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The personalization imperative

**Driving telecom
growth with
AI-powered
marketing**



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EXECUTIVE SUMMARY

Marketing and customer value management have become increasingly complex. Brands fight for customer attention, and consumers demand personalized, real-time engagement. Customer churn is at record levels. A single misstep can destroy years of carefully cultivated brand value. This dynamic has not spared telecom operators. Additionally, telecom operators face disruption from digital ecosystem players that threaten to capture customer value and remove telecom operators as owners of the customer relationship.

However, telecom operators have a data reservoir that they can use to thrive in this competitive environment. Indeed, their data sets, which include real-time location data, usage patterns, and customer service interactions, are broader and richer than those of many other industries.

Paradoxically, telecom marketers are thirsty for insight and opportunity because they typically utilize only 30 to 50 percent of their data. They cannot exploit these data, as their marketing technology (MarTech) stacks are fragmented, and they lack the requisite skills.

What telecom operators need is an artificial intelligence (AI)–powered, data-fueled engine that enables personalized marketing and customer value management at scale. Done right, such engines can be transformational. Our analysis shows that such an engine unlocks new revenue streams, deepens customer relationships, and creates competitive advantage, generating \$5.90 in EBITDA (earnings before interest, taxes, depreciation, and amortization) for every \$1.00 invested.

The framework for this engine has four layers: a data foundation, a cognitive marketing core, value pools, and activation—which require proper orchestration. Middle East operators that act now to build such an AI-powered marketing engine can significantly accelerate the journey to customer value. Those that hesitate risk falling behind. Inaction is more than a missed opportunity—it is a path to irrelevance.

RIGHT PLACE, RIGHT TIME, RIGHT OFFER, RIGHT CUSTOMER

Customers in every industry are demanding personalized, real-time engagement across channels, whether it is social media, mobile apps, or retail stores online and offline. They expect to be uniquely understood in the moment.

Marketers know that personalization is critical to relevance and differentiation, revenue growth, and brand value. Leaders are tackling this challenge head-on.

First, they are gathering massive, proprietary data sets of customer information. Unilever, for example, is on a mission to create 1 billion one-on-one customer relationships by analyzing interactions across digital and in-store touch points for marketing insights.¹ Second, such leaders are creating integrated marketing technology (MarTech) stacks to enable real-time personalization.² McDonald's integrated its MarTech to deliver personalized drive-through menus, mobile app offers, and in-store experiences, increasing its digital customer frequency by 10 percent and raising customer spending.³ Third, these leaders are exploiting real-time insights to get their concept into the market faster. Such agility allowed Coca-Cola to quickly move from a concept to the production of personalized bottles and cans in its "Share a Coke" campaign, which it launched in Australia and then expanded globally, and grow sales by 2.5 percent in a year in the competitive U.S. market.⁴

Telecom operators are uniquely positioned to fulfill the personalization imperative. Their data sets, which include real-time location data, usage patterns, and customer service interactions, are broader and richer than those of industries such as finance or retail.

The problem is that many telecom operators are struggling to tap this gold mine of insights. In many cases, they are unable to deliver the right offer at the right place and the right time to their customers. We find that telecom companies typically utilize only 30 to 50 percent of their data. Senior telecom executives worry that disconnected MarTech stacks and skills gaps are holding them back.

1. Derek du Preez, "Unilever Is Using Google Cloud to Help It Create 1 Billion One-to-One Relationships with Its Consumers," Diginomica.com, April 11, 2019 (<https://tinyurl.com/247c6w9t>).

2. MarTech stacks are the integrated set of marketing technologies, including data management platforms, automation tools, analytics, and personalization engines, that enable businesses to execute, manage, and optimize marketing campaigns across channels.

3. "McDonald's Leverages Loyalty Personalization to Combat Aggregators," PYMNTS, January 27, 2022 (<https://tinyurl.com/z3aejcc9>).

