

Telecom Churn Analysis Report

by Rifat Masud

The CEO of the firm has informed us that there is a churn in our customer base and we have to find out what is causing that. However, the bigger picture is to figure out how to reduce that churn since it's causing us to lose out on revenue.

Our customer base, which consists of 7043 people, has faced a significant churn of 1869 customers whereas only 454 customers joined. This constitutes a ratio of 4.12:1.

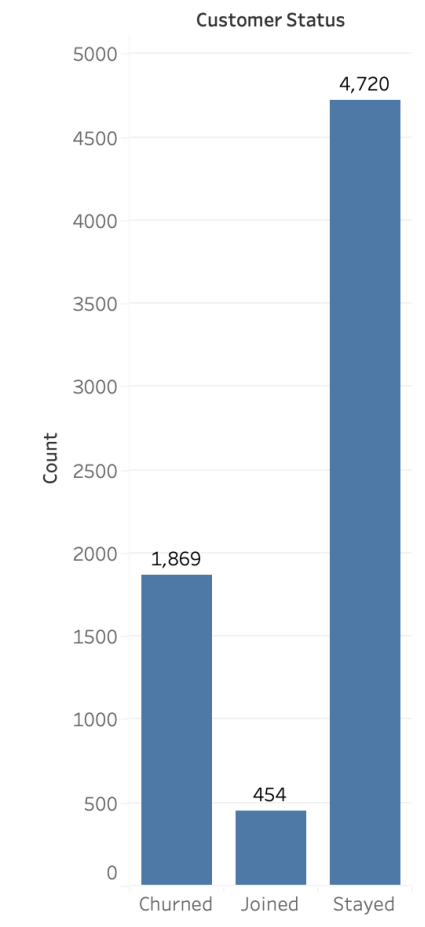


Figure 1

We rely on customer retention and satisfaction to keep our firm going, and so with there being a churn in our customer base, it is our job to present the actions and options the firm is able to take.

Objective: What opportunities exist for the firm to reduce churn and revenue loss?

Process

For the proposal, the process or things to consider include: understanding what the problem is exactly and the reasons for churn. Following that, I'll discuss where the data has led us, meaning where our opportunities lie and what would be the most effective plan in dealing with the churn.

Understanding the Problem

The first step is to better understand the problem at hand: the current state of the firm and the competitors. The current state of the firm is lacking as seen by our customer churn, which is causing the firm to lose out on revenue.

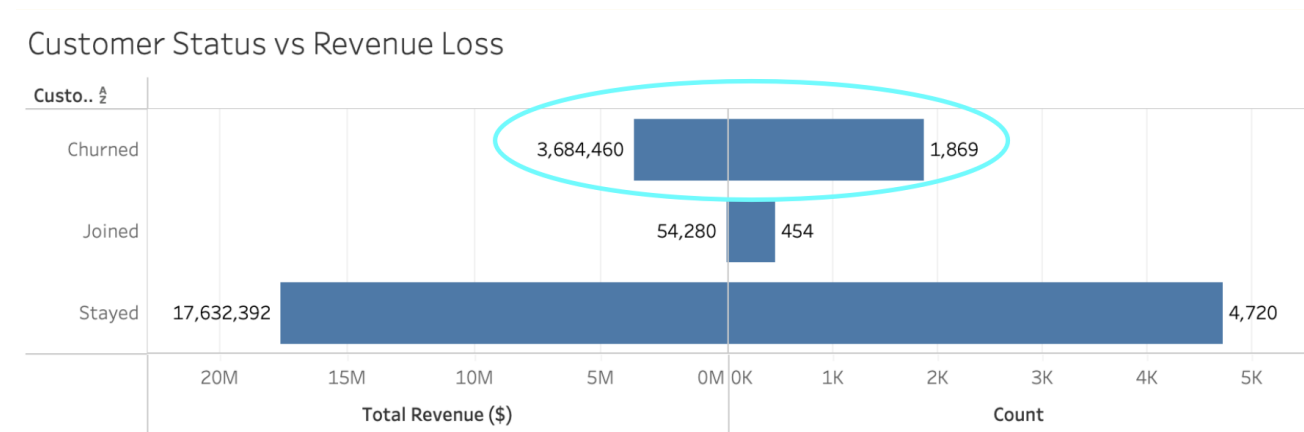


Figure 2

There are three categories of customers: those that have stayed, joined, and churned. In Figure 2, I've related the revenue to each of these categories, and we see that churned customers have accounted for a massive portion of our total revenue — almost 3.7 million dollars, which has been lost by the firm. This is over 67 times the revenue earned from customers that have joined.

