

TELCO CUSTOMER CHURN ANALYSIS

Turning Data into Retention Strategy

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Executive Summary

THE BOTTOM LINE: We Can Reduce Churn by 50%

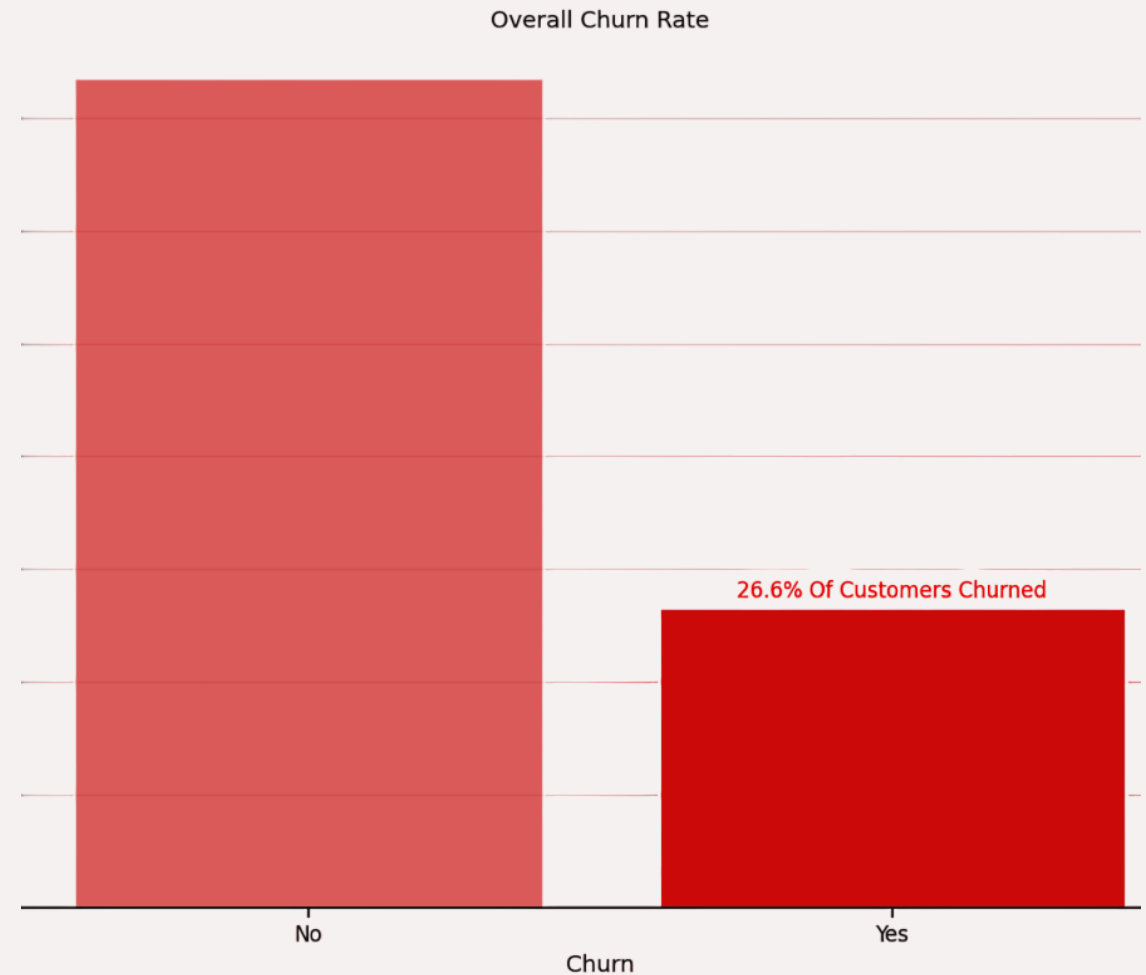
- 42.7% of month-to-month customers churn vs 2.9% on two-year contracts
- 55.5% of churn happens in the first year
- Security services reduce churn risk by 65%
- Electronic check users are 3x more likely to churn

