

How marketers can drive differentiation in a commoditised telco world

Lessons from Xbox and Lloyds Bank

21st November 2019

Speakers



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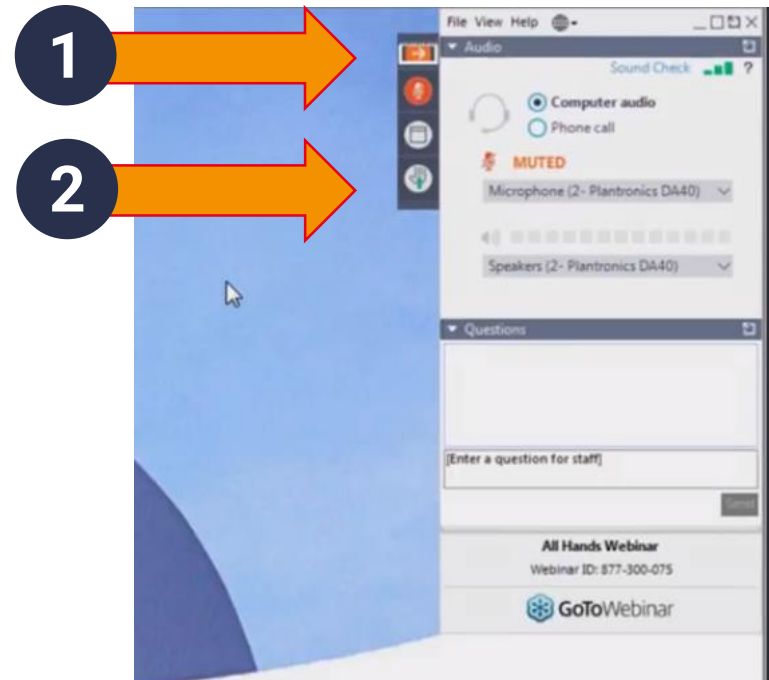
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Agenda

- Housekeeping
- The telco commodisation problem
- Lessons in segmentation & personalisation from Xbox & Lloyds Bank
- eSIM – to drive your top line
- Q&A

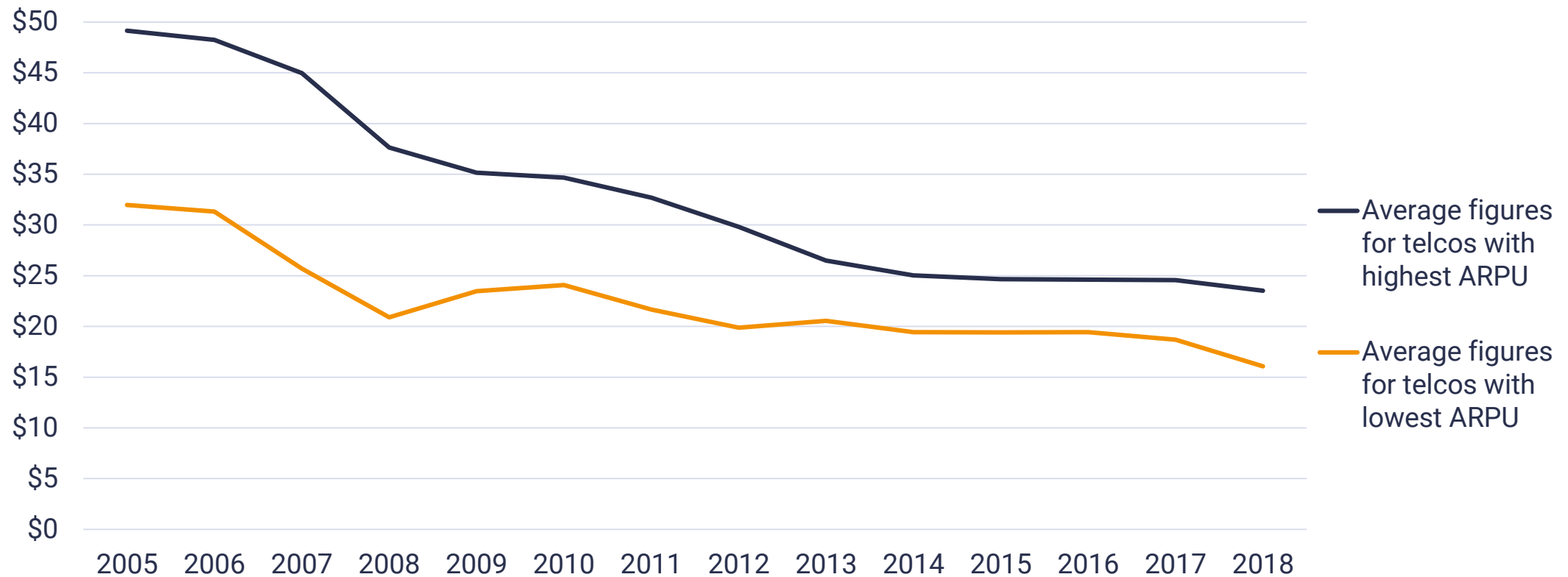
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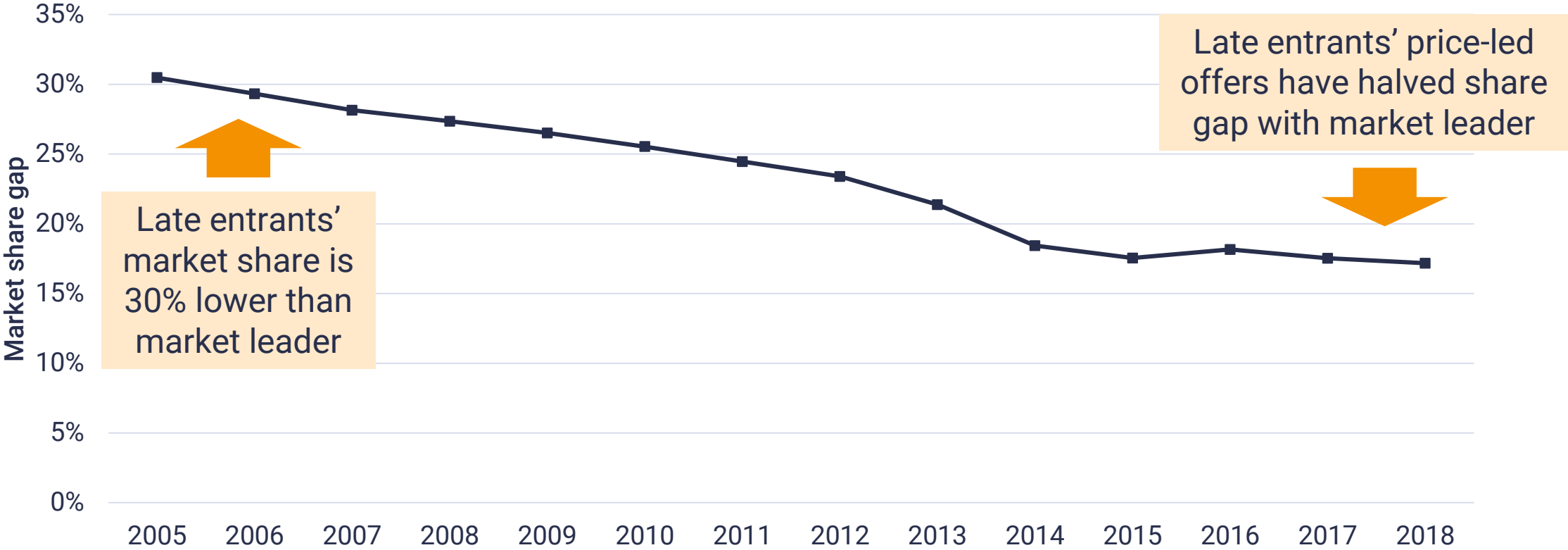
Telecoms operators are facing declining and converging ARPUs as service differentiation diminishes

Blended monthly ARPU for the 10 largest economies in Europe (US\$)



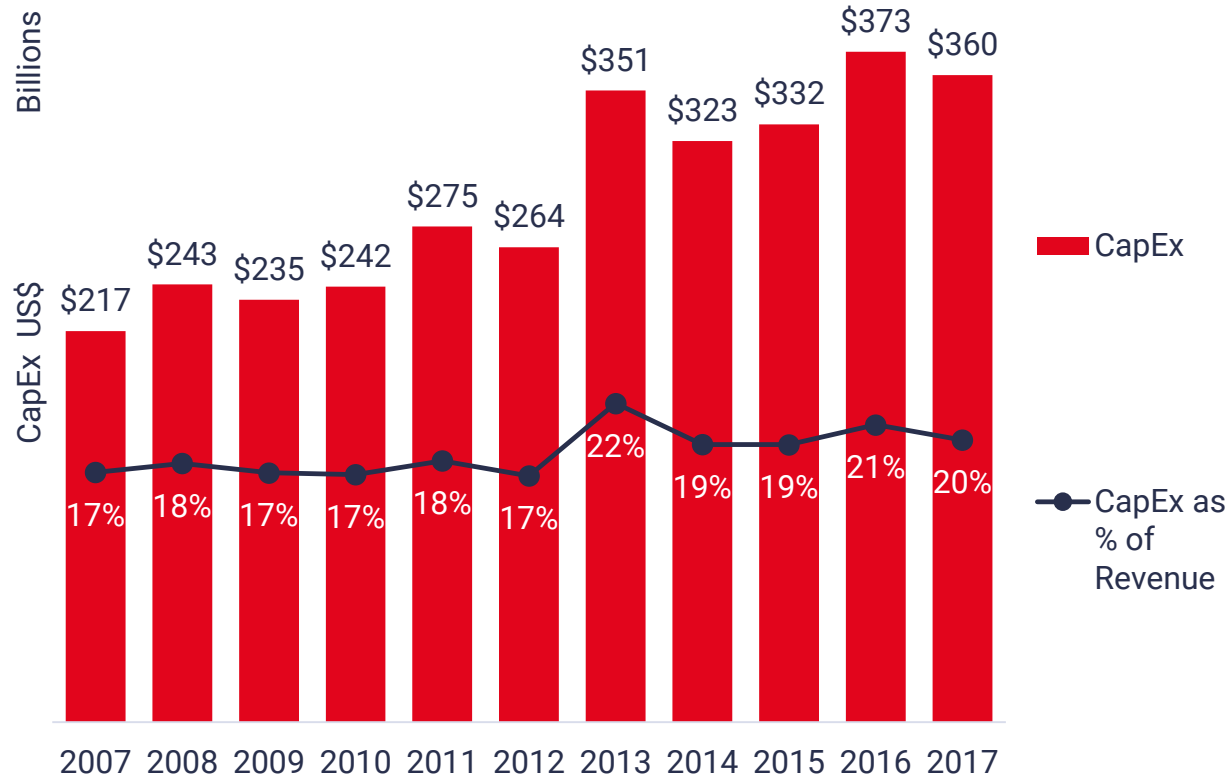
Market shares are also converging as price, rather than product or brand, becomes the main competitive weapon

