

## ***Social networking for Telcos – can this be the key to effective marketing?***

***The analysis of social networks is a relatively new phenomenon that is being banded around, but what is it exactly and why should telecommunications companies care?***



Social network analysis is the analysis of relationships between people, groups and organisations and can be used to highlight normally invisible relationships between them. For the most effective analysis, Business analytics should be utilised to understand how these networks are linked across disparate and unlinked sources of data. Using business analytics, it is possible to collate data about people and their transactions from a multitude of sources – and from this, linkages can be made between these groups of people and unearth networks of activity.

The power of social network analysis stems from its difference from traditional social scientific segmentation studies. These studies typically focus on the individual's attributes – in terms of mobile users for example– whether they are cost focused, feature dependant, trend setters or just view the phone as a simple utility. Social network analysis produces an alternate view, where the attributes of individuals are less important than their relationships and ties with other individuals within their network.

By using business analytics to monitor communication patterns within the networks, structures of networks can be established and hierarchy uncovered. The complexity of an individual's social group can quite quickly help an operator truly understand the level of 'importance' different individuals have and thus offer a new way of segmenting their market based upon the level of 'influence' that any one individual may have over their own network. Social network analysis therefore has the potential to be used to target the central figures in the network, those with influence – most notably buying influence over other members– a marketing approach that could greatly benefit the cellular service providers and the communications sector.

In fact, it could be argued that the communications sector is the pioneer of social network analysis, as 'Calling Groups' have been established within fixed and mobile operators price plans for over a decade now. This has, to date, taken a very simple and reactive view of a social network – either offering 'free' calls/texts or requiring the individual to name 'their calling group' to enable a greater level of discount. However, more could be leveraged and achieved from social networking analysis; it could and should be used for churn prediction/prevention, targeted advertising and campaign management. The ability to use a multi-dimensional approach to analyse the relationships individuals have within a network can now start to prove far more effective than standard market techniques.

For example, within any one household with teenage children there will be on average 3 mobile phones, one fixed and one broadband line. What is critical for an operator to understand is that whilst an adult in the household will generally pay for the bills it is unlikely that they will be generating the most amount of 'traffic' on the network.

A teenager will be exploiting 'free calls/texts' within their mobile tariff – which using standard analysis may indicate to an operator that this individual is the most important – which would lead to the teenagers mobile phone being targeted with tariff upgrade options. A far more

effective method using social network analysis would be to enable an operator to understand the relationship with the bill payer and the user – enabling a more effective targeting of the advertising medium to the right individual.

The growing importance of the 'influence' an individual can have upon a network then starts to layer another dimension to how operators can 'cross sell'. For example an operator could target the most 'popular' member of a network with the latest product and network offers, this is on the basis that this individual would then start to act as an 'advocate' of the operator within its network – the power of controlled viral marketing really starts to become a reality. The key to moving forward is therefore understanding the 'ripple' effect within a specific network.

Whilst the industry is a buzz with the online presence of Social Networks, the real power of the concept within the telecommunications industry is enabling an operator to truly understand the inter-relationships individuals have within their own network. Once this is achieved, the nature of marketing within the industry will start to take a far more effective and immediate form.

***Alastair Sim, Director of Strategy and Marketing, SAS UK***