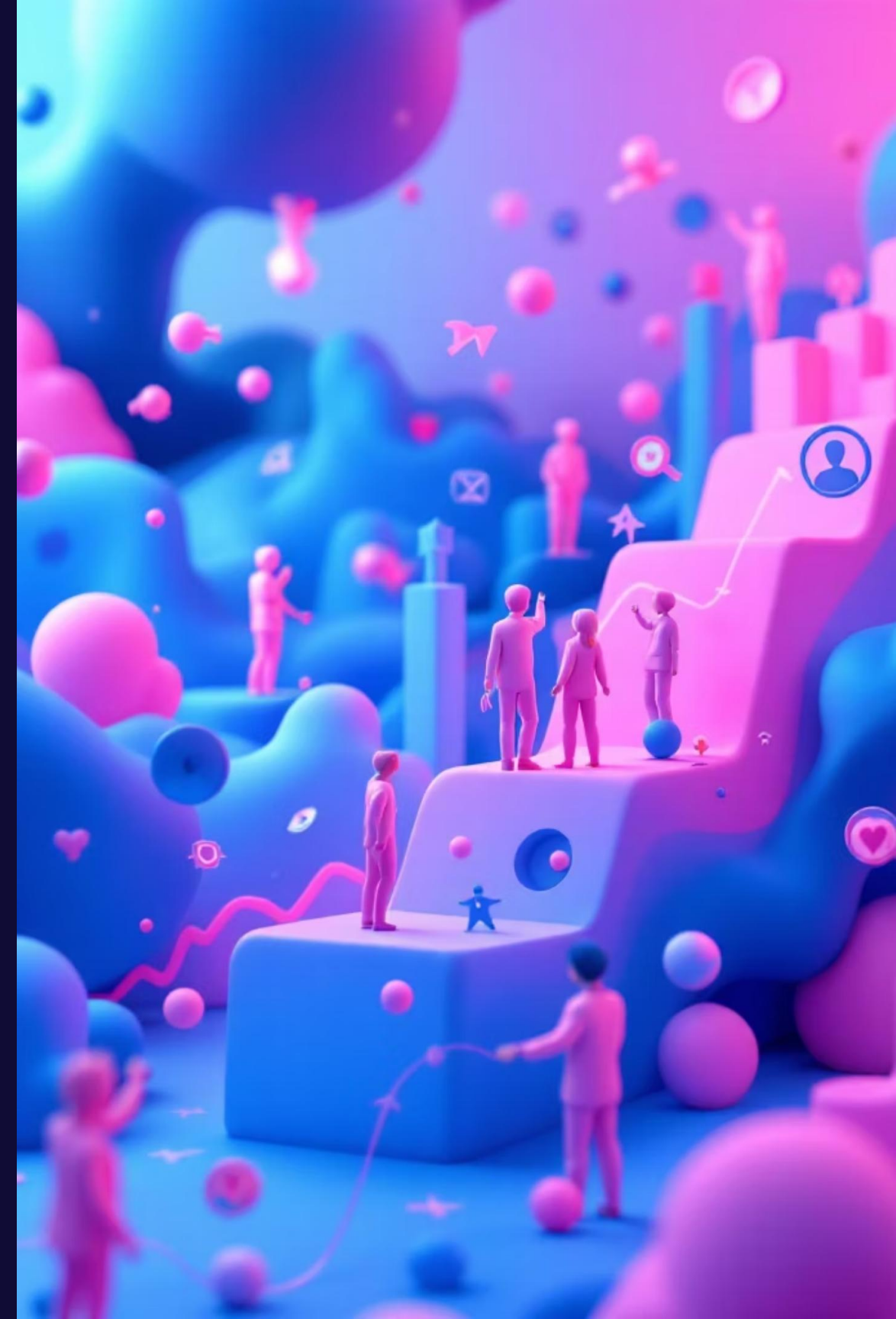


# Customer Churn Analysis

Understanding why customers leave and how to keep them engaged is critical for subscription-based businesses. High churn leads to revenue loss, increased acquisition costs, and reduced customer lifetime value.