Average gap between the highest market share player and the lowest market share player in Europe's 10 largest economies*

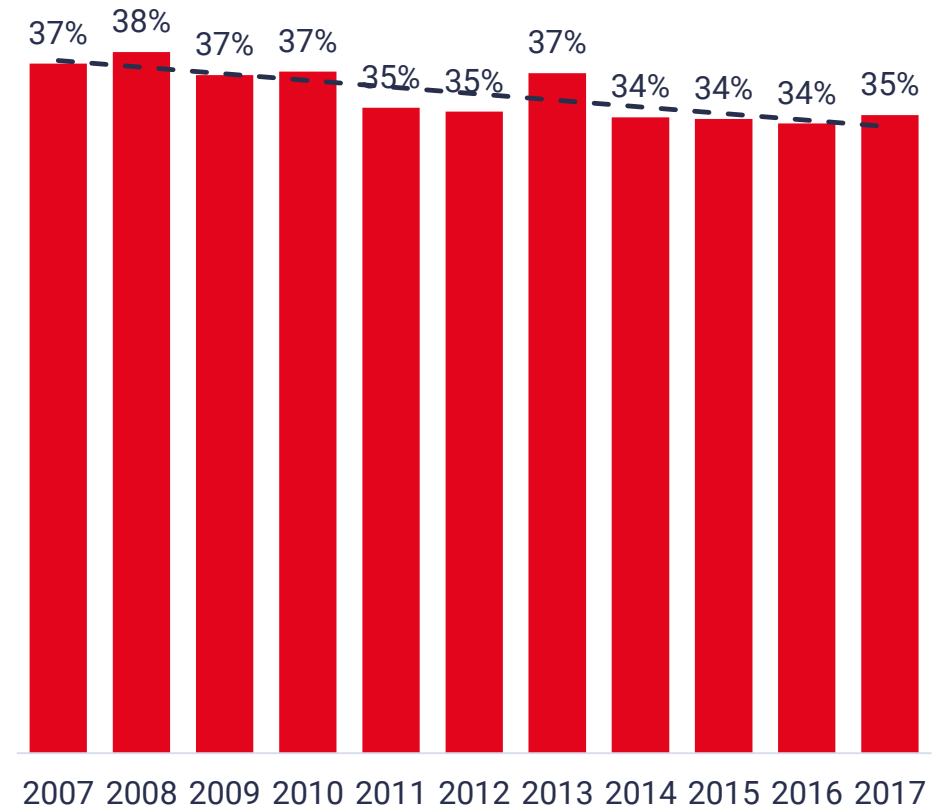


Operator capital investment has grown over the last ten years as profitability has declined...

Global telecoms CapEx

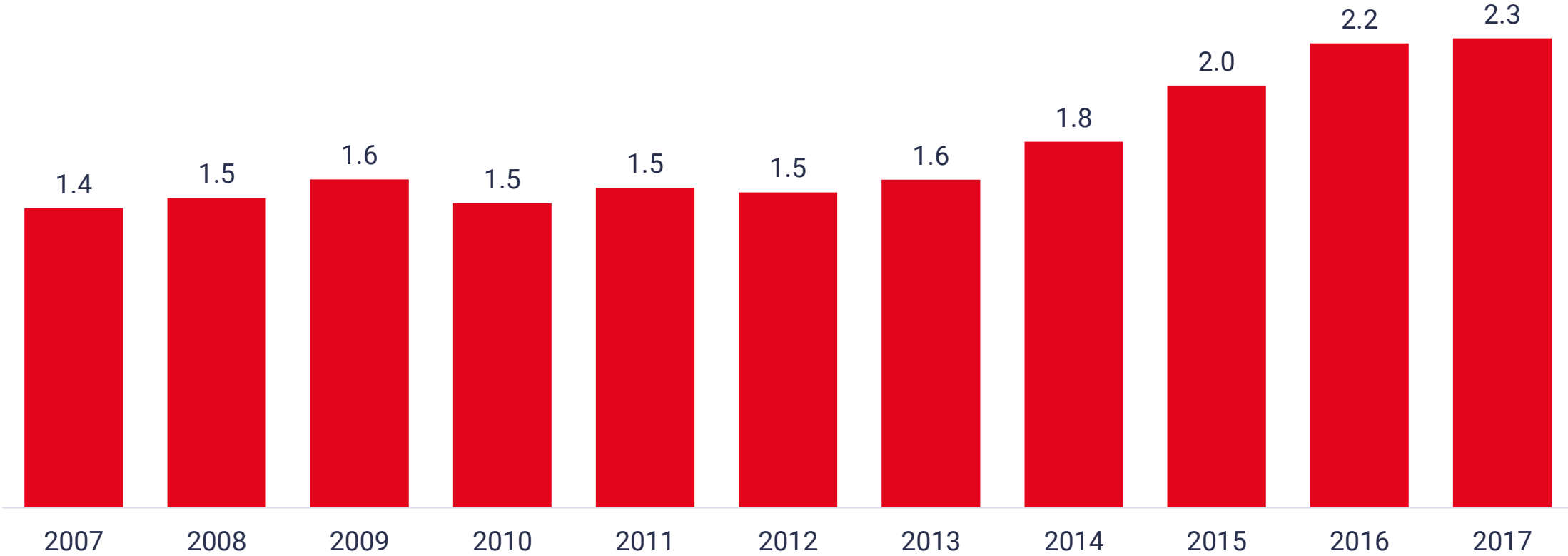


Global telecoms EBITDA Margin



... resulting in debt being used more to fund capital investment which is not sustainable long-term

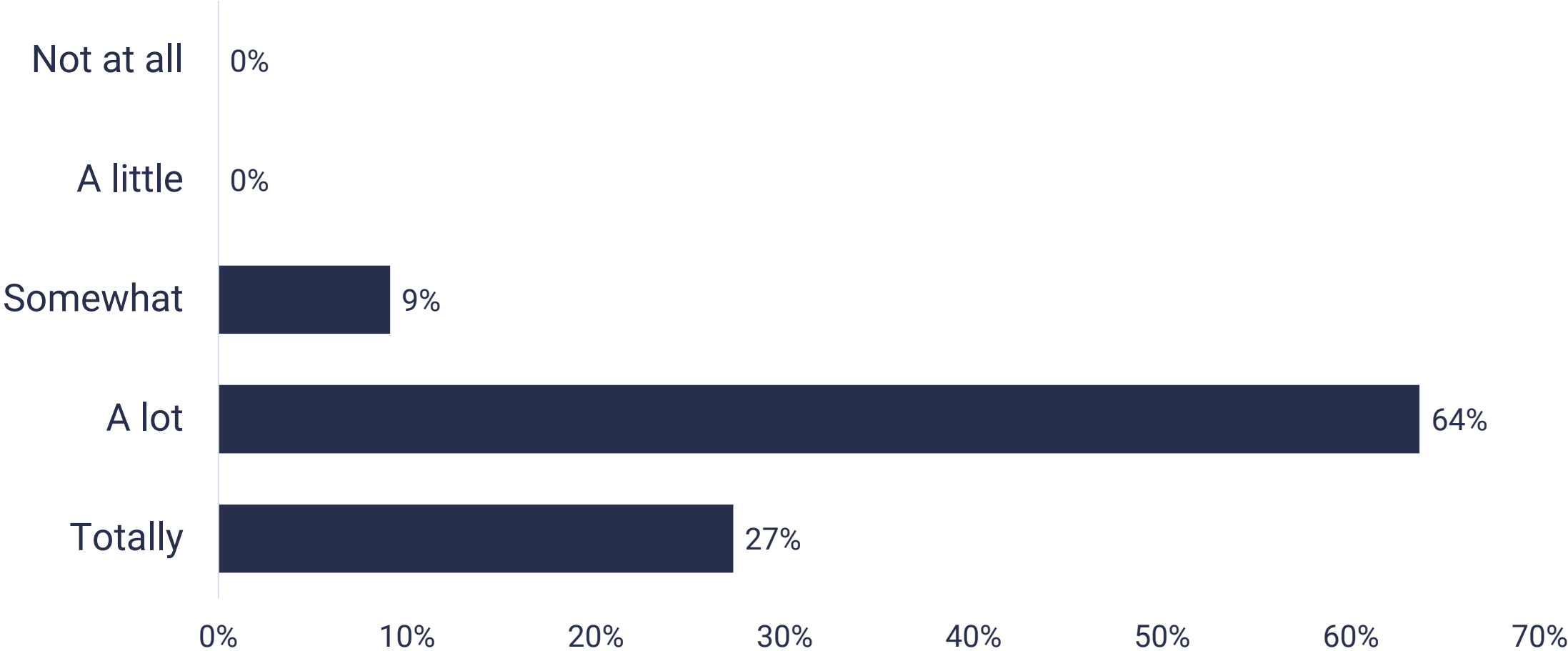
Global telecoms Net Debt/EBITDA ratio



Five factors illustrate that the telecoms industry is becoming increasingly commoditised

1. Prices being squeezed
2. Differentiation is diminishing
3. Market shares are converging
4. Margins are eroding
5. Debt levels are rising

Poll: How well does this picture of telecoms fit with your experiences?