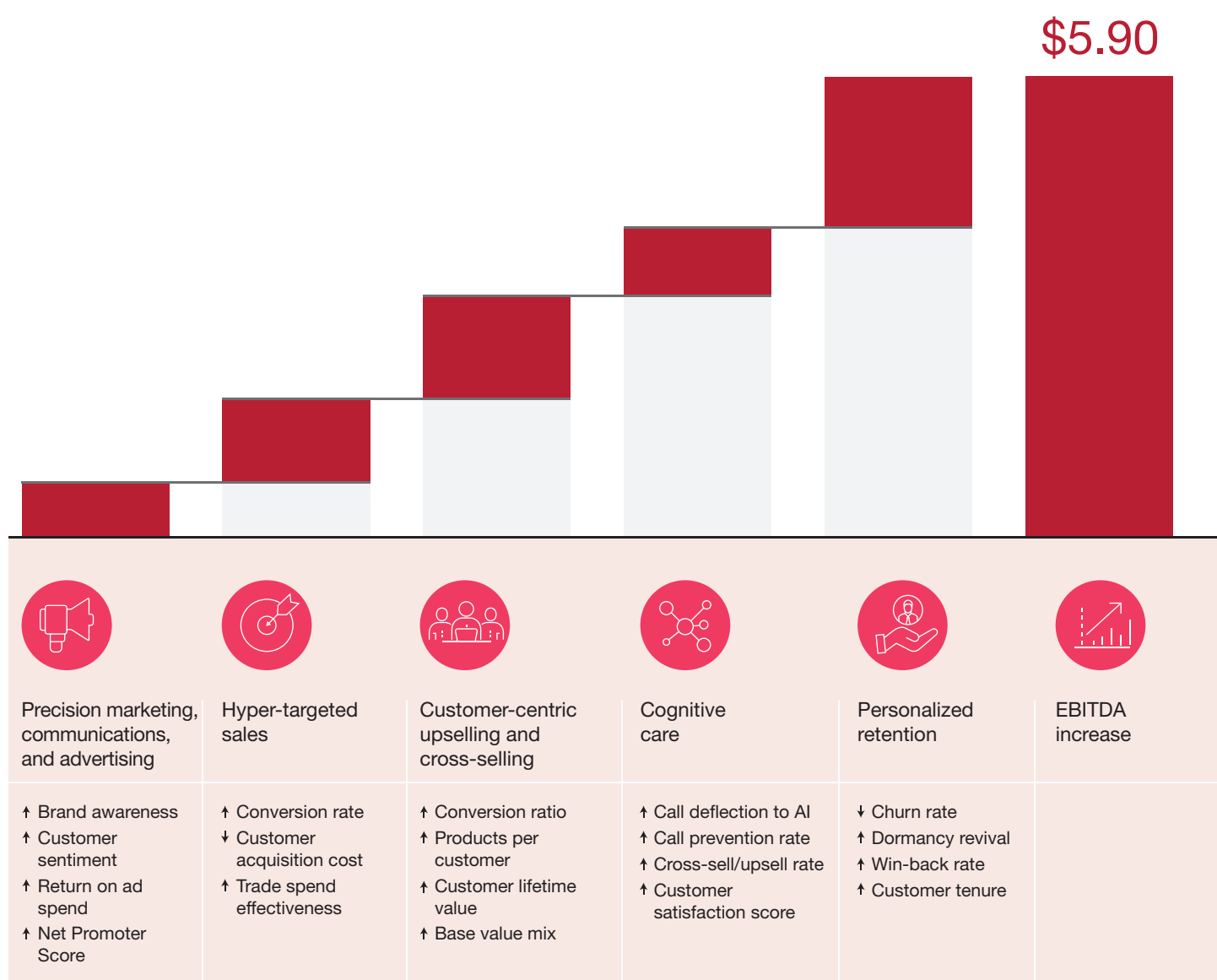
4. Michelle Herbison, "'Share a Coke' Campaign Increased US Sales for the First Time in a Decade" Marketing Mag, September 30, 2014 (<https://tinyurl.com/4e3ye67k>).

Data-fueled, AI-powered marketing engines can unlock the potential for personalization. Such engines can produce the insights needed for personalized engagement, promote more informed decisions, and create the precision targeted strategies needed to enhance returns and deliver competitive advantage. Our analysis shows that for telecom companies in the early stages of their customer value management (CVM) journey, every \$1.00 invested in AI-powered, data-fueled marketing can yield up to \$5.90 in EBITDA (earnings before interest, taxes, depreciation, and amortization) gains over five years (see *Exhibit 1*). Later, as telecom companies mature in their CVM journey, the incremental impact is expected to decline.