Opportunity: Target high-risk segments for maximum retention impact



The Churn Problem

- Overall Churn Rate: 26.6%
- 1,869 customers churned
- 5,142 customers retained
- The Cost of Churn:
 - \$139,130 in lost monthly revenue
 - \$560,700 in customer acquisition costs
 - \$418,777 in lifetime value lost
- **Why This Matters:** Every 1% reduction in churn = \$12.576 saved



Top Churn Drivers

WHAT'S REALLY DRIVING CUSTOMERS AWAY

CONTRACT TYPE (15x risk)

Month-to-month: 42.7% churn
Two-year: 2.9% churn

SERVICE QUALITY

No security: 41.8% churn
With security: 14.6% churn

INTERNET SERVICE

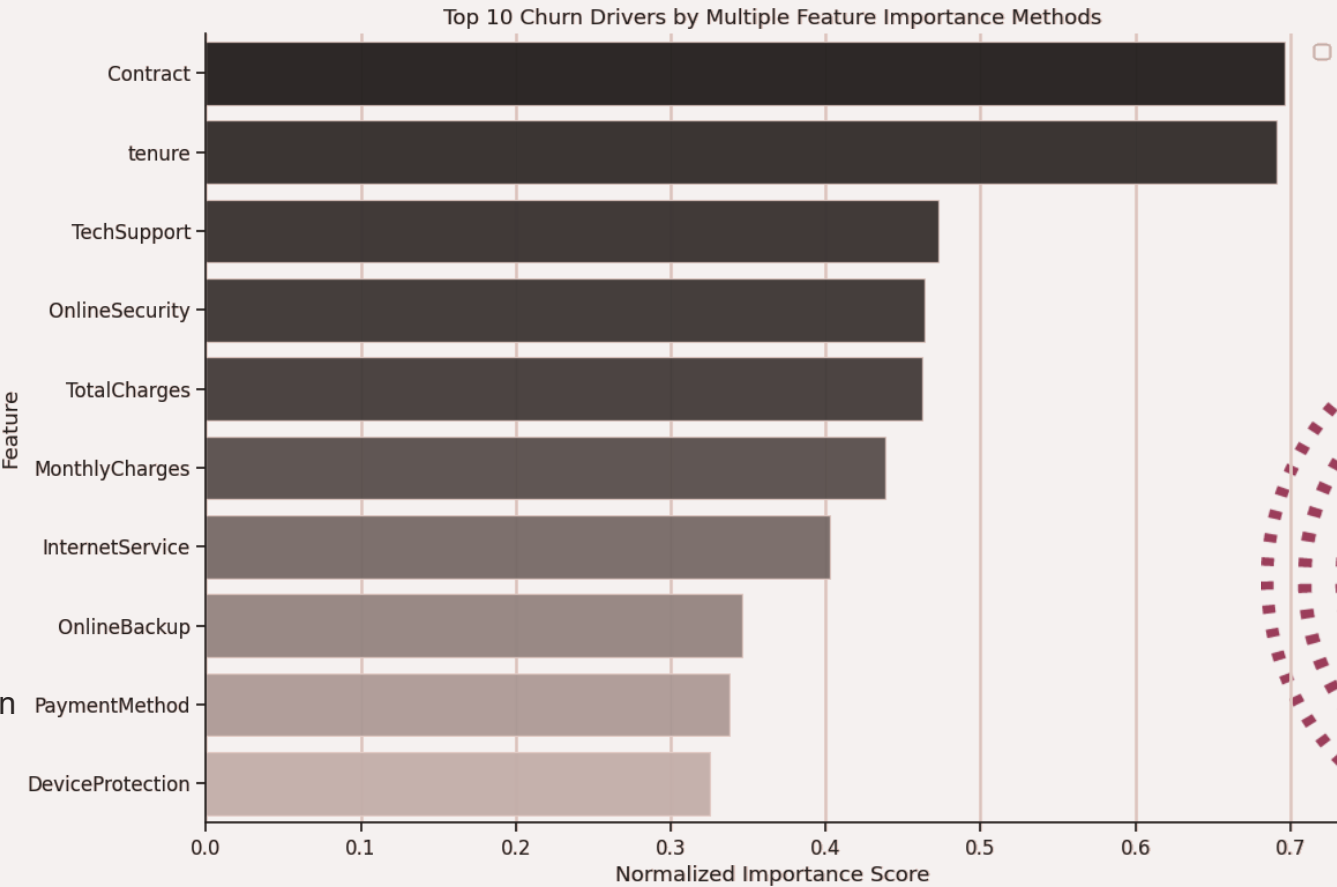
Fiber optic: 41.9% churn

CUSTOMER TENURE

55.5% of churn in first year

PAYMENT METHOD

Electronic check: 45.3% churn
Credit card: 15.2% churn



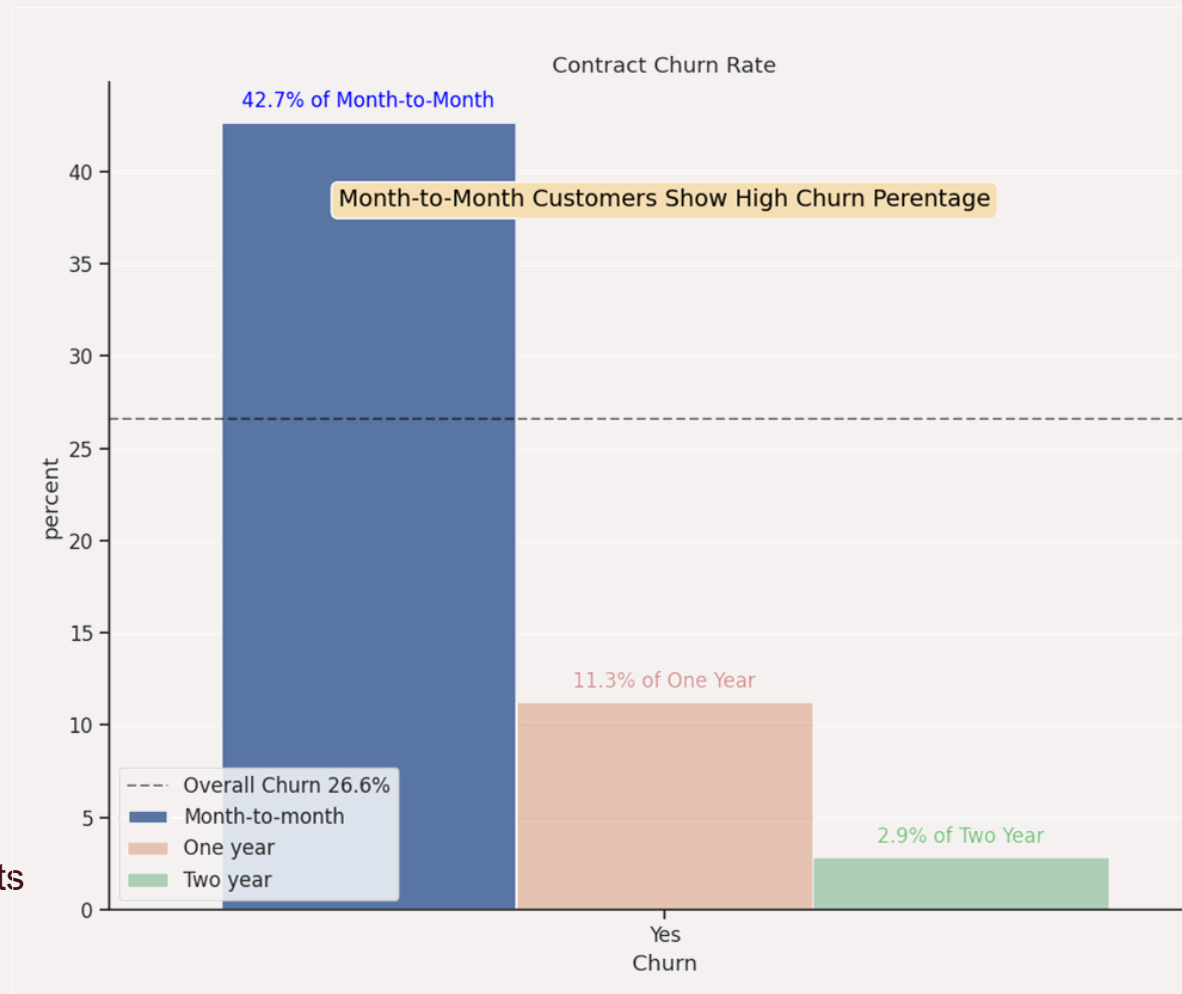
The Contract Crisis

Churn Rates by Contract Type:

- **Month-to-month: 42.71%**
- One-year: 11.28%
- Two-year: 2.85%

The Gap: 15x difference between highest and lowest risk

Immediate Action: Convert month-to-month to longer contracts





The First-Year Danger Zone

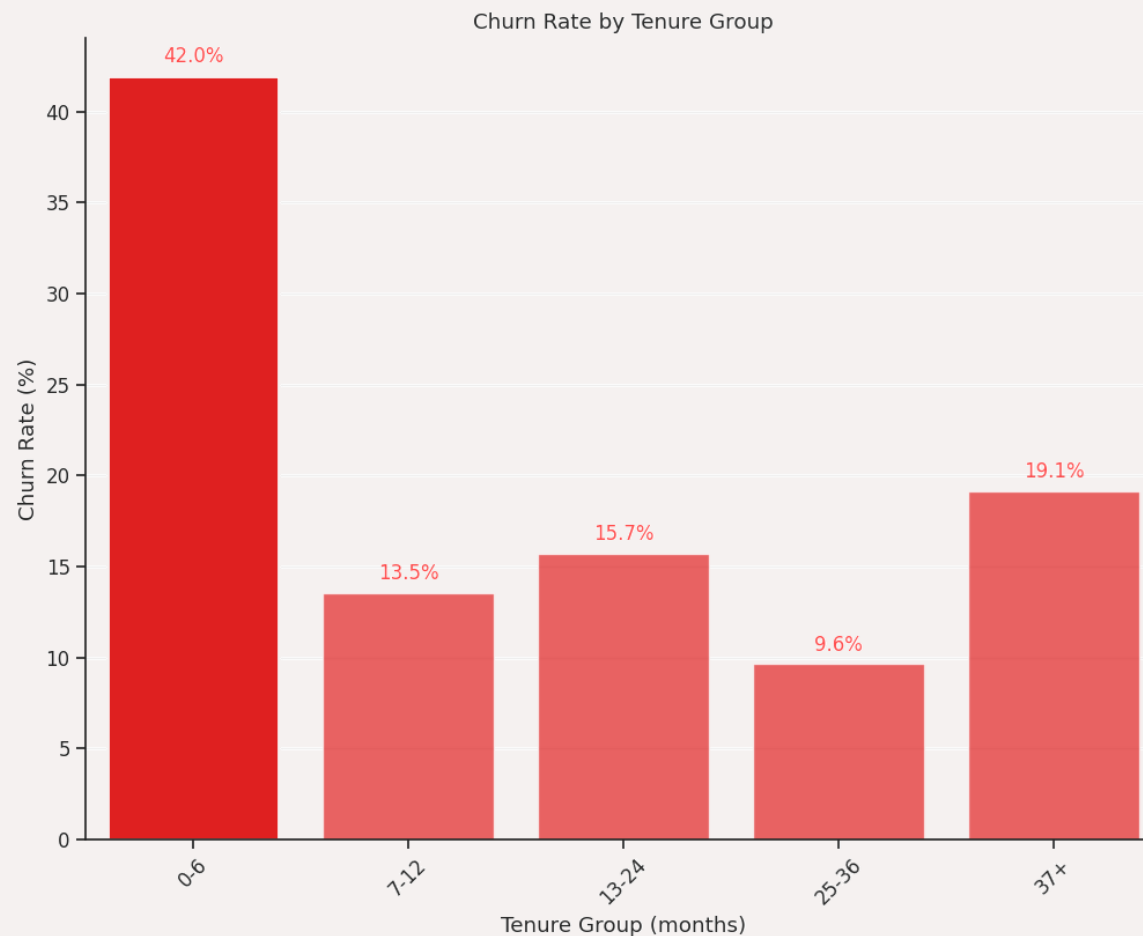
NEW CUSTOMERS ARE FLEEING

Timeline of Churn:

- **0-6 months: 42% of churn**
- 7-12 months: 13.5% of churn
- 13-24 months: 15.7% of churn