Making **profitable growth** simpler

November 2019

*Oxford*sm

Laurie Morgan
*Commercial Marketer and
Partner at OxfordSM*



At OxfordSM, we partner with businesses

We believe businesses thrive when people thrive

Thriving teams + happy customers
= profitable growth



We will learn from two value driving successes

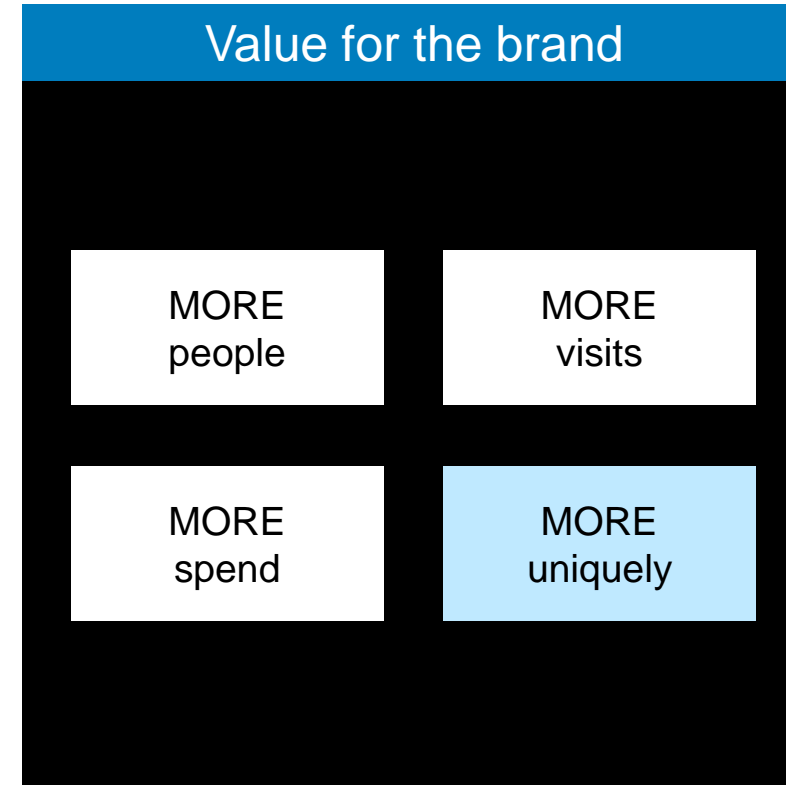
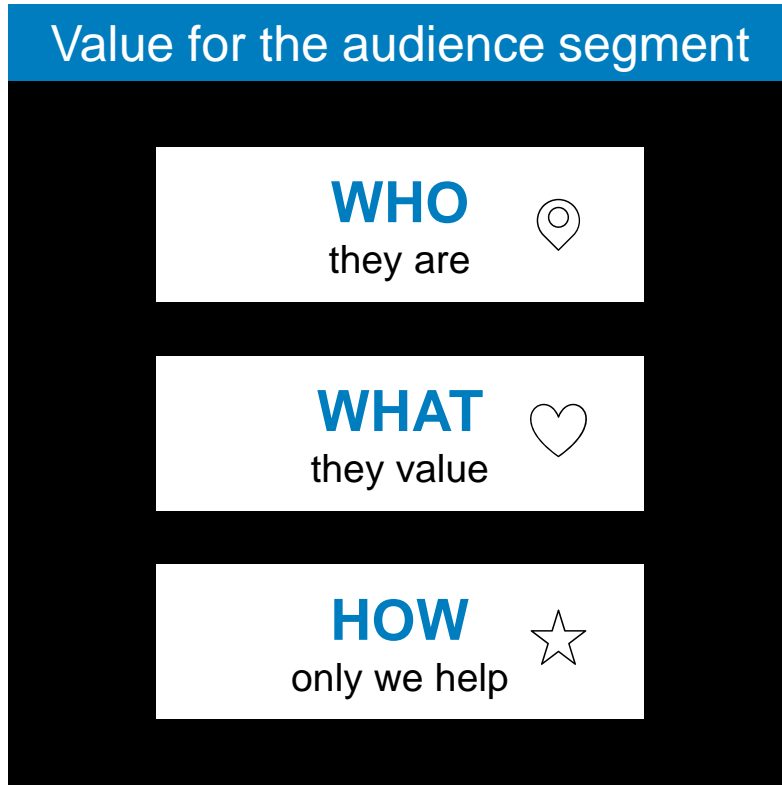


XBOX LIVE



LLOYDS BANK

We will focus on how they generated value





Microsoft Xbox

Leveraging data and insights to enable better personalisation for different gamers

Oxfordsm

WHO

they are – not just any gamers!

‘online, social, multi-player gaming explorers’

Xbox internal service usage & behaviour data shows...

- who plays
- their favourite games
- the websites they frequent
- the influencers they follow



* based on responses from around 2,000 Xbox One owners surveyed across the U.S.

WHAT they value



53% value "socializing"

... spending 17 hours in multiplayer games per week

50% value "exploring"

... heavily invested in the Xbox ecosystem, purchasing multiple titles

And they like watching gamers gaming, as much as gaming themselves

Forbes



GAMING

Some of these folks make millions a year playing and narrating video games. Watch this space as they parlay niche online fame into lucrative mainstream media, film, and TV gigs.

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HOW

Xbox helped



**Xbox gave their audience Game Pass.
It's an ecosystem. A subscription. It opens 100s of games.**

Xbox Game Pass

Immerse yourself in a deep library of more than 100 high-quality games. Join the fun in new games or catch up on a recent hit. With Xbox Game Pass, you always have something new to play.

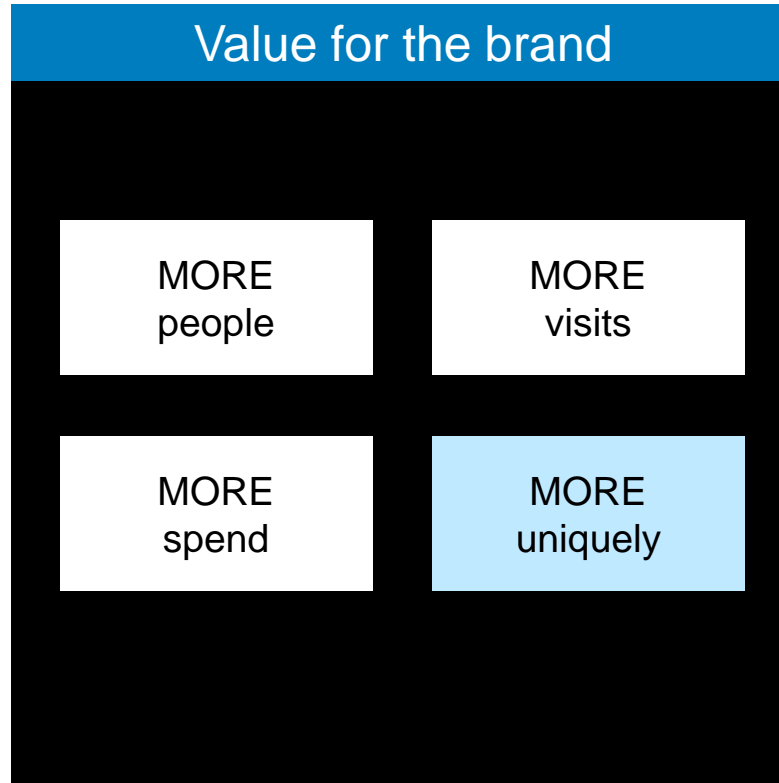
One low monthly price. Cancel anytime.

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MORE VALUE created for Xbox



Now Xbox makes money selling the game consoles AND ...

