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CUSTOMER RETENTION AND CHURN

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This information deck aims to inform the retention team on the state of play of retentions and to advise on which actions could be taken to improve retention by exploring our customer data
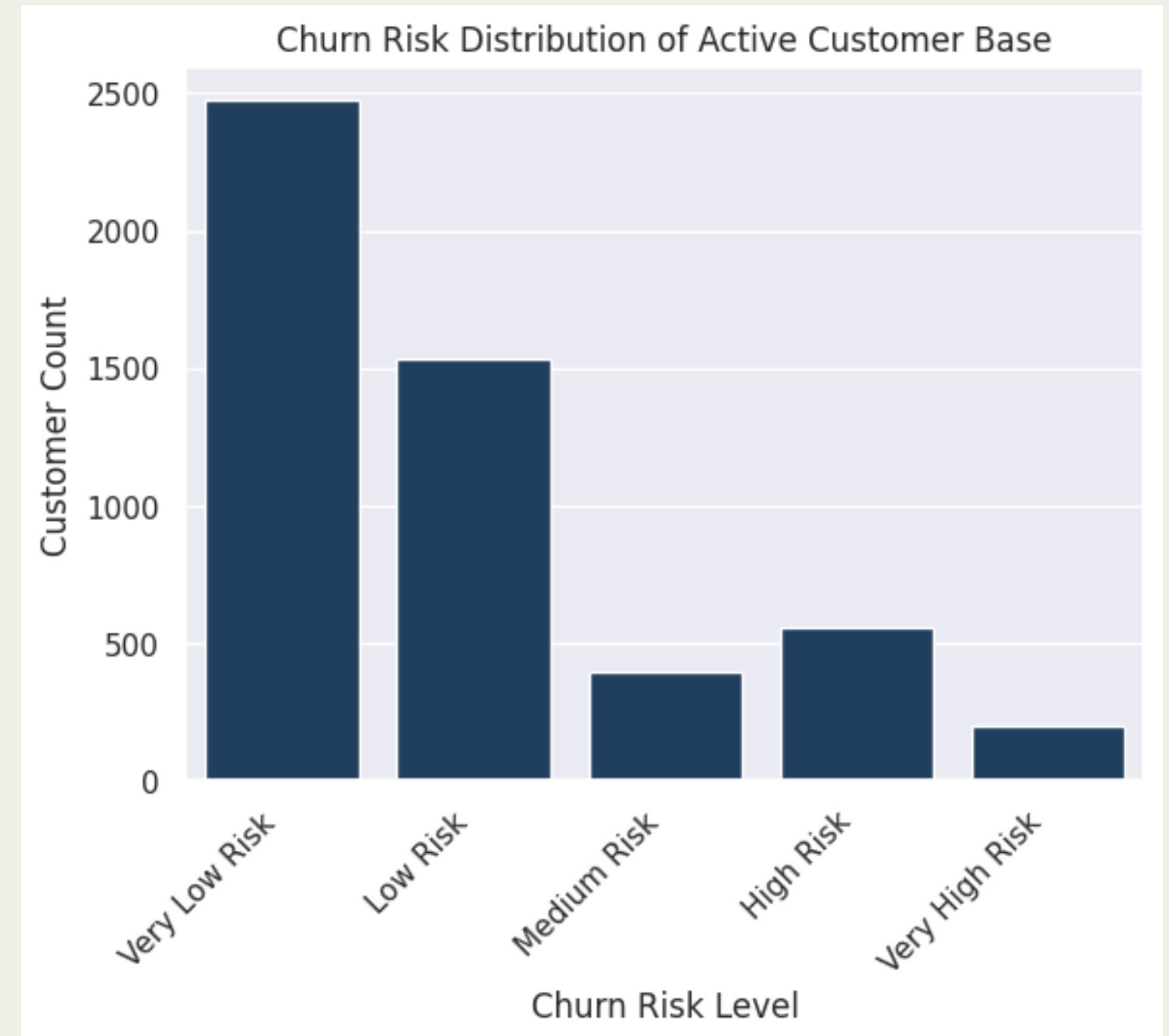
AGENDA

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- Spotting a Churner

- Churner Demographics Overview

- Key Factors of Customer Churn

- Motivating Retention

- Sign-up Bonuses

SPOTTING A CHURNER

Identifying a potential churner allows us to reach out to that customer before we lose them. We consider around **13%** of our **customers** to be at a high or very **high churn risk** level