Critical Insight: Over half of churn happens in first year

Opportunity: Focus retention efforts on onboarding period

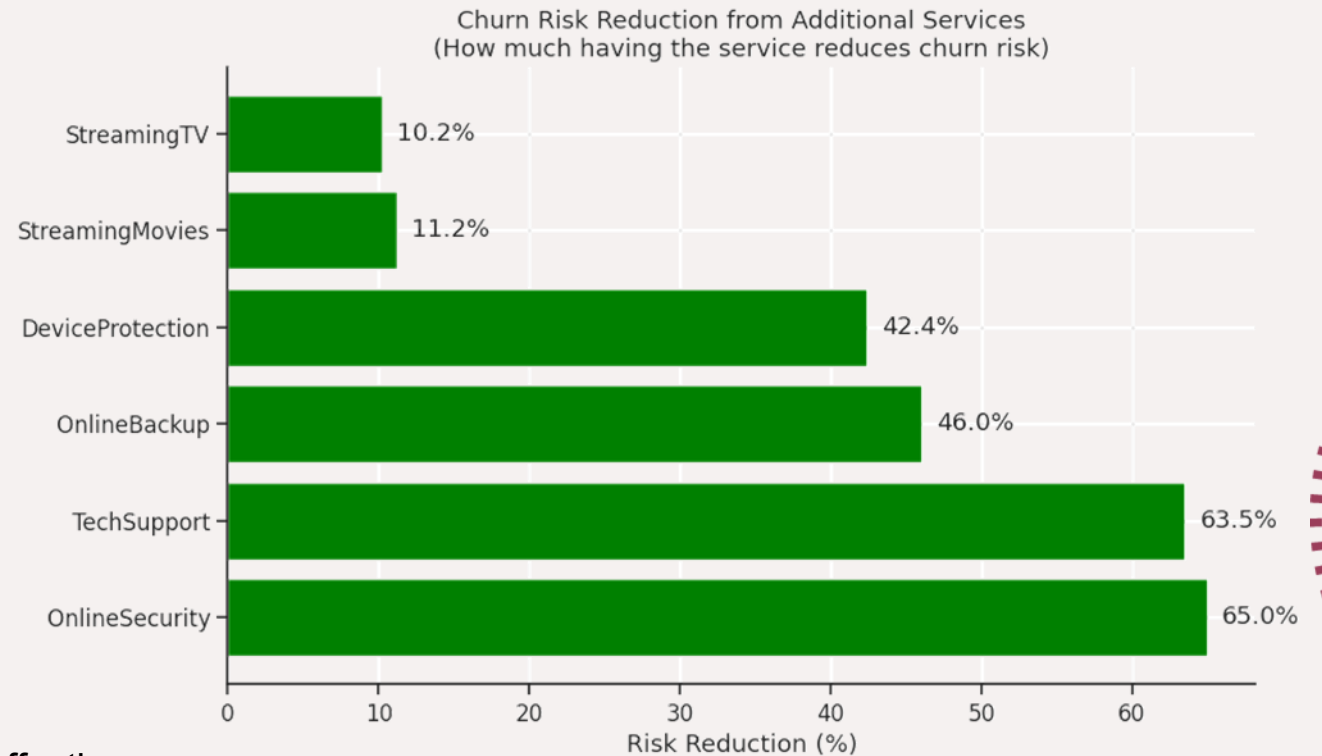


Service Bundle Impact

SECURITY SERVICES = RETENTION POWER

Risk Reduction from Additional Services:

- Online Security: 65.0%
 - Tech Support: 63.5%
 - Online Backup: 46.0%
 - Streaming Services: ~10%
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- Key Finding: Security/support services are 6x more effective than entertainment