- (1) game subscriptions
- (2) in-game purchases

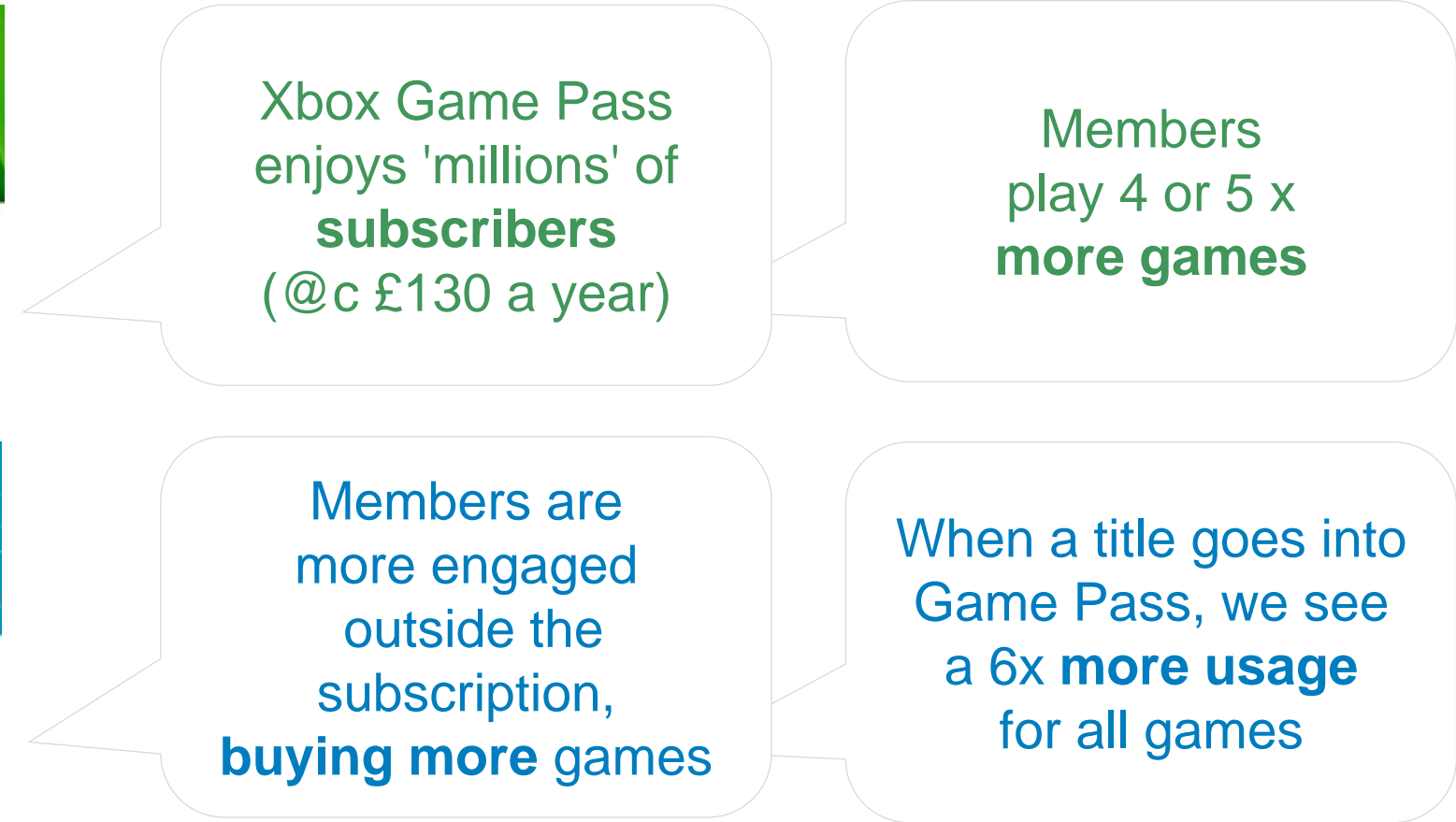
MORE VALUE for Xbox



Phil Spencer
Executive Vice President, Gaming at Microsoft



Agostino Simonetta ·
ID@Xbox Regional Lead - EMEA



HOW

Xbox did it

- They mix machine learning with a human touch
 - They partner with experts like Oath to really understand how gamers experience gaming
 - They work with gamers like Ali A, Sniper & Jelly
- ... to create unique, personalised campaigns



Doritos launches #Playbold campaign on the Xbox

Timed for the launch of Xbox One X, Doritos is rolling out a campaign on the device featuring YouTube gamers.



Created by OMD UK and Oath, the campaign works with three of the biggest YouTube gamers challenging them to prove that they are the boldest in Europe.

ALi A, Alpha Sniper and Jelly will play some of the most hotly anticipated Xbox One X games

HOW

Xbox did it

- They work AGILE; they constantly monitor success and optimise live
- They partner to reach their audience (TWITCH)

... to create unique, personalised campaigns



By your side through changing times

Discover more



Lloyds Bank

Better understanding of your customers' situations enables more targeted propositions



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WHO they are

Parents of
adult children

And they
can finally get
the spare
room back



Cancer
sufferers

With you through
difficult times



“Money shy”
individuals

Why do we find it
so hard to say the
M-word?



WHAT they value

Parents of Adult Kids

We'd like the house to ourselves.
It's time.

Cancer Sufferers

My priority is my health,
but I'm worried I can't afford this.

Money Shy

Talking about money affects our relationship.

HOW

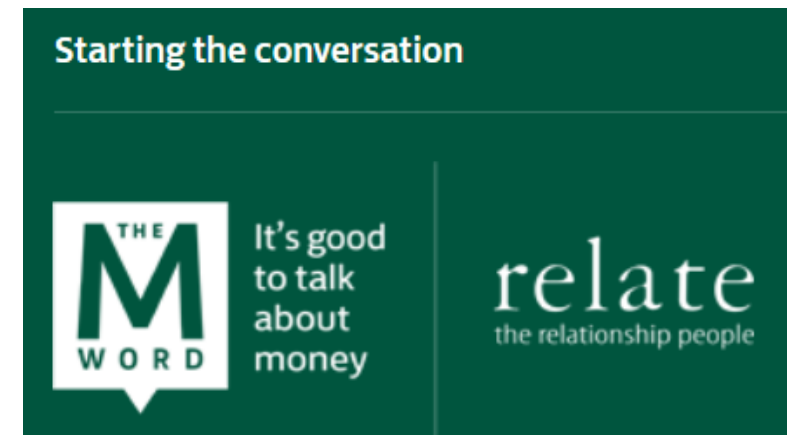
Lloyds helped



Parents of Adult Kids

Cancer Sufferers

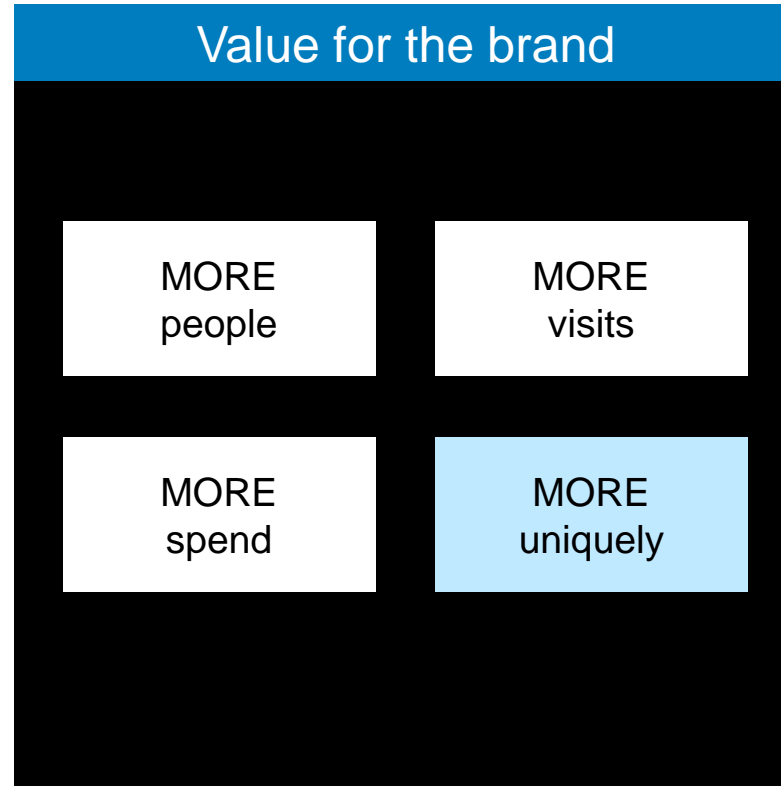
Money Shy



Working with
MACMILLAN
CANCER SUPPORT

MORE VALUE

created for Lloyds



HOW

Lloyds became more insightful



FRESCO Segment: Starting out

A closer look...

My Money

"It's a struggle with all my outgoings. I just need enough money to meet my bills like rent."

"I'm finding it difficult financially. I can't think about saving money, but I do want to start working on reducing my debt."

"I'm standing on my own two feet for the first time. I have little knowledge of how to manage my money."

My Media Consumption

"My phone is my life companion. I manage everything on my phone."

"I'm on Snapchat quite a few times a days. I love it for sharing photos, and following bands."

"I like to stay up to speed with what's happening around me. I might check out online blogs & news sites on my morning commute."

My work and home life

"I'm struggling to find the right job."

"Work for me is about getting regular income at this stage of life."

"I'm renting for the first time and will probably see how I get on for six months."

My Lifestyle

"I don't have a lot of money to go out with, so I do like to play games online & watch films with friends at home."

"I am concerned about my future. After Brexit, I decided I needed to turn out for the snap election to vote for Labour."

"When I do spend money it's on social activity like going out for meals and cinema."

Key sub-segment(s)

Struggling Starters - largest Halifax PCA sub-segment

| Struggling Out | Students and sharers | 125.2K | 9.9K | 135.2K |
|---------------------|----------------------|--------|--------|--------|
| Struggling starters | 190.6K | 13.9K | 204.5K | |
| Newly independent | 17.0K | 41.6K | 43.3K | 102.0K |
| Stretched renters | | 44.6K | 48.4K | 93.0K |

- Young singles and couples struggling to start out on their adult life for the first time
- Incomes well below average with many having low paid, manual jobs
- Education levels are low and levels of unemployment in this group is particularly high
- The majority do not earn sufficient to pay tax. Few can afford to save and one in three might have a loan
- In terms of PCA analysis for Halifax, the highest number of customers had a balance of £0-250 in their account

What this means for content?

- Help me easily understand my money
- Simplify so I make the right decisions
- Help my money go further

The LLOYDS BANK Customers' Perspective

When we're at our best, our customers say...