In order to understand the characteristics of a churner, we explored the demographic and product differences between a loyal customer and a churner
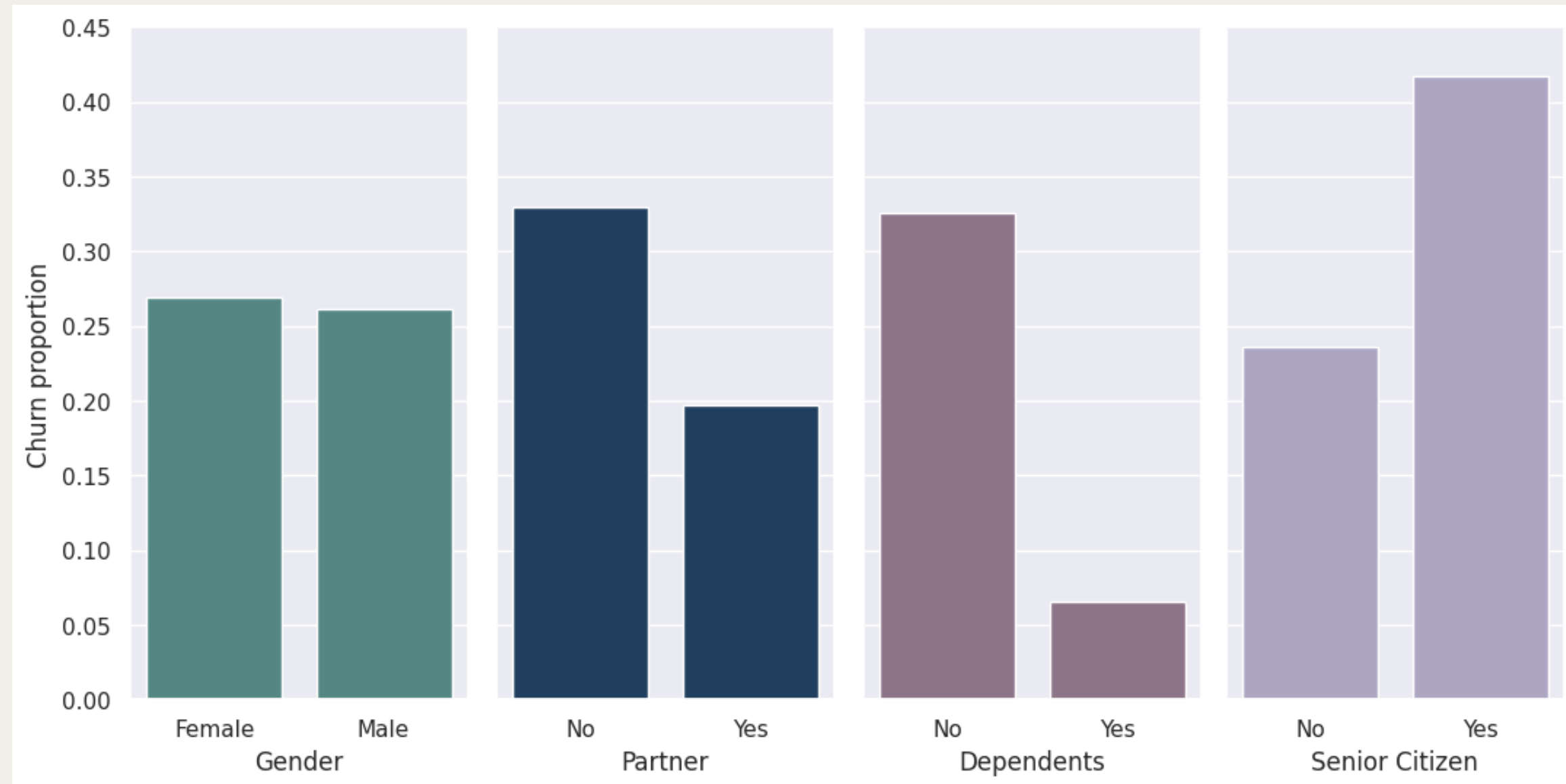

