

# Building Engagement: How You Can Win Your Subscribers Over Every Day

## INTRODUCTION

Consumers and businesses in rural markets have high expectations of their broadband service providers (BSPs). They demand—and deserve—an exceptional experience that goes beyond basic high-speed connectivity. They want amazing Wi-Fi they can rely on. A growing array of managed services that can be tailored to meet their unique lifestyles. Convenient customer service that doesn't just respond to their needs but somehow anticipates them.

Due to increased competition, subscribers in most rural markets now have multiple options for broadband service—with some markets having up to 10 players. So subscribers have the freedom to switch if their needs are not being met. And increasingly, consumers are doing just that. Research shows that, in the United States, 17 percent of people would walk away from a company—even a brand they loved—after one negative experience<sup>1</sup>.

To prevent such scenarios, BSPs need to develop a robust subscriber engagement strategy. Subscribers don't want to be treated as account numbers—they crave personalized interactions and appreciation from their BSP. Every touchpoint should reflect an understanding of subscribers' needs and preferences.

In this respect, rural BSP marketers possess a distinct advantage over the big, faceless telecom behemoths: They know their subscribers intimately. Their subscribers are literally friends and family—people they see in the grocery store, at the soccer fields, or on the street. As trusted members of their communities, local BSPs have a golden opportunity to leverage their in-depth knowledge of their subscribers and tailor their offerings and interactions accordingly. And, in doing so, they will be able to nurture a deep sense of connection and loyalty that lasts a lifetime.

This white paper provides BSP marketers with a comprehensive understanding of subscriber engagement, its business implications, and strategies for developing and continually improving a holistic engagement approach.

## WHAT IS SUBSCRIBER ENGAGEMENT?

Engaging with subscribers goes beyond employing a series of marketing tactics or ringing up one-off transactions. It is instructive to first examine what engagement is not to understand its true significance:

- 1. It's not about pushing products.** Engagement should not be misconstrued as an opportunity to forcefully sell products to subscribers. While promoting offerings is a part of marketing, genuine engagement involves understanding subscribers' needs and desires before providing tailored solutions.
- 2. It's not just transactional.** Engagement extends far beyond singular transactions. It is an ongoing process aimed at building a lasting connection with subscribers, fostering loyalty, and creating brand advocates who support the organization over time.
- 3. It's not a series of marketing tactics.** Engagement is not a checklist of marketing activities to be executed haphazardly. Instead, it involves an intentional, cohesive approach that revolves around building meaningful interactions with subscribers.

Engagement is centered on establishing a positive, enduring relationship with every single subscriber. Marketing in local communities is as much about relationship building as it is selling. By focusing on creating authentic connections, businesses can forge bonds that stand the test of time.

Here's how:

### **Understanding subscribers' wants and needs.**

Successful engagement hinges on knowing subscribers intimately. By gaining detailed insights into their preferences, pain points, and aspirations, BSPs can align their offerings and communications with what truly resonates with their audience.

### **Creating unparalleled experiences.**

Engagement involves going beyond meeting expectations to exceed them. By crafting experiences that delight subscribers, BSPs can leave a lasting impression and differentiate themselves from competitors.

### **Personalizing interactions at every opportunity.**

Treating each subscriber as an individual is key to effective engagement. By personalizing interactions throughout the subscriber journey, BSPs demonstrate that they genuinely value and cater to their audience's unique requirements. It pays off: Research from McKinsey indicates that personalization can deliver five to eight times the ROI on marketing spend and lift sales by 10 percent or more<sup>2</sup>.

### **Continually earning subscribers' loyalty.**

Engagement is a continuous process that demands consistent effort. By delivering value, maintaining open lines of communication, and responding to feedback, companies can earn and retain subscribers' loyalty over the long term.

Subscriber engagement transcends mere marketing strategies and transactional interactions. It is a profound commitment to understanding, delighting, and continuously connecting with subscribers to develop lasting relationships. By placing emphasis on authentic engagement, businesses can build a loyal subscriber base that contributes to their growth and success.

## WHY ENGAGEMENT IS CRITICAL TO YOUR SUCCESS

In today's hyper-competitive broadband landscape, subscriber engagement has emerged as a key determinant of success. Engaged subscribers are not only happier and more satisfied but also prove to be invaluable assets for businesses. In this section, we delve into the benefits of increasing subscriber engagement—exploring how it directly impacts subscriber happiness, loyalty, churn rates, average revenue per user (ARPU), customer lifetime value (CLV), profitability, new subscriber referrals, and business expansion.

