

Situation In the 1980s, AT&T held a virtual monopoly on US phone service and was ordered to divest of local phone service operations. This was an enormous change, reducing book value by over 70%. Equally important, the action distanced it from customers, as billing and customer communication were handled by the new regional service providers.

Challenge

- Reestablishing connection with existing customers
- Building relationships with international users
- Creating new customer relationships
- Creating brand and customer base at the onset of wireless communication

Solution Introduced and modified a card to be *top wallet* – the main payment method for a customer – delivering frequent and ongoing opportunities for brand reinforcement and marketing. Adapted and optimized for multiple audiences, including most profitable clients, SMEs, high potential adopters and emerging users. Each of these groups was further divided, ultimately to a segment of one, with AI crafted offers and customer experience tailored and optimized for each cardholder.

Many of AT&T's best customers were not particularly profitable card users without proper marketing cultivation. While other segments were more attractive, they often came with higher risk (emerging users, international users without credit reporting) or higher service expectations (SMEs). Serial experimental design along with rapid and proactive machine learning was used to discover optimal product and benefit configurations in a risk-controlled, efficient, and automated fashion.

Results

- The card added new customer relationships at a rate of 1% of the US retail and business population every month!
- Card portfolio profitability was reached within one year
- Card statement and market channel carried AT&T into top wireless provider position
- AT&T AI & ML driven marketing outcompeted and forced the consolidation of the card industry from thousands of card issuers to fewer than 20 in just 5 years

Since Eight years after the credit card launch, having reestablished strong connections with customers and markets, AT&T sold the card portfolio to Citi who continues to operate a co-branded credit card for AT&T some 20 years later.