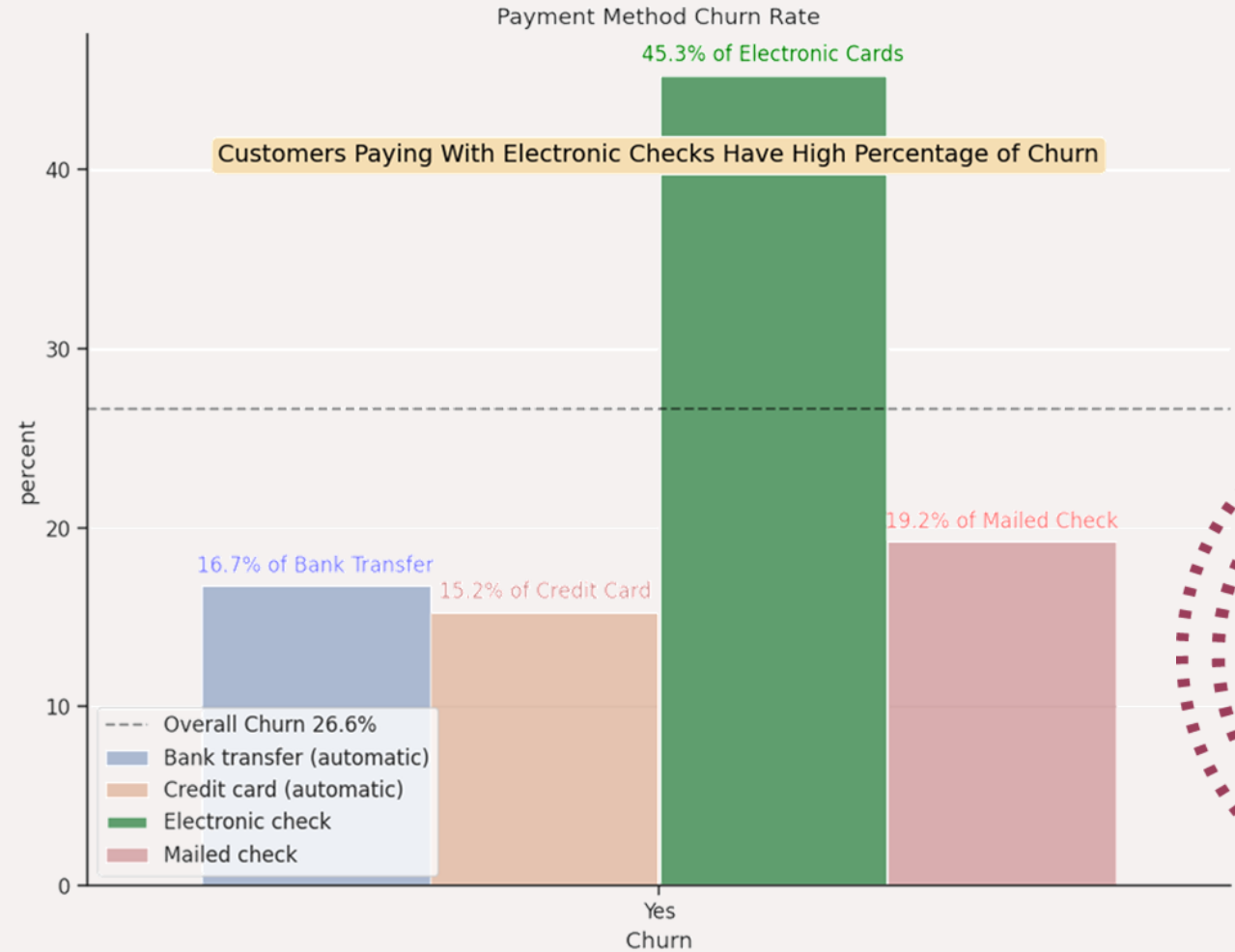
Payment Method Risk

HOW CUSTOMERS PAY PREDICTS IF THEY STAY

Churn by Payment Method:

- **Electronic check: 45.3%**
- Mailed check: 19.2%