## OVERVIEW

# Problem Statement

## The Challenge

Customer churn is one of the biggest challenges in subscription-based businesses, directly impacting profitability and growth potential.

## Project Goals

- Analyze customer churn behavior patterns
- Identify high-risk customer segments
- Understand impact of tenure, contract type, and monthly charges
- Provide actionable recommendations to improve retention

## METHODOLOGY

# Key Assumptions

### Early-Stage Customers

Customers with tenure  $\leq 6$  months are considered early-stage and require special attention.

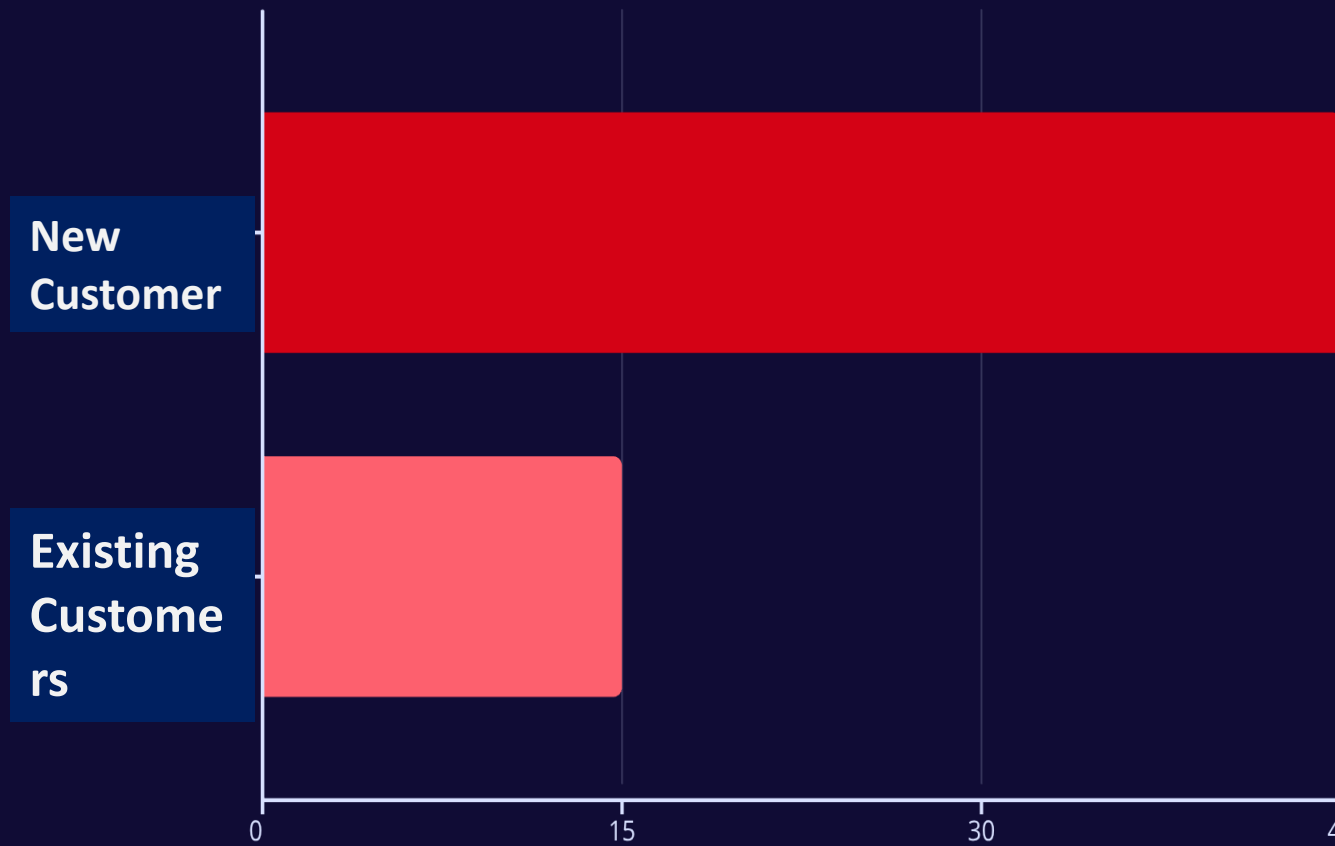
### High-Risk Profile

Customers with short tenure and Month-to-Month contracts represent the highest churn risk.