### **Increase subscriber happiness and satisfaction.**

A primary benefit of bolstering engagement is the heightened happiness and satisfaction it brings to subscribers. When businesses invest in building meaningful connections with their customers, they create positive experiences that leave a lasting impression. Brands that provide great experiences command up to a 16 percent price premium on products and services, along with increased customer loyalty and satisfaction<sup>3</sup>. Once service providers establish this foundation, everything else follows.

### **Build long-term subscriber loyalty.**

Engaged subscribers are more likely to develop a sense of loyalty toward a brand, leading to long-term customer relationships. Businesses that prioritize engagement can cultivate a dedicated subscriber base that continues to choose their products or services over competitors. This loyalty translates into repeated purchases and advocacy, contributing significantly to a brand's growth and stability.

### **Reduce subscriber churn.**

Effective engagement plays a crucial role in reducing subscriber churn rates. Engaged subscribers are less likely to abandon a brand for alternatives, as they derive value and satisfaction from their interactions. By continuously exceeding subscribers' needs and expectations, businesses can minimize churn and retain a loyal customer base.

### **Grow ARPU and CLV.**

Increasing subscriber engagement positively impacts ARPU and CLV. Engaged customers are more receptive to upsells and cross-sells, resulting in higher ARPU. Additionally, they tend to stay with a brand for extended periods, contributing significantly to CLV. Statistics indicate that existing customers are 51 percent more likely to try new offerings and spend 31 percent more than new customers<sup>4</sup>.

### **Increase profitability.**

Engagement plays a pivotal role in boosting a company's profitability. Retaining subscribers is a cost-effective approach that can lead to substantial financial gains. By increasing customer retention just 5 percent, brands can increase profits by 25 to 95 percent<sup>5</sup>. Additionally, it is significantly less expensive to retain existing subscribers than it is to acquire new ones—saving valuable resources.

### Increase new subscriber referrals.

Engaged and satisfied subscribers are more likely to become brand advocates and refer new customers. Word-of-mouth marketing driven by happy customers can be a potent acquisition channel, bringing in high-quality leads with relatively lower acquisition costs.

### Expand business opportunities.

Engagement can lead to expanded business opportunities. A satisfied residential subscriber, for example, may be more inclined to select the same BSP for their business services, presenting additional revenue streams for the company.

Increasing subscriber engagement is a critical driver of success for BSPs. The benefits of engagement extend far beyond satisfaction; they include enhanced loyalty, reduced churn, increased revenue, improved profitability, and amplified brand advocacy. Service providers that prioritize subscriber engagement are better positioned to thrive and gain a competitive advantage in the market.

## THREE STEPS TO DEVELOPING A WINNING ENGAGEMENT STRATEGY

Engaging subscribers goes beyond one-off marketing tactics; it requires a well-crafted and comprehensive strategy. Building lasting connections with subscribers is essential for long-term success and customer loyalty. This section outlines the three crucial steps BSPs should take to develop a winning engagement strategy that caters to the unique needs and preferences of their subscribers.

### Step 1: Gain a Deep Understanding of Subscribers

At the heart of an effective engagement strategy lies a deep understanding of subscribers' behaviors, wants, and needs. BSPs should adopt a data-driven approach to capture valuable insights. By leveraging data, they can:

- **Anticipate subscribers' wants and needs.** Analyzing subscriber data helps BSPs gain insights into their preferences, lifestyles, service usage patterns, and more. This understanding enables them to offer tailored solutions that address individual needs effectively.
- **Tailor offers for different subscriber segments.** Armed with a comprehensive understanding of their subscribers, BSPs can develop differentiated product strategies—customizing offers and promotions to resonate with target audiences. For instance, a BSP might develop specific packages designed expressly for families with children, work-from-homers, and gamers. This approach increases the likelihood of subscriber engagement and conversion.
- **Personalize interactions with each subscriber.** Engaging subscribers on a personal level fosters stronger connections. Utilizing subscriber insights, BSPs can deliver relevant and timely communications via subscribers' preferred channels, ensuring a seamless and cohesive subscriber experience.