- Bank transfer: 16.7%
- Credit card: 15.2%

Recommendation: Incentivize automatic payment methods

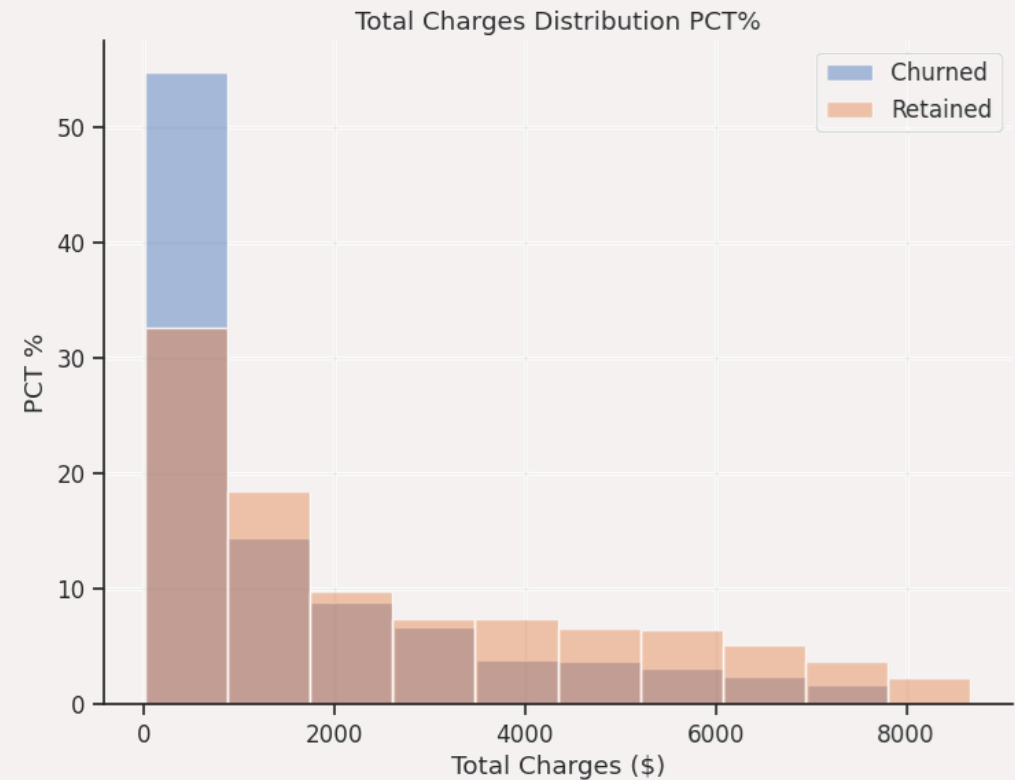
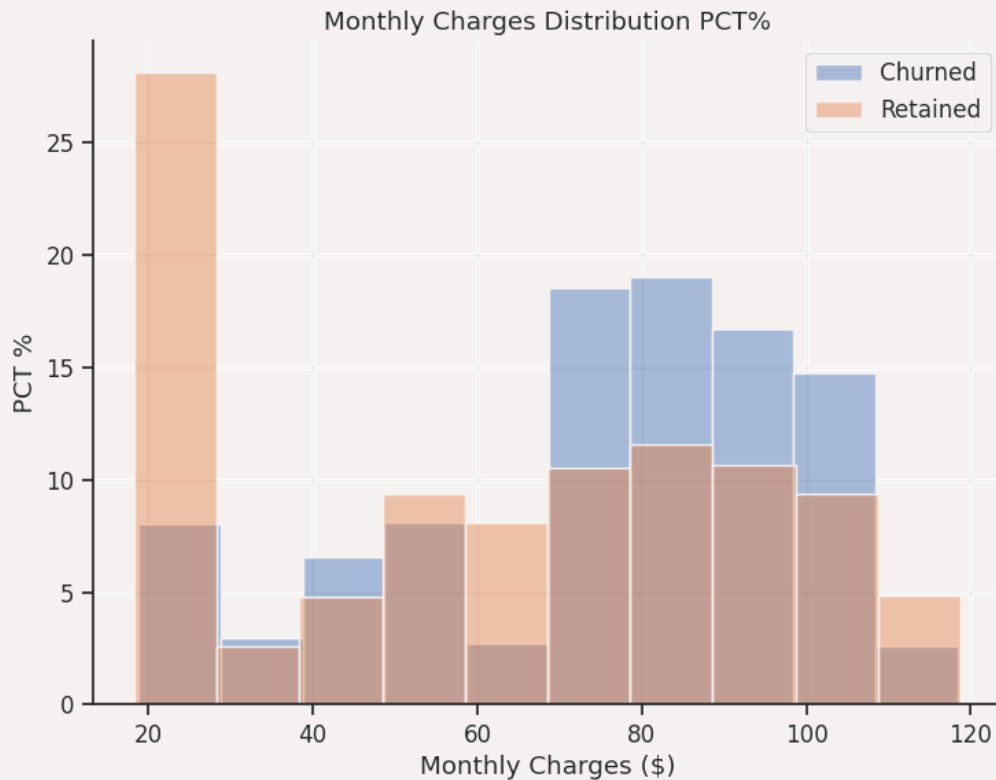