### Churn Definition

Churn = "Yes" represents complete service termination, while monthly charges reflect revenue contribution.

# Churn by Customer Type

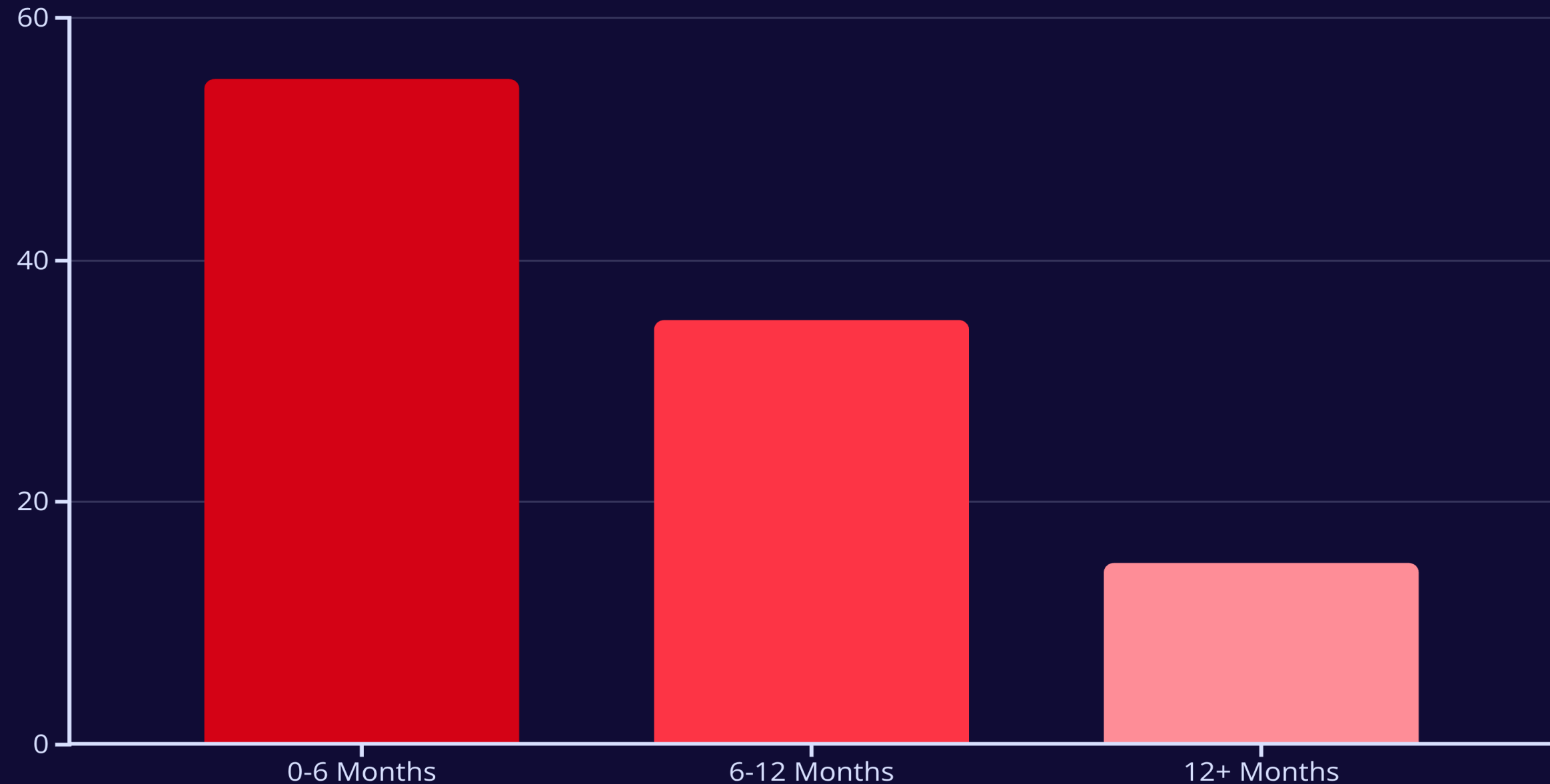


## Critical Insight

New customers churn at three times the rate of existing customers, with approximately 45% leaving compared to just 15% of established customers.