EXHIBIT 1

Telecom marketing can deliver more value with AI-powered, data-fueled engines

(Value increase potential per \$1.00 of investment)



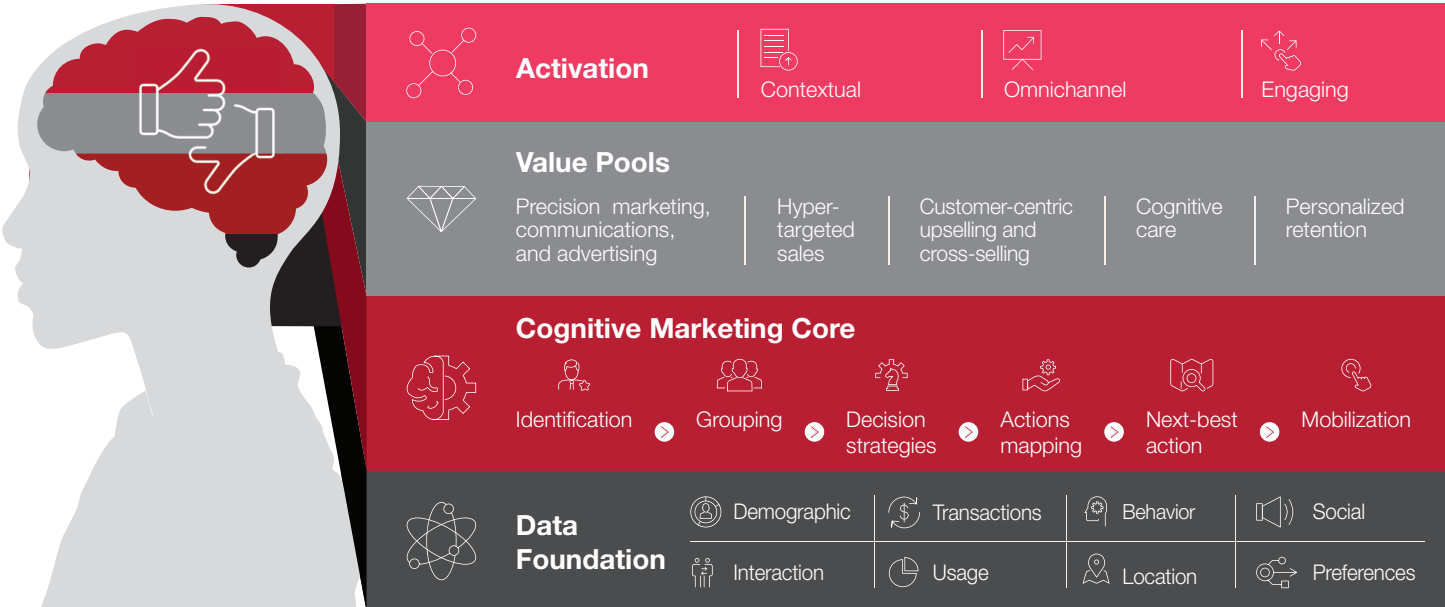
Note: AI=artificial intelligence, EBITDA=earnings before interest, taxes, depreciation, and amortization.

Source: Strategy&

A FRAMEWORK FOR AI-POWERED, DATA-FUELED PERSONALIZATION AT SCALE

A robust marketing and CVM engine that produces personalized customer experiences and drives real business outcomes has four layers (see Exhibit 2). The first layer, the data foundation, is a broad and deep information pool that provides a 360-degree view of the customer. The second layer, the cognitive marketing core, is powered by an AI engine to produce actionable insights from that complete customer view. The third layer, the value pools, creates use cases and campaigns that are located along the customer life cycle. The fourth layer, activation, produces the customer experiences that monetize data.

EXHIBIT 2
A seamless blend of data, analytics, and execution transforms customer interactions into revenue-generating engagements



Source: Strategy&

Done right, the AI-powered marketing engine can accelerate the path to value through more selective and targeted campaign impressions to generate impact, compared with traditional marketing. By exploiting advanced analytics, automation, and real-time insights, telecom companies can optimize engagement earlier, maximize return on investment (ROI), and reduce outreach inefficiencies.