The Financial Paradox

- Churned customers have **21.4% HIGHER Monthly Charges** but **40.1% LOWER Total Charges** than retained customers.

Interpretation: New customers on expensive plans are leaving quickly

Business Implication: Premium plans need better value delivery



IMMEDIATE ACTIONS (Next 90 Days)



CONTRACT CONVERSION PROGRAM

Target: Month-to-month customers
Offer: Discounts for 1-year commitments

Expected impact: 30% reduction in high-risk segment



SECURITY SERVICE BUNDLES

Target: Customers without security features
Offer: Bundled pricing

Expected impact: 25% risk reduction



AUTOMATIC PAYMENT INCENTIVES

Target: Electronic check users
Offer: 5% discount for auto-pay

Expected impact: 15% churn reduction



FIRST-YEAR ASSURANCE PROGRAM

Target: New customers (0-12 months)
Offer: Proactive support and check-ins

Expected impact: 20% better retention



Priority Recommendations

Conclusion & Next Steps

THE PATH FORWARD

Key Takeaways:

1. Contract length is our biggest lever
 2. New customers need immediate attention
 3. Security services drive retention
 4. Payment methods predict loyalty
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Immediate Next Steps:

1. Approve 90-day action plan
 2. Allocate budget
 3. Form cross-functional team
 4. Begin customer segmentation
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Final Message: We have the insights and tools to dramatically reduce churn starting now.

Thank You

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Data Sources:

- Telco Customer Churn Data on Kaggle.com