## Highline Anticipates Subscriber Needs With New Offerings

Forward-thinking BSP Highline has leveraged insights on their subscribers to develop a differentiated offering strategy to enhance the subscriber experience, drive ARPU growth, and increase satisfaction. They created three bundles catering to subscribers' specific online needs: Streaming, Gaming, and the Working Warrior. Response to the new packages has been phenomenal. In just four months, they achieved a take rate three times higher than their original target for these customized offerings. Satisfaction is at an all-time high—in May 2023, subscribers gave Highline a CSAT rating of 95 percent, up from 93 in 2022. And Highline is on track to exceed their new subscriber acquisition goal for 2023.

## Step 2: Map the Subscriber Journey

Mapping the subscriber journey is crucial for creating a comprehensive engagement strategy. The subscriber journey encompasses various stages, including awareness, consideration, acquisition, onboarding, activation, retention, and advocacy/loyalty (Figure 1). Marketers should focus on engaging subscribers at each stage, ensuring no opportunity for meaningful interaction is missed.

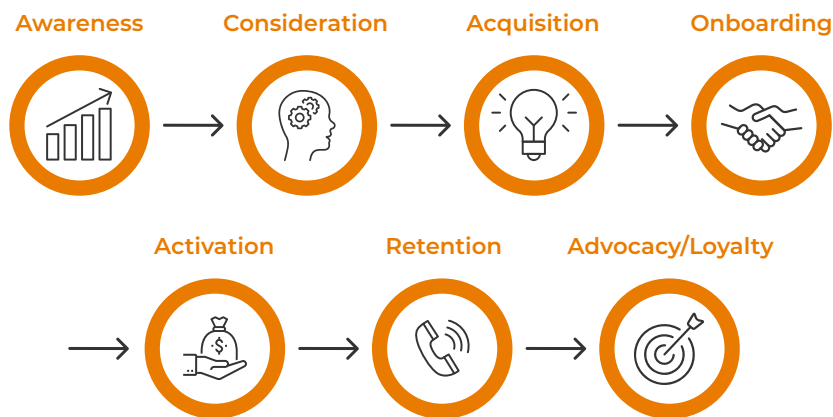


Figure 1

By mapping the subscriber journey, BSPs can:

- **Deliver an exceptional experience.** The subscriber journey unites the entire organization—marketing, sales, operations, customer support—in a holistic approach to deliver an exceptional subscriber experience. This consistency builds trust and enhances brand perception.
- **Plan touchpoints effectively.** Planning touchpoints throughout the subscriber journey ensures that BSPs can connect with subscribers at key moments, addressing any issues proactively. For example, a BSP might reach out to subscribers a month after they've been onboarded to make sure they're happy and provide tips to take full advantage of their service.
- **Personalize messaging and channels.** Different stages of the journey may require unique messaging and engagement channels. By tailoring communications to specific audience segments and personas, BSP marketers can increase relevance and response rates. Research has shown that personalization can increase conversion and click-through rates by 15 to 30 percent<sup>6</sup>.
- **Identify cross-sell and upsell opportunities.** Mapping the subscriber journey reveals opportunities for BSPs to cross-sell and upsell relevant services, increasing the lifetime value of subscribers. For instance, a family with tweens that is already using advanced parental controls would likely be interested in a social media monitoring service to protect against online threats.

## Tombigbee Builds Trust and Loyalty Through Exceptional Communications

In their first Net Promoter Score<sup>SM</sup> (NPS<sup>®</sup>) survey, Mississippi-based Tombigbee Fiber achieved a remarkable 91 out of 100. A key factor in the cooperative's industry-leading customer loyalty score: effective subscriber communications. Even when issues do arise—such as a recent internet outage due to tornadoes—Tombigbee communicates frequently with subscribers, using the channels they prefer. And while such events typically cause frustration, Tombigbee's exceptional communications strategy managed to do the opposite—their subscribers trusted they were in capable hands.

### Step 3: Maximize Engagement With the Right Platforms and Tools

To drive ever-higher levels of engagement, BSPs can leverage a range of platforms and tools that streamline processes, improve reporting and measurement, and enhance data analytics. It's important to note that having the right tools alone is not sufficient; understanding subscribers' communications preferences is equally critical to selecting the most suitable platforms.

