed in the marketplace and community, plus acknowledgement of our services and customer commitment, is hugely gratifying for everyone at Vodacom."

Campaign Success Stories of 2007

■ Prepaid Churn Prevention Campaign

- Low barrier to entry for prepaid customers
- Annual Prepaid Churn 30% – 45%
 - Reduced 'pre-loaded' value of SP to 10 SMS
 - More than 1/3 of new activations churn within 12 weeks

Don't waste effort on them!

- Promote Loyalty Programmes
- Advanced Analytics required for Churn Propensity Models (5 trials so far...)
- Objective: Target high-value customers > 6 months

Get them to recharge ONCE more!

– RESULTS:

- 27% Uptake
- Activity increased by 14%
- 61% increase in ARPU

Future Plans

■ What will happen in 2008?

– Increased Capacity

- Average of 9 campaigns per customer per year = 225m interactions!
- Add 1m customers into campaign per day

– Customer Lifecycle Management

– Near Real-time campaigns

- Recharges / Incentives
- Customer Experience / Service
- Content

– Additional channels

- Next-best Activity using inbound / trade
- Email / IVR / Web

– Substantial Revenue Targets!!!!

Questions?

- Overview – South Africa & Vodacom
- Establishment of Direct Marketing Competency
- Campaign Success Stories of 2007
- Future plans...

THANK YOU!!