The data foundation creates a 360-degree view of the customer

Personalized marketing at scale requires a well-structured, unified data architecture that offers a 360-degree view of the customer. The data in this pool must be ingested, stored, and managed in a structured manner, ensuring consistency, accessibility, and interoperability across systems. A robust data governance framework is critical to enabling seamless integration across marketing, sales, and customer experience platforms. That must be accompanied by well-defined data schemas, taxonomies, and metadata management. Proper structuring also facilitates advanced analytics, ensuring that AI models can generate meaningful insights with high degrees of accuracy and relevance.

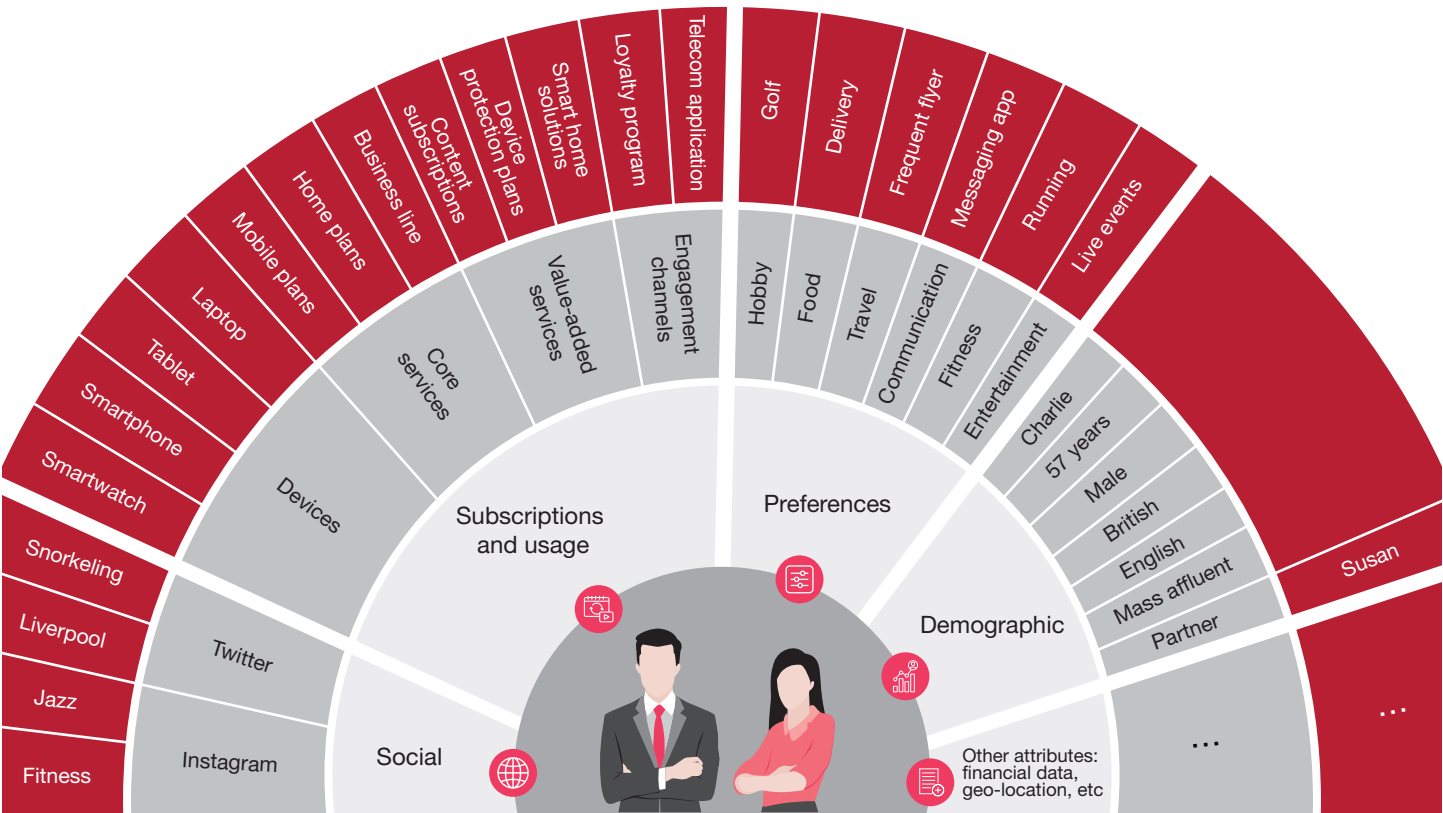
This data foundation should aggregate a rich mix of attributes from every customer interaction and other sources (see *Exhibit 3*). These data create a “single source of truth” and enables smarter micro-segmentation, targeted pricing, personalized marketing campaigns, and contextual experiences. The data should include:

