

# Virtual Test Markets generate successful new product portfolio for a large European telco provider

## Issue

As a large telecommunication provider in Europe, this company has a strong market position with traditional voice offerings. However, as market forces are changing, our client began losing customers in some strength categories, while failing to gain significant traction with new products.

## Challenge

Despite a growing market trend towards offering product bundles, traditional product-centric thinking inhibited our client to view its customers as individuals with a variety of telecommunication needs. Furthermore, its organizational structures did not allow for a joint product development process and designing bundled tariffs that attract a new customer base.

## Solution

In order to identify the right tariff and product-bundle mix, Analyx applied its customizable *Virtual Test Markets* platform. Based on an advanced modeling technique – Agent-Based-Modeling - Virtual Test Markets are computer simulations that replicate the real world market and its participants.

The model accurately captures not only offerings by the competition, but also how telecommunications consumers decide on buying a new phone, internet, and TV tariff (bundle). Simulations of the market for two years into the future indicate not only *what* products people will buy, but also *who* bought them and *why*.

Furthermore, using our Virtual Test Markets platform, our client is now able to

- accurately predict the success of new products,
- capture the effect Word-of-Mouth in the market has on their products,
- identify the right level of marketing to support the client's product portfolio and
- avoid the high cost of unsuccessful test sales.

## Impact

Analyx' Virtual Test Markets helped the client improve their product development process and, thereby, create a product portfolio that significantly increased market share for new product (bundle) offerings.

**Increase of market share for new product offerings**

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