[actual customer quote] [actual customer quote]

Click to play video (Customer Vox Pop) Click to play video (Customer Vox Pop)

Find out more about what our customer think and feel about us

Our Lloyds Bank BRAND STORY Our Lloyds Bank BRAND EXPERIENCE Our Lloyds Bank CUSTOMERS' PERSPECTIVE

OUR DAY

Welcome to

THINK CUSTOMER

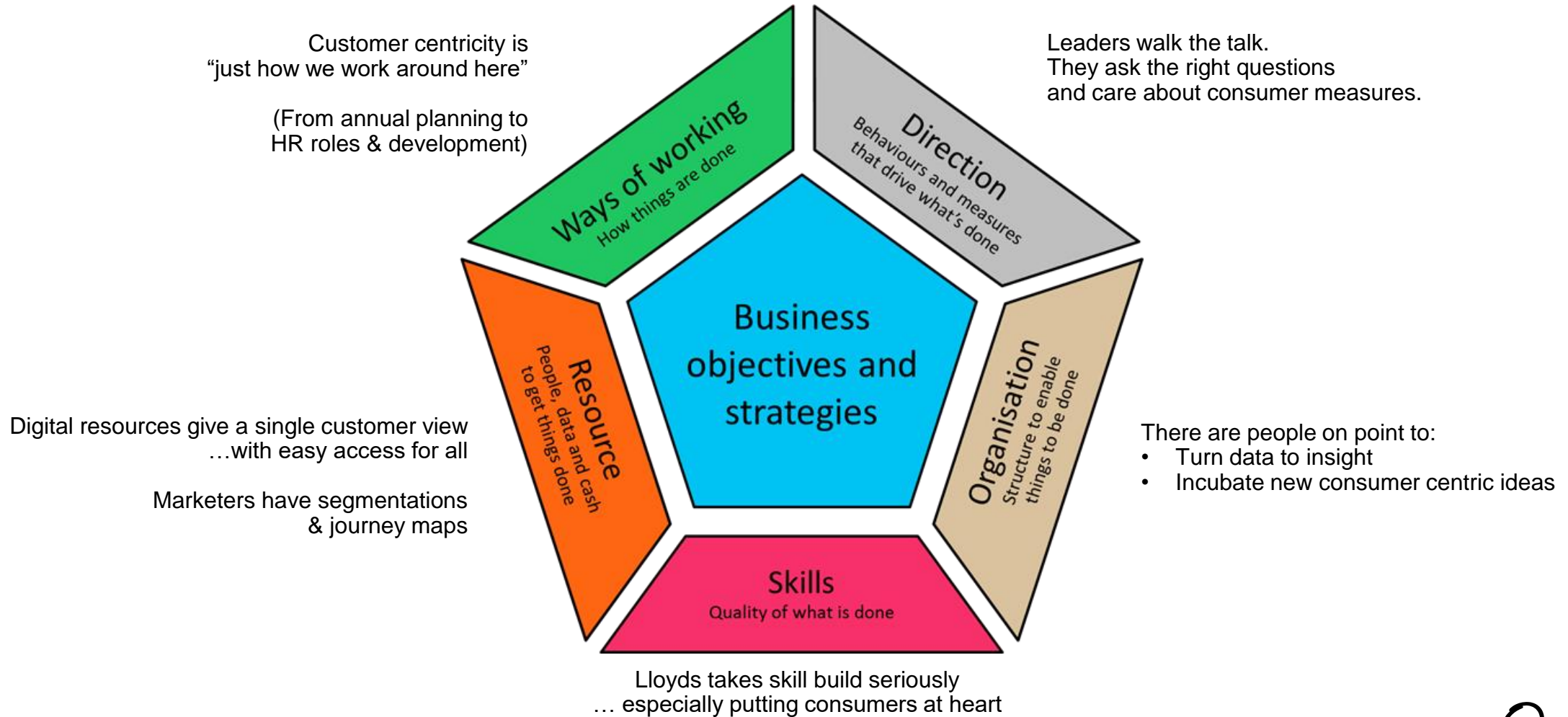
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HOW

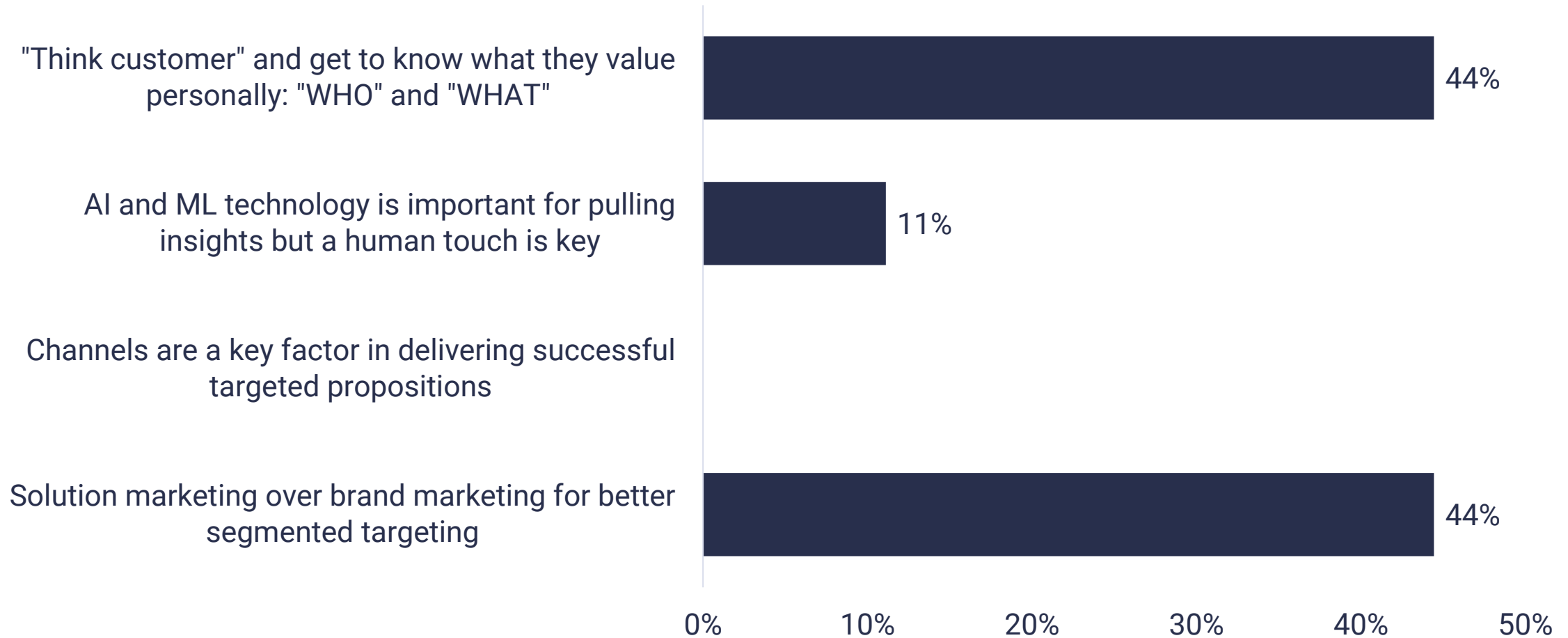
Lloyds became better at personalisation



LLOYDS BANK



Poll: Which lesson from Xbox and Lloyds is most relevant to your job and organisation?





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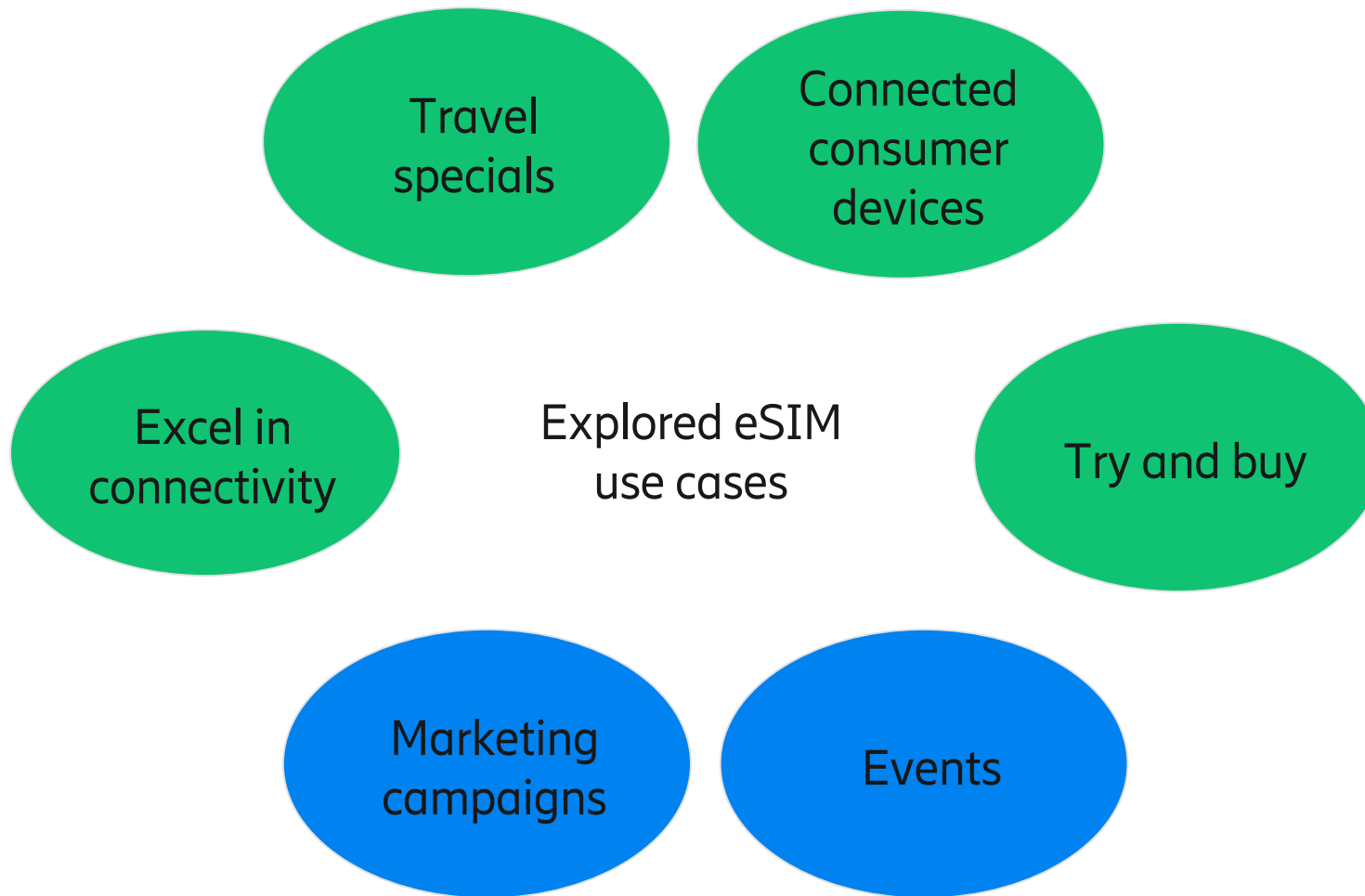
eSIM – to drive your topline