- Attitudinal data, such as customer satisfaction levels, Net Promoter Scores, and chatbot interactions
- Behavioral data, such as data about service usage and location to infer lifestyle shifts, and affinity signals to learn about emerging interests based on content consumption
- Transaction data, such as purchases and spending elasticity
- Interaction data, such as click-through rates, posts liked and shared, and indications that customers are tired of touch points
- Demographic data, such as nationality, age, and gender



Personalized marketing at scale requires a well-structured, unified data architecture that offers a 360-degree view of the customer.

EXHIBIT 3
A unified customer profile fuels the marketing engine



Source: Strategy&

The cognitive marketing core builds a decision intelligence command center

The data foundation fuels the cognitive marketing core, a decision intelligence command center that analyzes and orchestrates the best actions to take next. AI, machine learning, and analytics work together within the core to transform data into actionable insights. Algorithms decode behavioral signals by analyzing highly specific event-stream data from customer interactions to identify intent and detect micro-patterns in real time. The core predicts future actions through sequence modeling and propensity scoring, which dynamically refine customer engagement strategies with real-time decision-making and experimentation frameworks. Meanwhile, reinforcement learning and predictive modeling enable hyper-relevant and timely engagements by continuously improving offers and content delivery.

Beyond customer engagement, the core uncovers hidden opportunities using unsupervised learning and anomaly detection to identify new customer segments, new product opportunities, and unmet needs. Journey mapping and sequence modeling provide a deeper understanding of customer trajectories. Value forecasting and lifetime value optimization ensure long-term strategic decision-making that maximizes customer retention and monetization (see *Exhibit 4*).

The cognitive marketing core follows a structured process to drive impact. It begins with identification and grouping, where AI-driven models predict eligible customers likely to take an offer and form micro-cohorts based on behavioral, usage, and demographic data. Decision strategies and actions mapping define and prioritize targeted interventions using propensity models and matching criteria. The next-best action is determined by leveraging PxV (propensity-value) scoring to optimize customer engagement. Then through mobilization, offers are executed through the right channels, with A/B testing and real-time feedback loops ensuring continuous optimization. This data-driven approach maximizes engagement effectiveness and business value.

Value pools and experience improvement

Agile, cross-functional teams use integrated MarTech systems to apply the output of the cognitive marketing core to the five customer value pools associated with the customer life cycle: precision marketing, communications, and advertising; hyper-targeted sales; customer-centric upselling and cross-selling; cognitive care; and personalized retention. The customer experiences in each pool are enhanced to drive differentiation, loyalty, and advocacy.