The following platforms and tools can play an important role in successful engagement:

- **Subscriber Engagement Platforms.** Advanced cloud-based subscriber engagement platforms enable BSPs to develop deep insights on subscribers. These industry-specific customer data platforms collect, consolidate, and analyze data not only on current subscribers, but also potential subscribers. By collating data from internal and external sources, marketers can gain a more complete picture of subscribers and prospects. They can then leverage these insights to automate and personalize subscriber communications—providing seamless and tailored interactions.
- **Email Marketing Platforms.** Email marketing remains a powerful tool for engaging subscribers, delivering personalized content and promotions directly to their inboxes. Even as other digital channels gain popularity, marketing leaders continue to rank email highly—23 percent say it generates more leads and 19 percent indicate it improves their sales and conversions<sup>7</sup>.
- **Social Media Platforms.** Social media is a valuable channel to connect with subscribers, particularly for younger demographics. BSPs need to understand their subscribers' preferences to determine the right mix of social media platforms. For instance, marketers should not automatically assume that older audiences don't use social media; instead, they should examine response to previous campaigns to determine what works best for each audience.
- **Customizable Mobile Apps.** Mobile apps offer a convenient way for subscribers to access services and control their experience. Apps give BSPs an easy way to communicate directly with subscribers, while always keeping their brand front and center. Customizable apps that align with subscribers' needs can significantly boost engagement. Nearly 40 percent of customers say the ability to connect with a brand through their preferred platform—like a mobile app—is the most important aspect of a good experience<sup>8</sup>.
- **Direct Mail.** Despite tremendous focus on digital marketing, BSPs still rely on this tried-and-true channel to reach subscribers. And for good reason: Research shows that direct mail delivers the highest return on investment (ROI) of any channel, at up to 112 percent<sup>9</sup>. The same rules of engagement apply to direct mail. Marketers need to understand subscribers' lifestyles and preferences to create mailers that resonate and drive action—or their message risks going directly into the trash.

Developing a winning engagement strategy requires deeply understanding subscribers, mapping their journey, and leveraging the right platforms and tools. By adopting a data-driven approach, BSPs can forge personalized connections, nurture long-term loyalty, and maximize subscriber engagement. A holistic engagement strategy not only benefits BSPs by driving business growth and profitability but also ensures subscribers feel valued and connected, akin to being treated like friends and family.

## MONITOR, MEASURE, AND IMPROVE ENGAGEMENT

Tracking different engagement measures is paramount for companies seeking to thrive and build a loyal customer base. By carefully analyzing engagement metrics, businesses can gain valuable insights into subscriber behavior, preferences, and pain points. This data-driven approach allows companies to refine their processes, enhance subscriber experiences, and ultimately improve subscriber engagement.

Here we examine several key metrics used to track engagement and explore how companies can leverage this data to drive meaningful improvements.

- **Net Promoter Score (NPS) or customer satisfaction (CSAT) ratings:** NPS and CSAT ratings provide valuable insights into customer satisfaction and loyalty. NPS gauges the likelihood of customers recommending a company to others, while CSAT measures customer satisfaction with specific products or services. High NPS or CSAT scores indicate strong engagement and a positive customer experience.
- **Conversion rates:** Conversion rates measure the percentage of subscribers who take the desired action, such as making a purchase, signing up for a service, or filling out a form. Monitoring conversion rates helps companies understand how effective their marketing and sales strategies are at motivating subscribers to act.
- **Subscriber churn rates:** Churn rates represent the percentage of subscribers who stop using a service or cancel their subscription over a specific period. High churn rates signal potential issues with engagement, customer satisfaction, or the value delivered by the company.
- **Customer lifetime value (CLV):** CLV estimates the total revenue a company can expect to generate from a single customer over their entire relationship. By understanding CLV, businesses can identify their most valuable customers and tailor engagement strategies to retain and nurture them.
- **Customer reviews and social media comments:** Monitoring subscriber reviews and social media comments provides real-time feedback on customer sentiment. Positive reviews and comments indicate high engagement and satisfaction, while negative ones highlight areas that need improvement.
- **Referral rates:** Referral rates reflect the number of new customers acquired through customer referrals. High referral rates indicate strong engagement and customer advocacy, as satisfied subscribers are more likely to recommend a company to others.

## Using Data To Improve Engagement

Tracking various engagement metrics is just the first step. Here are five ways that BSP marketers can harness this data to drive meaningful improvements—creating a virtuous cycle of increased engagement, customer satisfaction, and long-term brand loyalty.