Presenters:

- Anna-Maria Kästedt
- Lars Sandström



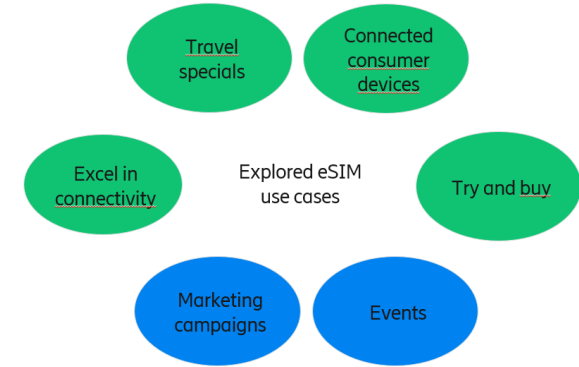
eSIM enables many service opportunities



Extension of the current available offerings

New services and offerings for consumers

eSIM is about getting piece of mind



75%

of smartphone user respondents

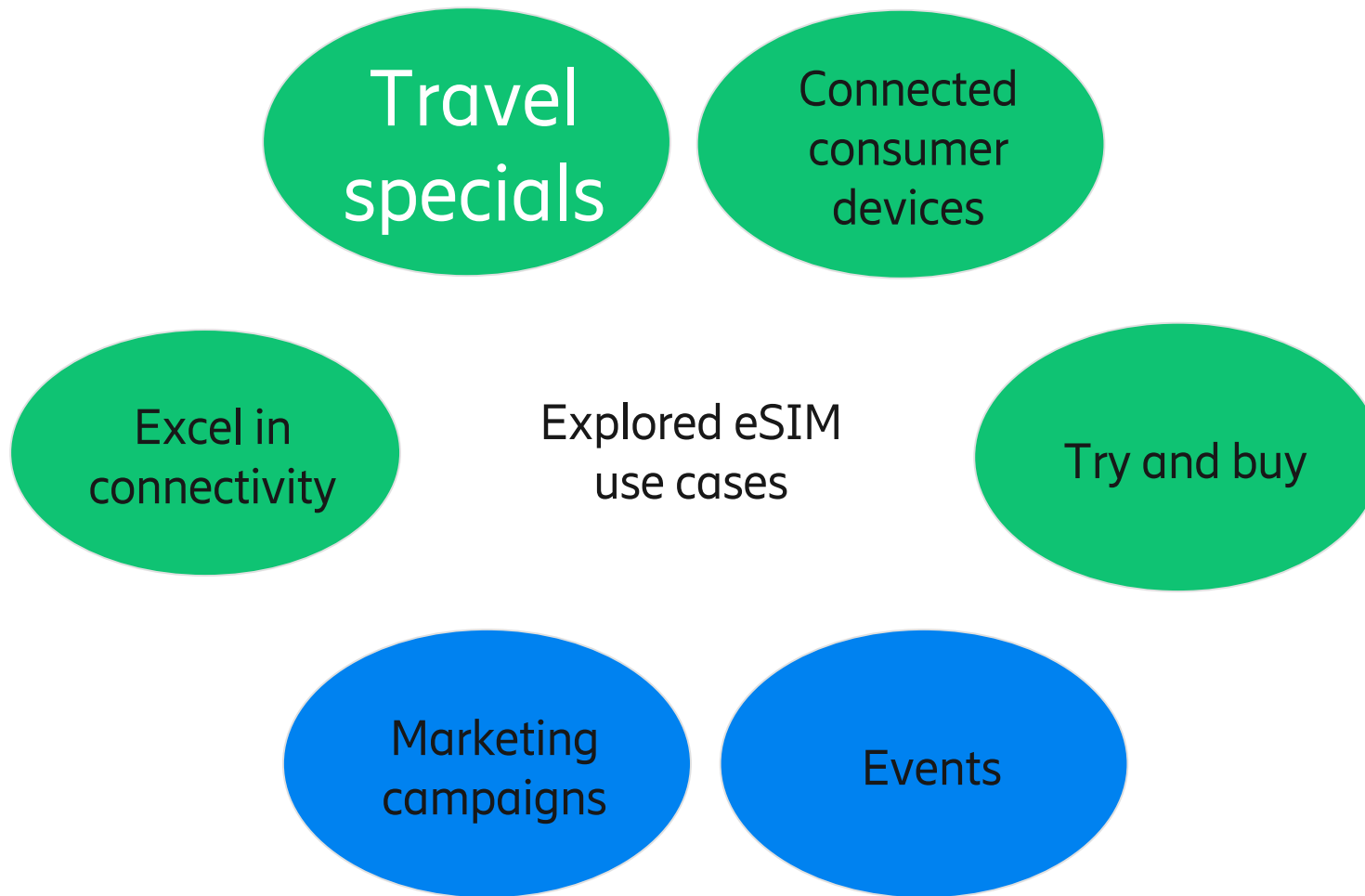
would activate a reasonably priced plan on top of their existing one to ensure access to connectivity

45%

of unprompted answers

refer to problems that of personal emergency nature

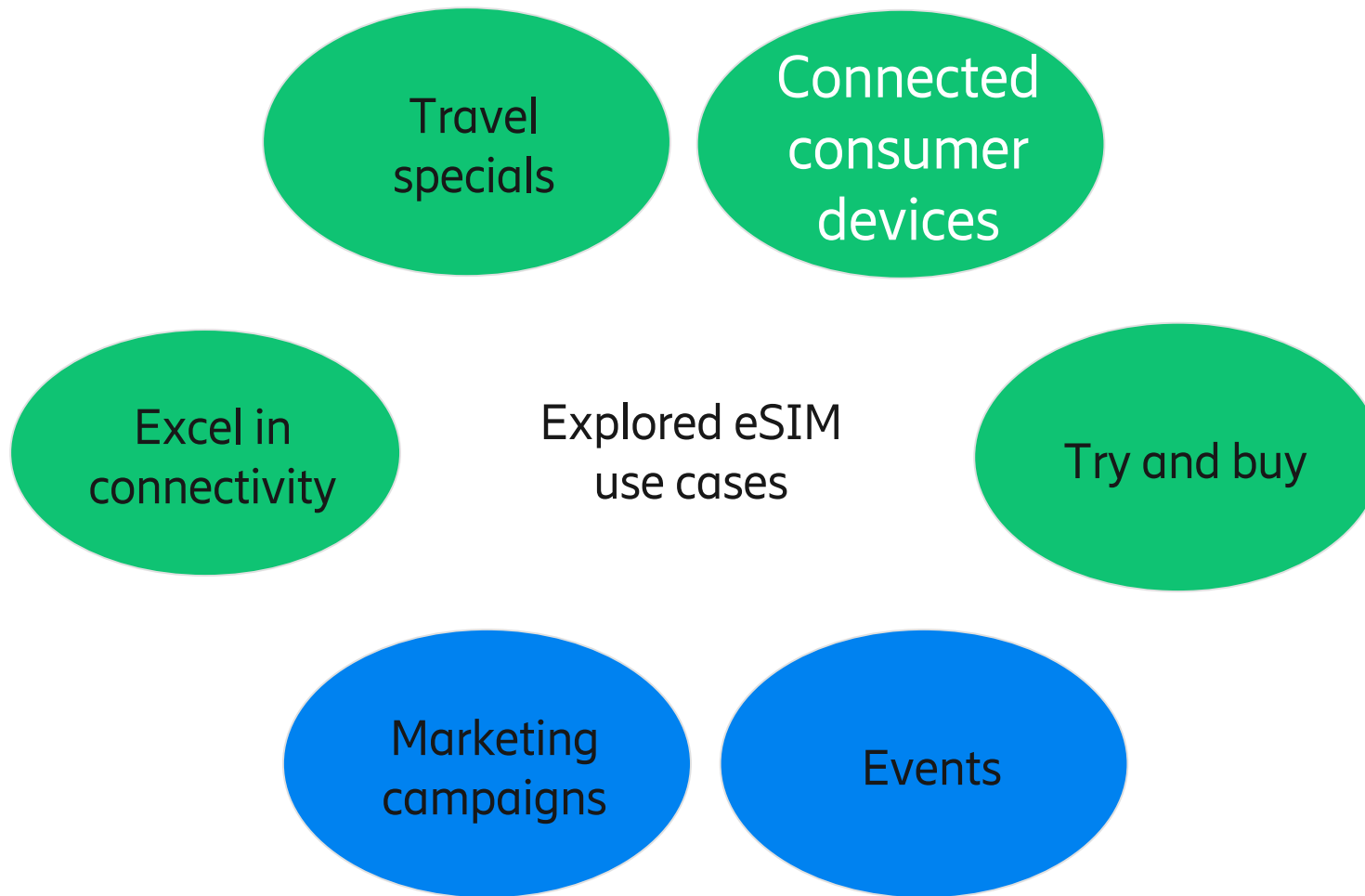
eSIM enables many service opportunities



Extension of the current available offerings

New services and offerings for consumers

eSIM enables many service opportunities



Extension of the current available offerings

New services and offerings for consumers

Try-and-buy plans and connectivity boosts are the top offerings consumers would explore