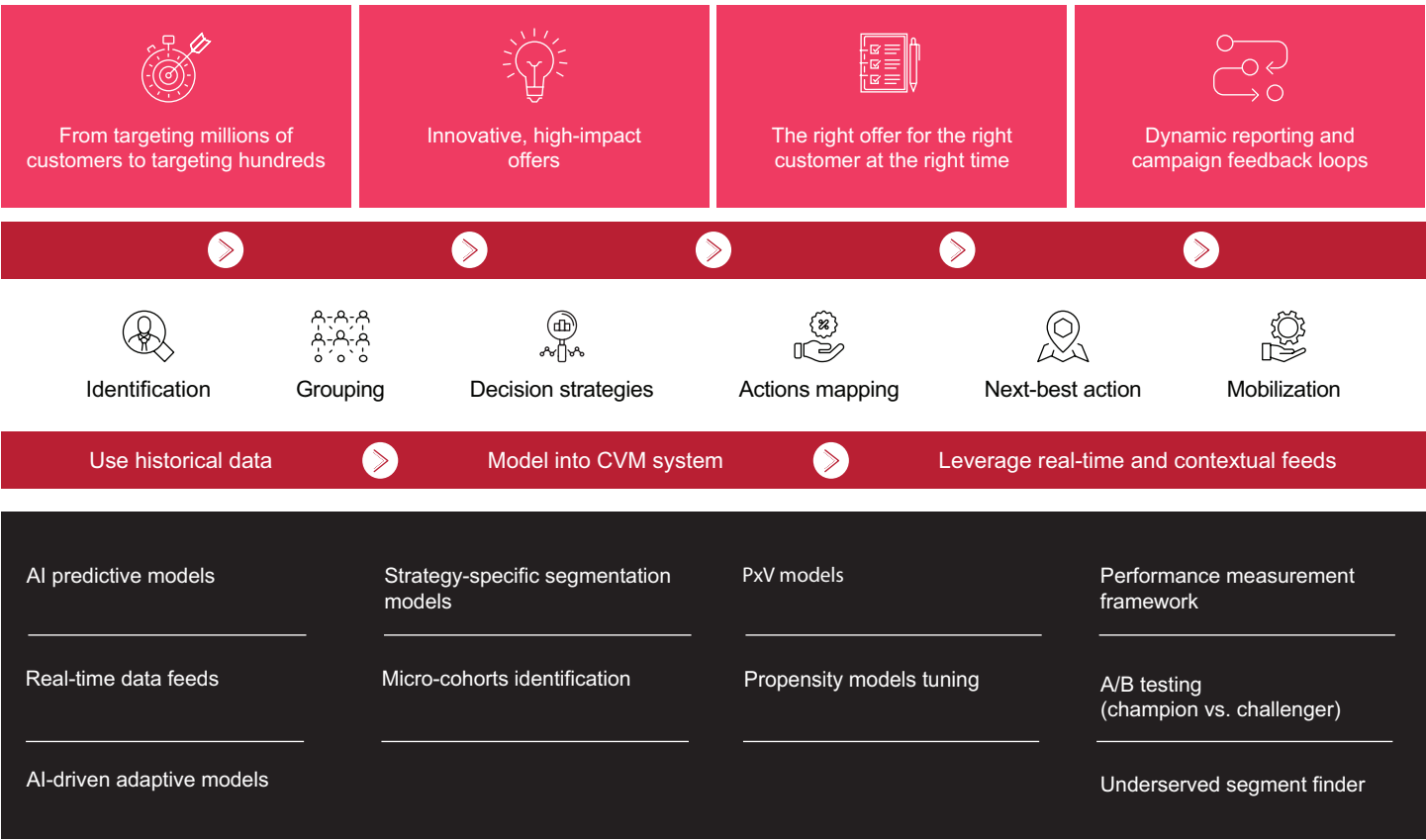
Precision marketing, communications, and advertising

The cognitive marketing core analyzes social media sentiment, optimizes marketing and communications spend, and segments audiences. It provides the contextual insights needed to create and deliver targeted advertising that grabs attention and drives conversion. For instance, one telecom operator in the Middle East used look-alike modeling, in which data analytics identifies audience sets whose behavior and traits (such as a preference for a particular brand of smartphone) resemble those of profitable customers, to significantly raise brand engagement and market share in an underserved micro-segment.

Hyper-targeted sales

Data insights drive dynamic pricing and dynamic sales commission design. They also enable real-time personalization at the point of sale, enabling telecom operators to offer precisely tailored products or services to customers at the moment they are ready to buy. One telecom operator in the Middle East developed a prospecting list of leads and a dynamic pricing engine, and built it into an app that sales staff used to boost conversion rates by 12 to 15 percent and reduce customer acquisition costs.

EXHIBIT 4
The cognitive marketing core drives proactive, personalized engagement that results in real business value



Note: AI=artificial intelligence, CVM=customer value management, P=propensity or likelihood of customer accepting an action, V=value of action to the business.
Source: Strategy&

Customer-centric upselling and cross-selling

Upselling (selling a higher-priced product to the same customer) and cross-selling (selling different products to the customer) represent the largest value pool. They often drive the majority of data and MarTech investment decisions. A robust cognitive marketing core offers an opportunity to transform this value pool by identifying high-impact insights across customer personas and journeys. Agile coordination of marketing teams can translate these insights into a dynamic campaign catalog. That catalog needs meta-tags that are consistent with customer profiles and moments in the customer journey when they decide to spend more. What then happens is that advanced matching engines pinpoint the moments to deliver hyper-personalized campaigns to specific groups of customers. Such pinpointing ensures the right message reaches the right customer at the right time, thereby maximizing conversions. Several global and Middle East telecom operators have implemented use cases that demonstrate the potential to unlock the value of this approach by:

- Using the initial seven days of usage data to identify potential high-value customers with 82 percent accuracy and targeting them with campaigns designed to move them to high-value plans several months earlier than normal
- Identifying a pattern composed of four journey triggers that consistently led to a higher propensity to upgrade data bundles
- Pinpointing location triggers to define home zones for prepaid customers and launching member-get-member offers for those identified as residing in competitor-dominant zones
- Creating personalized engagement journeys and gamified campaigns—delivered as weekly challenges—to improve engagement among high-value prepaid customers

Cognitive care

Cognitive care is a process that proactively solves problems and deflects inquiries to automated channels. It also turns service interactions into revenue opportunities. Cognitive care does this by reducing the number of high-cost contacts through preventive measures, intelligent deflection to virtual agents, and dynamic agent routing—which also significantly cuts costs. One telecom operator used AI to craft proactive, personalized resolution offers after a network outage affected a significant portion of its customer base. The result was reinforced customer trust and an estimated 40 to 60 percent reduction in expected churn.

Personalized retention

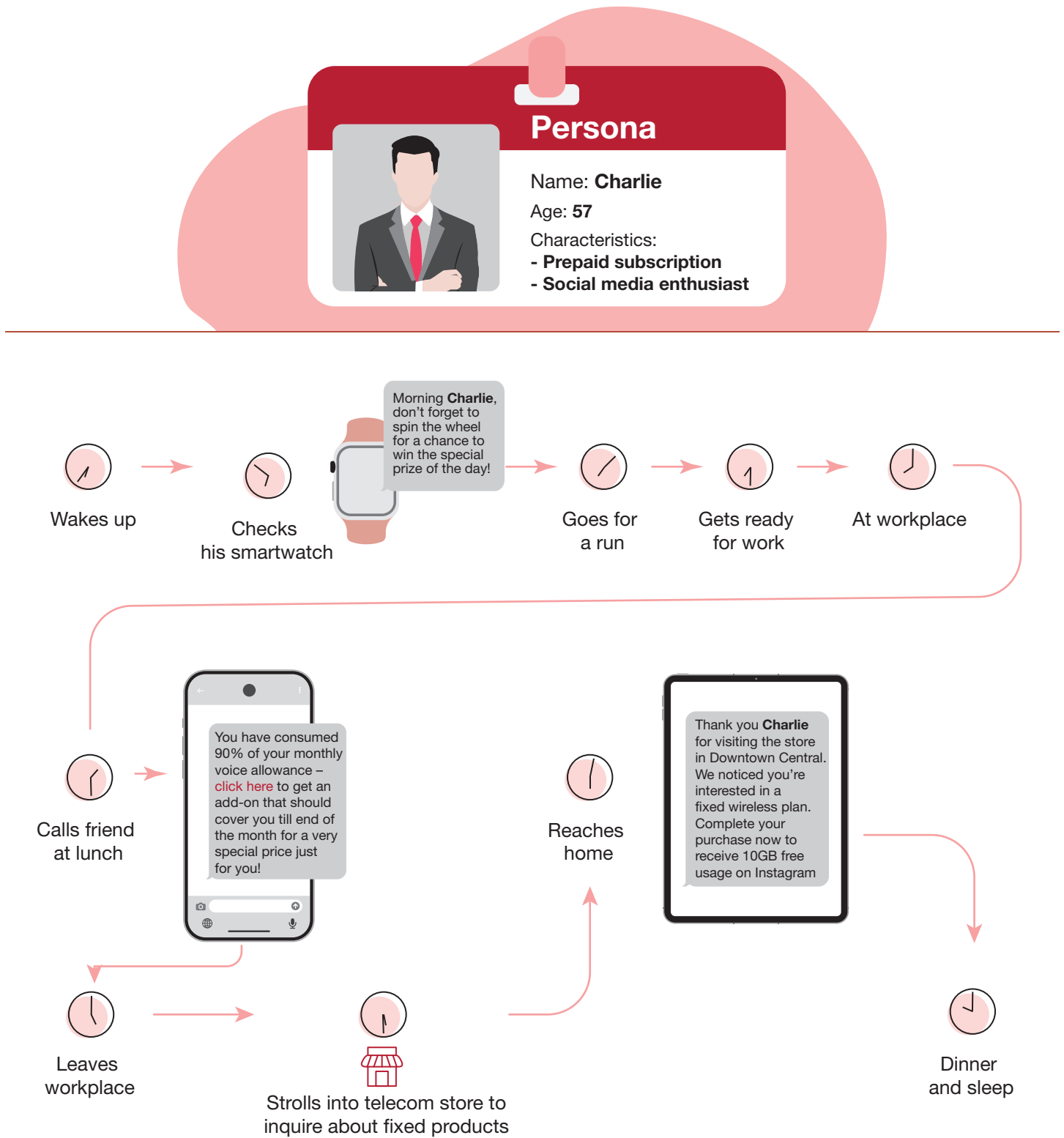
Telecom operators can detect early signs of dissatisfaction from both direct customer interactions and external channels by using intelligent churn prediction, sentiment analysis, and micro-segmenting of “high churn propensity” groups. They can design personalized interventions to proactively reduce churn or win back dormant customers. One telecom operator used social media sentiment analysis to enhance its churn prediction model and to micro-segment customer groups with high churn scores, allowing it to flag high-risk customers more effectively and deliver personalized recovery offers.