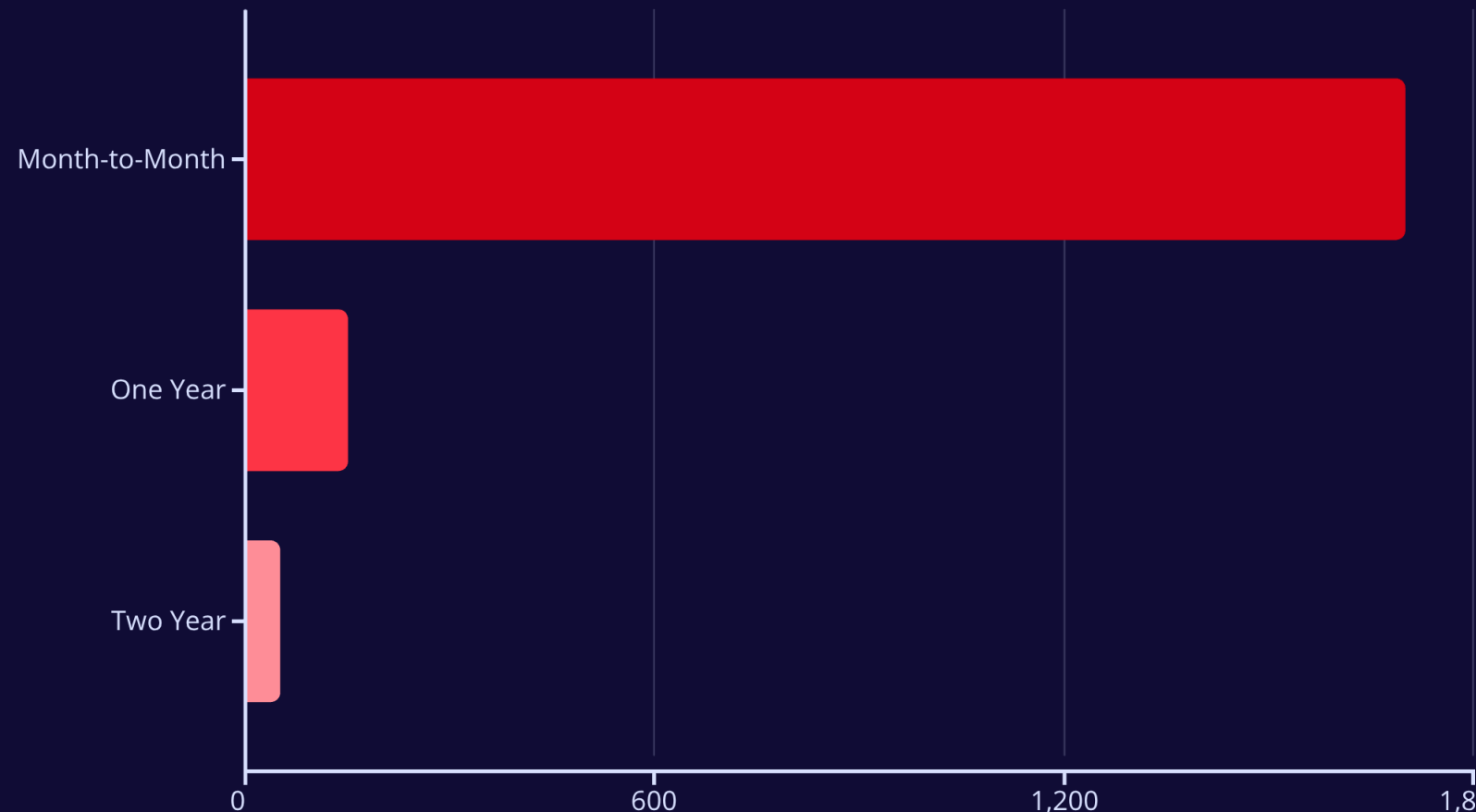
Early customer experience is a critical retention factor that demands immediate attention and strategic intervention.