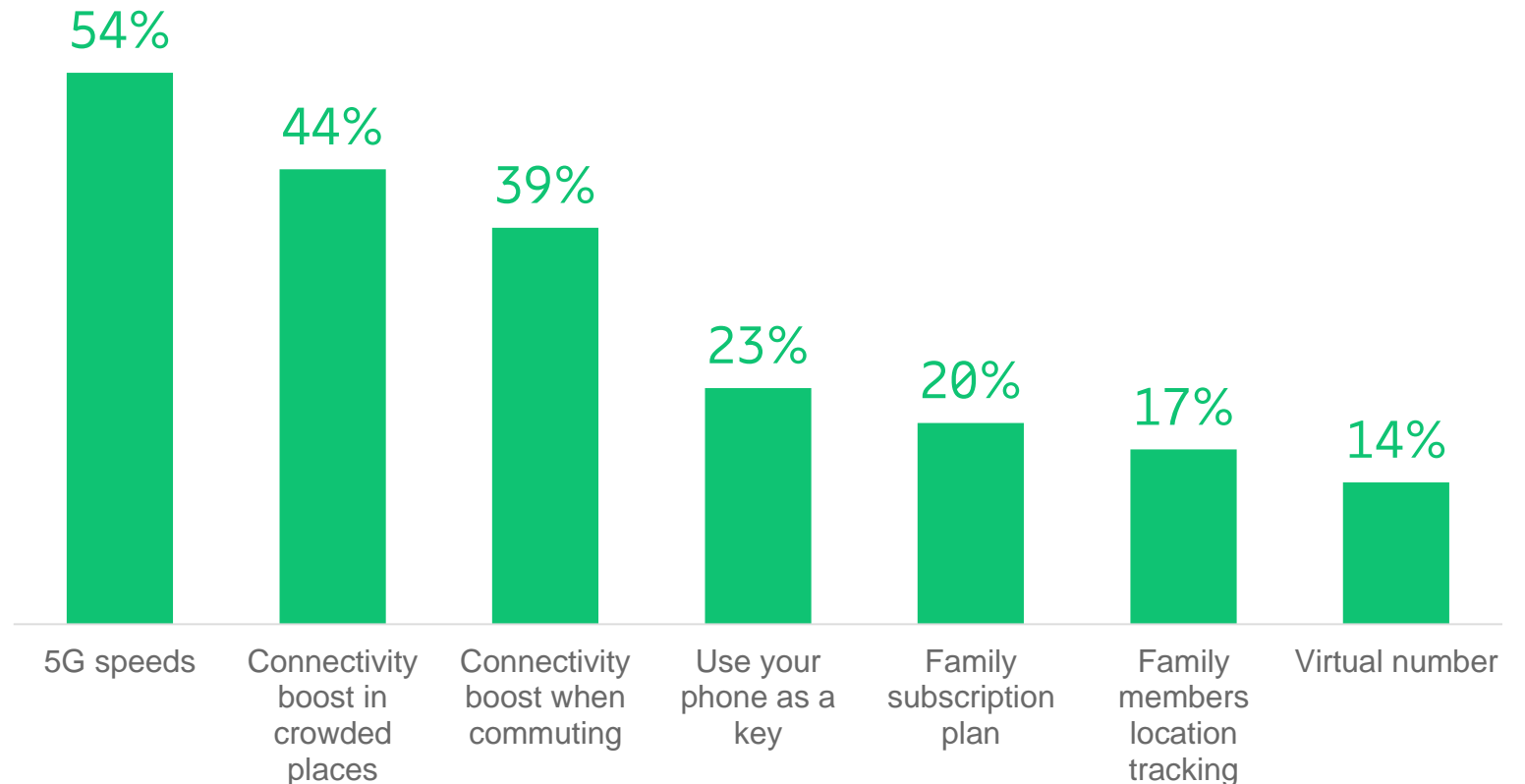


54%

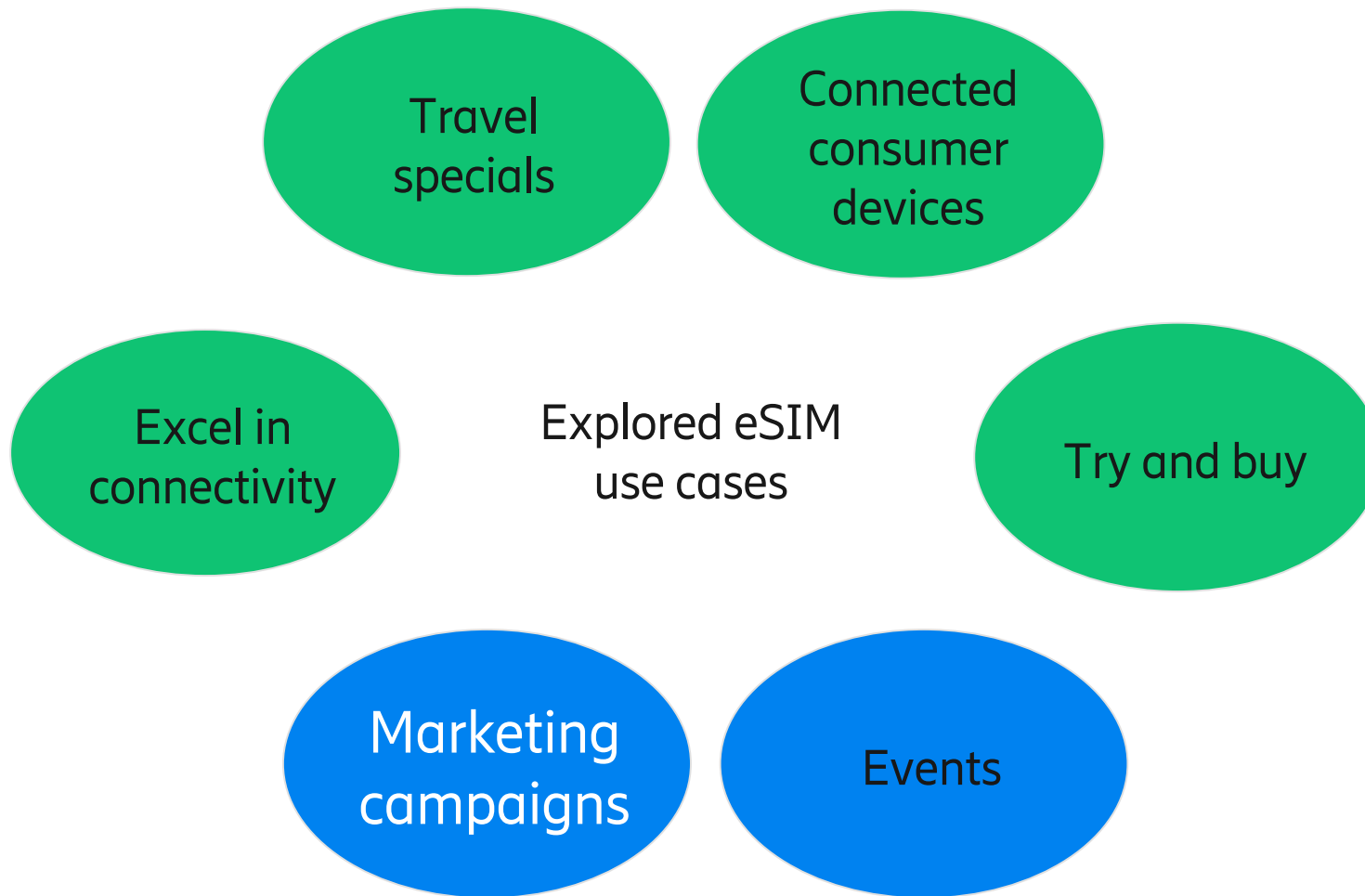
of smartphone user respondents

would pick an operator that offers T&B plans, whereas 31% are not sure.