The activation layer makes every experience count

To win, telecom operators must create personalized, effortless, and exciting customer interactions. True differentiation comes from delivering consistent personalization across every touch point and shaping a unified customer journey. The activation layer of the framework brings personalization to life. By transforming routine touch points into moments of delight and action, telecom operators can turn every engagement into a value-creating competitive advantage (see *Exhibit 5*).

EXHIBIT 5

AI-powered marketing provides compelling customer experiences across channels



Source: Strategy&

FIRST STEPS FOR IMPLEMENTING AI-DRIVEN, DATA-FUELED MARKETING

Telecom leaders can begin unlocking the potential of intelligent personalization and maximize customer value through the following steps:

- **Progressively assemble a 360-degree view of the customer.** Drive a focused effort toward analyzing real-time data and continuously evolving the profile of each customer by exploiting AI, data analytics, and machine learning.
- **Integrate the MarTech stack.** Centralized data management, dynamic content delivery, and automated campaign management ensure that every element of the MarTech stack combines to bridge the gap between strategy and execution, act faster and smarter, and deliver personalized experiences at scale.
- **Invest in AI and advanced analytics capabilities.** Deploy tools such as customer lifetime value models, churn prediction, and sophisticated algorithms to optimize interactions at scale.
- **Drive personalized campaign design and accelerate time-to-market.** Establish a creative design capability to quickly fashion campaigns and a scalable business case framework to swiftly evaluate and approve them.
- **Adopt an agile, cross-functional operating model.** Create an operational foundation for AI transformation by integrating marketing, sales, analytics, and IT in cross-functional teams; making iterative experimentation an organizational habit; and scaling proven initiatives.
- **Build a CVM performance management system.** Use automated dashboards and real-time analytics that track campaign effectiveness, AI impact, and ROI to fine-tune strategies and enhance decision-making models. Adopt a structured feedback loop to ensure investments remain aligned with business objectives.
- **Foster a mindset shift to drive execution at scale.** AI-powered marketing transformation demands a cultural shift. A top-down commitment is essential to drive change, but success won't come immediately. Instead, adopt a test-and-learn mindset, iterating continually to refine strategies. Align key performance indicators and management scorecards to reinforce AI-driven decision-making and achieve sustainable long-term impact.

CONCLUSION

Telecom marketing is going through a capacity and capabilities transformation. The data and the tools needed to achieve this transformation are already available. The question is no longer whether Middle East telecom operators should embrace AI-powered, data-fueled marketing, but how fast they can bring it to bear. The laggards will pay a steep price as their competitors race ahead, using data, AI, and advanced analytics to boost revenue, reduce churn, and delight customers. Those who do not seize this opportunity will lose high-margin services to digital competitors, leaving them to become mere suppliers of commoditized connectivity. Telecom operators that seize the opportunity can provide sustainable returns to their shareholders by defending their core business and by expanding into new value pools in the broader digital ecosystem. The leaders in the race will shape the future of the telecom industry.



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