Secondly, the main reason we’re experiencing churn is because of our firm’s competitors, which the churned customers are opting for.

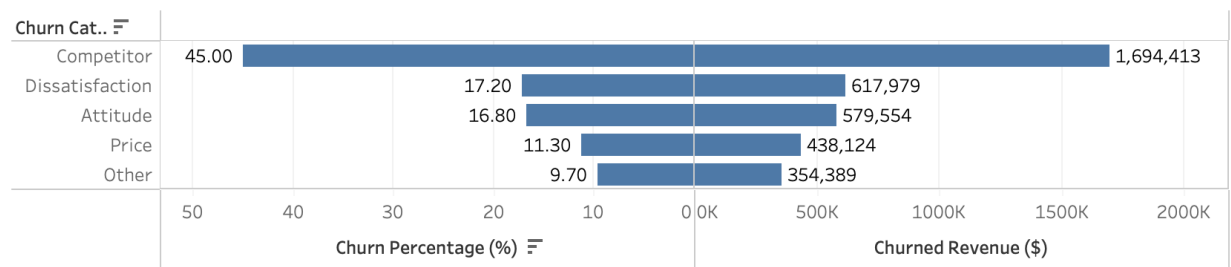


Figure 3

Figure 3 highlights the main reasons why customers have churned and the revenue loss that corresponds with that. Of the reported reasons why our customers churned, competitors are our biggest cause by a large margin, constituting 45% of the reason for churn and equates to almost 1.7 million dollars of revenue being lost.

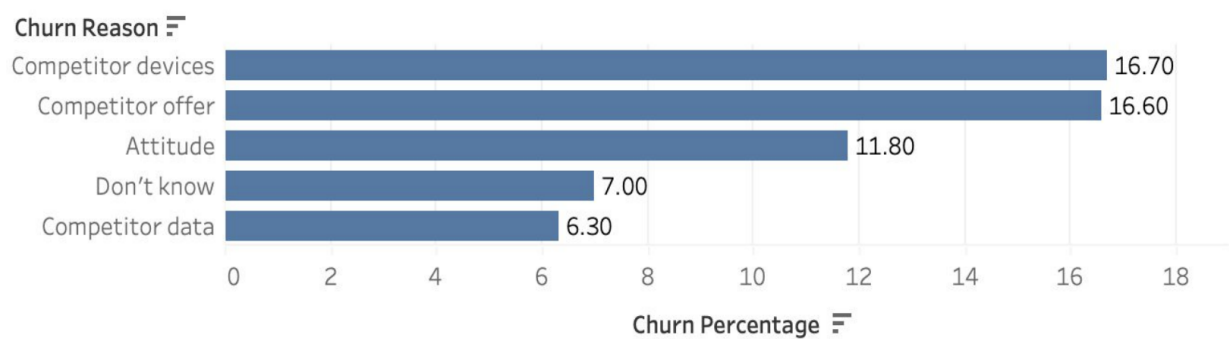


Figure 4

Breaking it down further, Figure 4 accounts for more specific reasons why customers have churned, and we can see that competitor’s devices, offers, and data are three of the top five reasons. Following this, Figure 3 and 4 both show that dissatisfaction and attitude of support person is the next leading cause of churn at a combined total of 34% — or about 1.2 million dollars of revenue being lost.