Top services consumers would want to try



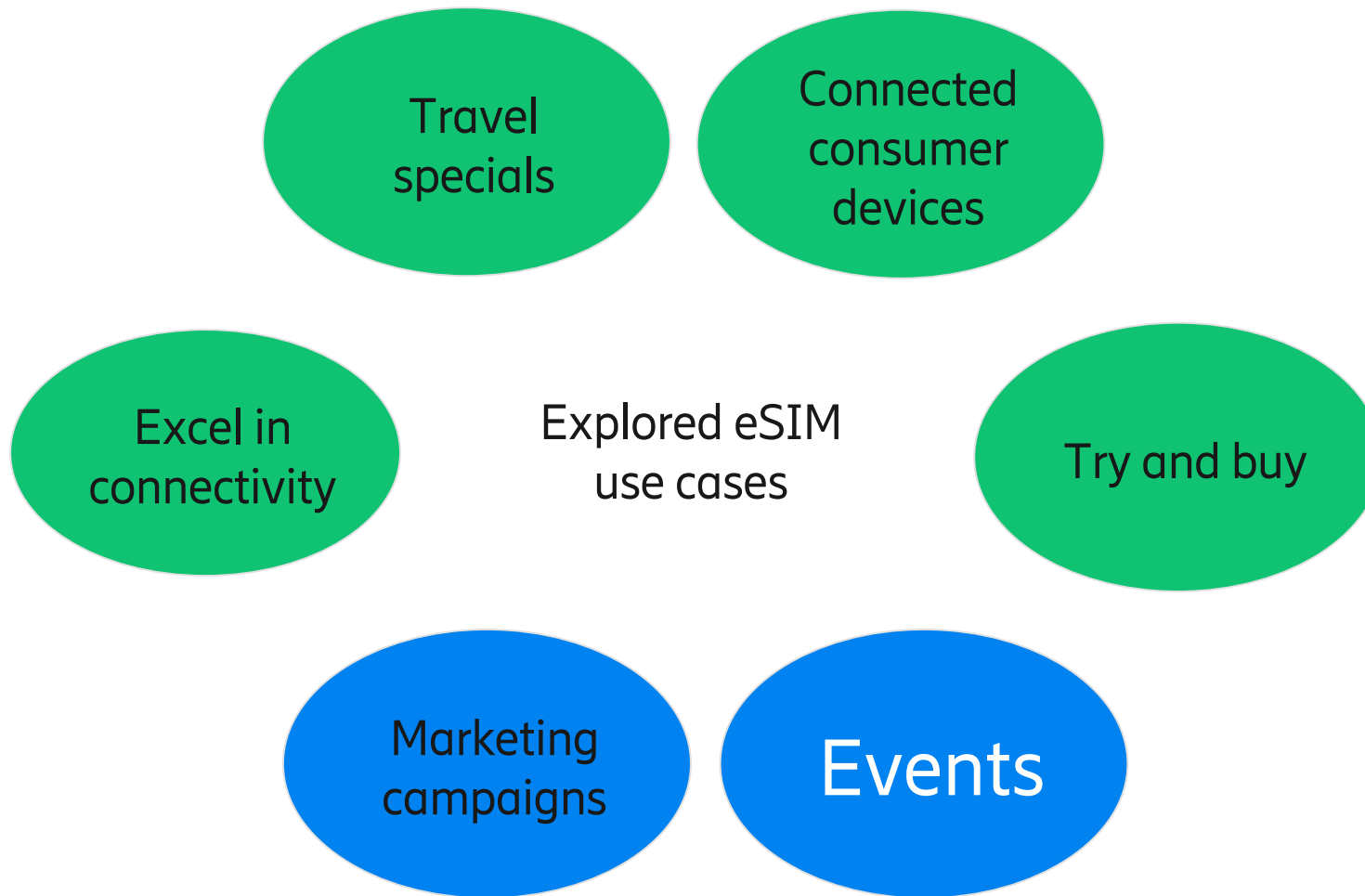
eSIM enables many service opportunities



Extension of the current available offerings

New services and offerings for consumers

eSIM enables many service opportunities



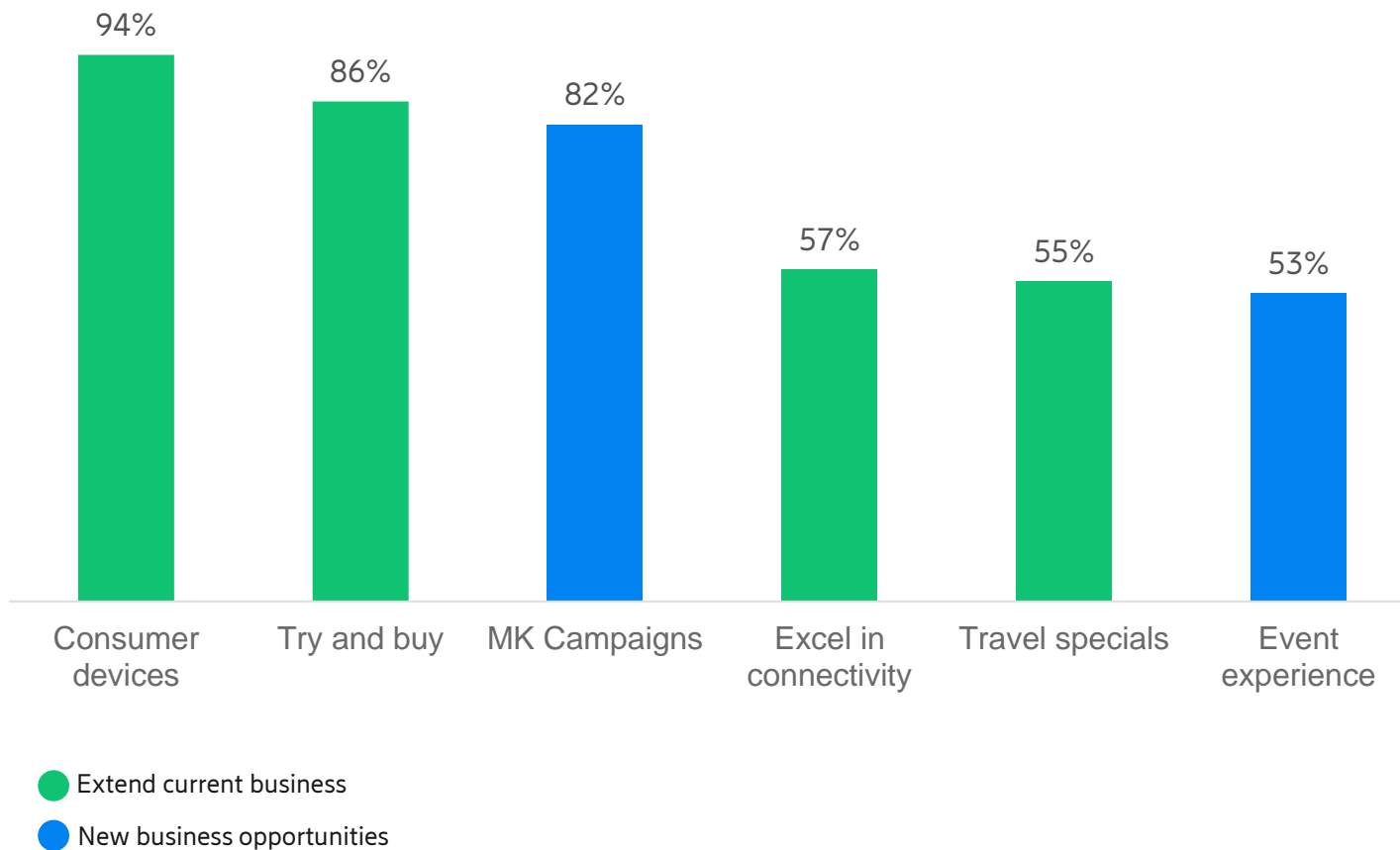
Extension of the current available offerings

New services and offerings for consumers

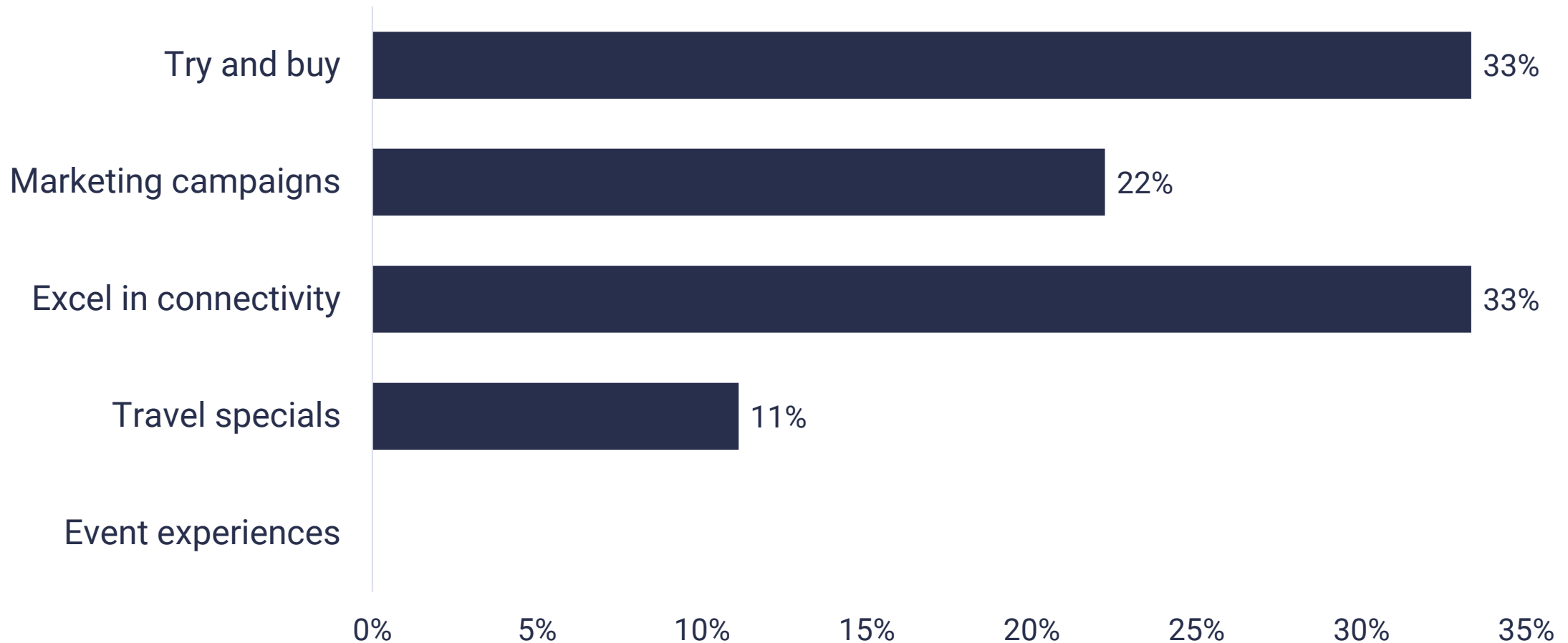
Connected consumer devices and try-and-buy offerings top the rank of preferred eSIM solutions



Share of interested consumers



Poll: Apart from connected consumer devices where the market has already started, which of the following use cases feels most compelling and relevant for your customers?



Questions

Thank you

To get in touch with STL Partners or Ericsson, please contact us:



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