- 1. Map NPS data to subscriber experience data.** By examining NPS data alongside subscriber experience data, BSPs can gain a deeper understanding of how satisfaction and loyalty may vary across specific subscriber segments. It's helpful to look at service tier, tenure of service, subscriber personas, and whether they're using managed services. It's also important to include demographic data to identify trends around age, income, and other characteristics. Equipped with this knowledge, BSPs can develop targeted strategies to address issues and enhance engagement.
- 2. Pay attention to qualitative comments in satisfaction surveys.** While quantitative data is essential, qualitative comments in satisfaction surveys provide rich insights into subscriber experiences and pain points. Analyzing these comments helps identify specific areas for improvement, such as introducing new service bundles or establishing a loyalty program.
- 3. Respond to feedback on social media and reviews.** Engaging with subscribers who leave reviews or comments on social media platforms demonstrates a commitment to satisfaction. Responding to both positive and negative feedback shows that the company values its subscribers' opinions. But it's particularly important to address critical reviews; it's estimated that 62 percent of people share their negative experiences with others<sup>10</sup>.
- 4. Develop a customer loyalty program.** A customer loyalty program acknowledges and rewards long-standing subscribers. Such programs incentivize continued engagement and encourage customers to stay loyal to the brand. Research shows 30 percent of loyalty club participants are more likely to choose a brand over the competitor and 50 percent are more likely to recommend the brand to others<sup>11</sup>.
- 5. Create a formal customer referral program.** A structured referral program motivates subscribers to refer friends and family—driving new subscriber acquisition. Rewarding both the referrer and the new subscriber fosters a sense of community and further enhances engagement. Referral programs offer big benefits: Customers that refer others have a 37 percent higher retention rate and referred customers are four times more likely to refer their friends<sup>12</sup>.

Tracking engagement metrics and leveraging data insights are vital for companies to stay competitive and foster long-term relationships with their subscribers. By monitoring key engagement measures, service providers can continuously refine their strategies and optimize engagement efforts. Through personalized and responsive engagement tactics, companies can build a loyal subscriber base—driving sustained growth and success in the market.

## Why BSPs Should Embrace NPS

Introduced in 2003, the NPS was developed to measure how well companies create customer loyalty. Today, NPS is considered the gold standard of customer experience, used by organizations around the world to understand and improve customer relationships. Revolutionary yet simple, NPS boils down to this: Do customers love a company's service enough to recommend it to others?

NPS is a valuable metric for marketers to track. Unlike revenue—which reflects past performance—satisfaction (as measured by NPS) is a leading indicator of the future health of a business. Marketers can contribute to greater subscriber satisfaction, lower churn, and higher NPS by creating holistic engagement strategies. Service providers who've followed this framework have achieved phenomenal results, including NPS well above the industry average, with some scoring in the 70s, 80s, and even 90s.

It's important to remember that NPS should be more than just a score or a KPI. It must be viewed as a long-term program and embraced across the entire organization. It can be the catalyst to help BSPs better understand subscribers' wants and needs and ultimately lead to stronger relationships with subscribers.



## CONCLUSION:

### Subscriber engagement stands as the cornerstone of success for BSPs in rural markets

Subscriber engagement stands as the cornerstone of success for BSPs in rural markets. By understanding their subscribers intimately and crafting personalized experiences, local BSPs can build authentic connections that foster loyalty and drive business growth. Through a data-driven approach and careful monitoring of engagement metrics, these providers can continuously improve their strategies, ensuring that subscribers feel valued and connected.

As competition increases and customer expectations evolve, prioritizing engagement remains essential for BSPs to not only survive but thrive. By treating subscribers as individuals and consistently delivering exceptional experiences, BSPs can forge lasting relationships that benefit both their subscribers and their businesses in the long run.

Let Calix help you develop a successful subscriber engagement strategy—learn more about [Calix Engagement Cloud](#) and our other solutions for BSP marketers.

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## About Calix

Calix, Inc. (NYSE: CALX)—Calix cloud and software platforms enable service providers of all types and sizes to innovate and transform. Our customers utilize the real-time data and insights from Calix platforms to simplify their businesses and deliver experiences that excite their subscribers. The resulting growth in subscriber acquisition, loyalty, and revenue creates more value for their businesses and communities. This is the Calix mission: to enable broadband service providers of all sizes to simplify, excite, and grow. Follow us on LinkedIn.

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