Focus Point - Location

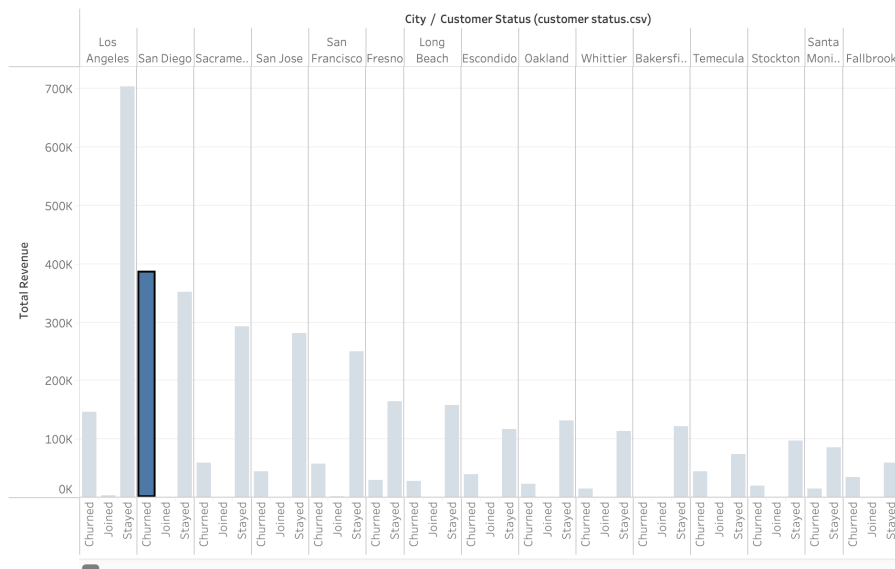


Figure 5

In Figure 5, the revenues were related to each customer status (churned, joined, stayed). This was done to compare the revenue gained by the customers who've stayed and joined, and the revenue lost by the churned customers. From the data, we see that San Diego accounted for the biggest loss at 385,446 dollars. Compared nationwide, San Diego was the most concentrated and made up approximately 10.5% of the total revenue loss. And it is visibly apparent in Figure 5 that San Diego was also the only city where the churned revenue exceeded the stayed revenue. This indicates that San Diego is our most problematic area of churn.

As we know from Figure 3, competitors are our biggest reason for churn and in turn, revenue loss. So it would benefit the firm to learn more about our competitors in this location by conducting research on them. This refers to looking into their devices, what kind of offers they're making, their data plans, and their retention rate from factors like this.

This is why I propose that we should focus our initial efforts in San Diego first to see the impact of our actions there. This targets our greatest deficit area and would shed light on how

receptive the customers are to our implemented plans, which can later be applied in a more widespread manner to other areas where the firm has churned customers.

Offers

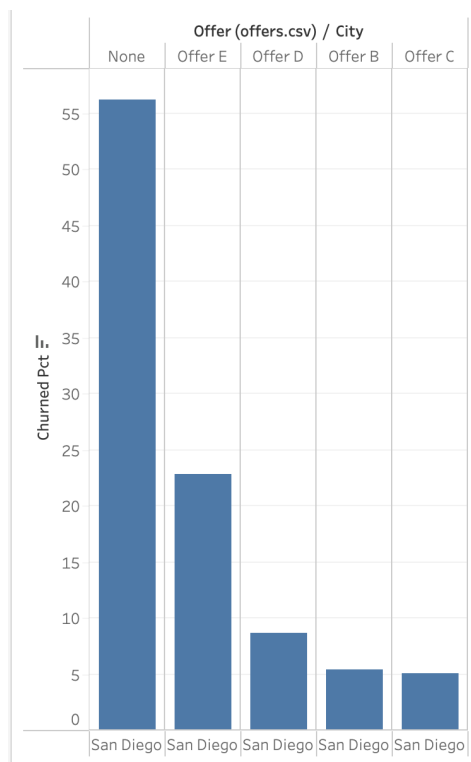


Figure 6

In Figure 6, I've charted the current offers customers had received in San Diego. And it was concerning to see that 56% of our customers had churned without receiving any promotional offers. This data tells us that our lack of attractive offers was another primary reason for churn.

With this in mind, the firm should implement and promote competitive offers in San Diego and the California area to retain customers as our initial effort. In order to find out what offers show the most promise of working based on the data, I looked at the average tenure rate.