## Churn by Tenure



The **0-6 months** tenure group shows the highest churn at over 50%, demonstrating that the critical retention window occurs in the first six months. Churn decreases significantly as tenure increases, with long-term customers (12+ months) proving much more stable.

# Contract Type Impact



## Contract Commitment Matters

Month-to-Month contracts drive the vast majority of churn, accounting for approximately 1,700 churned customers.

One-Year and Two-Year contracts show dramatically lower churn, proving that contract commitment is a powerful retention tool.

\$ REVENUE

# Revenue Impact Analysis

**0.35M**

**Existing Customers**

Monthly revenue contribution

**0.10M**

**New Customers**

Monthly revenue contribution

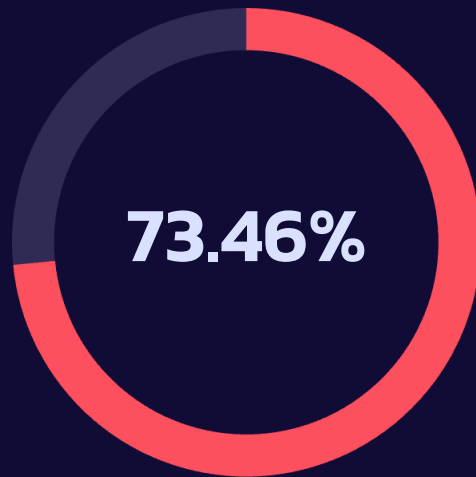
**3.5x**

**Revenue Gap**

Existing vs. new customers

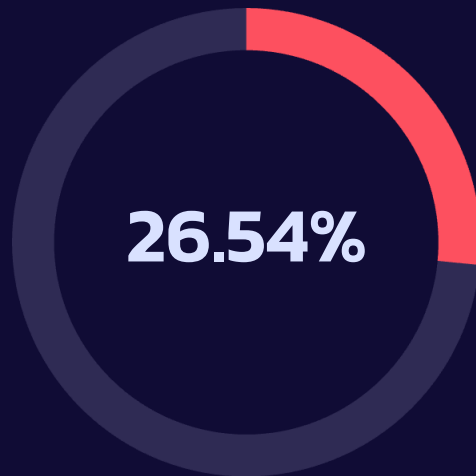
Existing customers contribute significantly higher total monthly revenue at \$0.35M compared to \$0.10M from new customers. This means losing existing customers impacts revenue far more severely than losing new customers, making retention efforts even more critical.

# Overall Retention Metrics



**Retained**

Customers staying



**Churned**

Customers leaving

## Critical Issue

Nearly 1 in 4 customers leave the service, representing a significant business challenge.

With 1,869 churned customers out of 7,043 total, and 1,413 identified as high-risk, immediate action is required to stem revenue loss.

- **Retained Customers: 73.46%**
- **Churn Rate: 26.54%**
- **Nearly 1 in 4 customers leave — critical issue.**



## INSIGHTS

# Key Conclusions

01

## Early-Stage Vulnerability

Customers in their first 0-6 months are the most vulnerable to churn, requiring focused onboarding support.

03

## Revenue vs. Risk Imbalance

New customers contribute less revenue but churn more frequently, creating an inefficient acquisition cycle.

02

## Contract Type Drives Churn

Month-to-Month contracts are responsible for maximum churn, while long-term contracts significantly reduce churn probability.

04

## Strategic Focus Needed

Retention strategy should prioritize onboarding excellence and contract conversion to longer-term commitments.

# Strategic Recommendations



## Improve First 6-Month Experience

Offer comprehensive onboarding support, welcome discounts, and regular follow-up calls to reduce early-stage churn.



## Promote Long-Term Contracts

Provide price incentives for yearly contracts and loyalty benefits to encourage commitment beyond month-to-month.



## Launch Retention Campaigns

Identify high-risk customers early using predictive analytics and provide targeted offers before churn occurs.



## Build Loyalty Programs

Reward customers after 12 months with upgrade benefits and exclusive perks to increase long-term engagement.