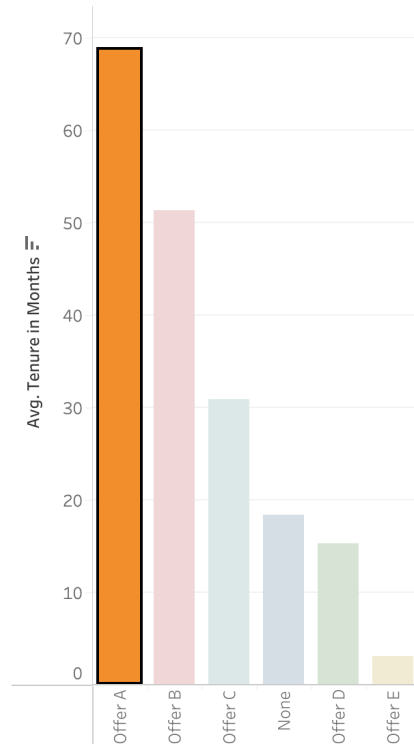


Figure 7

In Figure 7, we see that offer A showed the most promise because of it having the highest tenure rate at about 70 months.

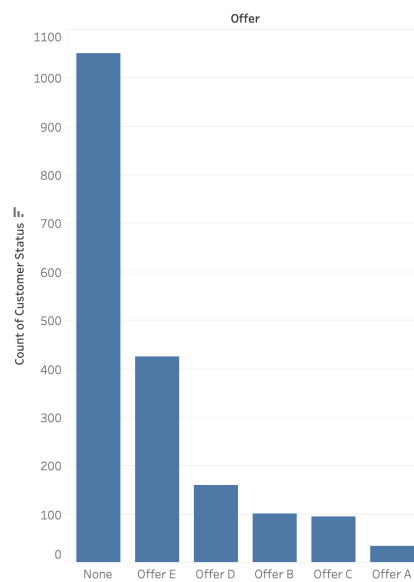


Figure 8

Subsequently, Figure 8 shows the count of customers churned per plan, and we see that Plan A has the lowest churn at only 35 out of 1869 customers churned.

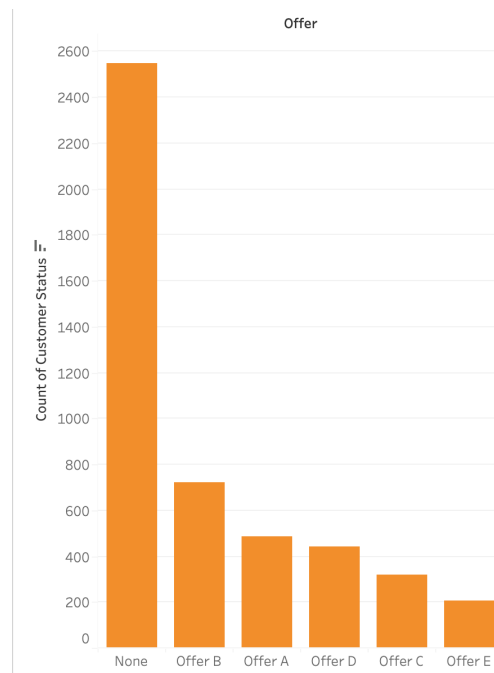


Figure 9

Similarly, I've charted the count of customers stayed per plan, and we see that Plan A had 485 customers that stayed. When we take the ratio of churned to stayed customers by plan, we get that Plan A has the lowest value at 0.07, which indicates that this plan is backed to be the one with the greatest retention capability. To capitalize on this finding, the firm would benefit from promoting Plan A to the customers in San Diego to reduce churn and thus reduce the firm's revenue loss.

Conclusion

The analysis of the data has shown that the telecom firm is facing tough competition in the market and needs to improve the current state of its devices, offers, and customer support to retain customers and reduce revenue loss. The company would benefit from promoting Plan A to its customers since it has the best customer retention rate, especially in San Diego where the

majority of customers churned due to better offers from competitors. To reduce customer churn, the telecom company needs to address its faults and prioritize customer retention strategies, particularly in San Diego since this city constituted a marginal churn population.