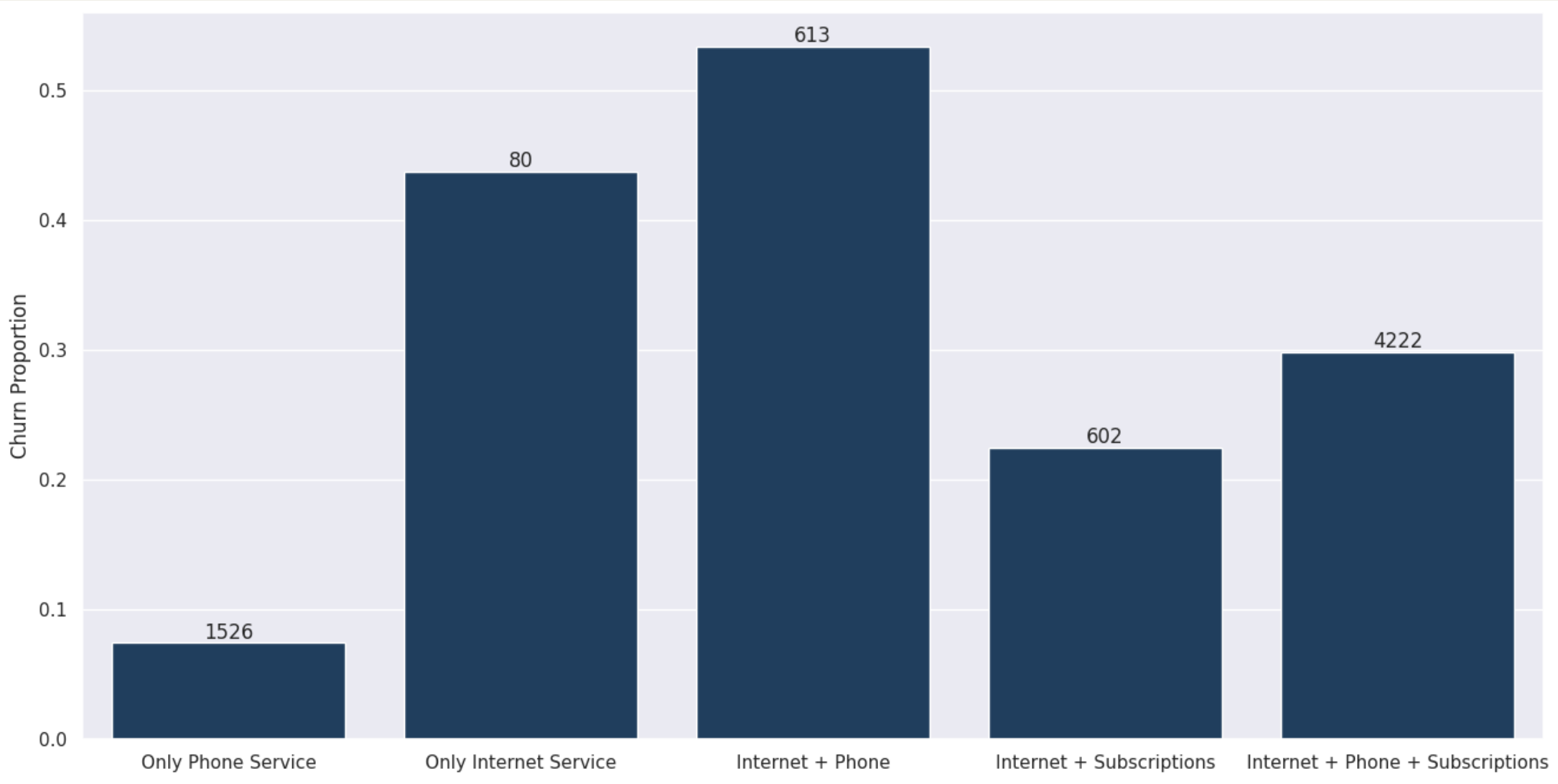Swan Teleco

CORE DEMOGRAPHICS

According to the data, **gender** is **not a defining indicator** for whether someone is a churner

Customers with **partners** and customers with **dependents** are **less likely** to churn

Senior citizens are **more likely** to churn

SERVICE DEMOGRAPHICS

Interestingly, customers with **only Phone** service are **least likely to churn**. With 1526 customers this is a significant proportion

The combination of only **Internet and Phone service** has the **highest churn** rate of over **50%**

With 4222 customers, the majority have **all options** and a **medium churn** rate

More services does **not necessarily** correlate with **lower churn rate**. To maximize retention, promotions to existing customers must be selected carefully
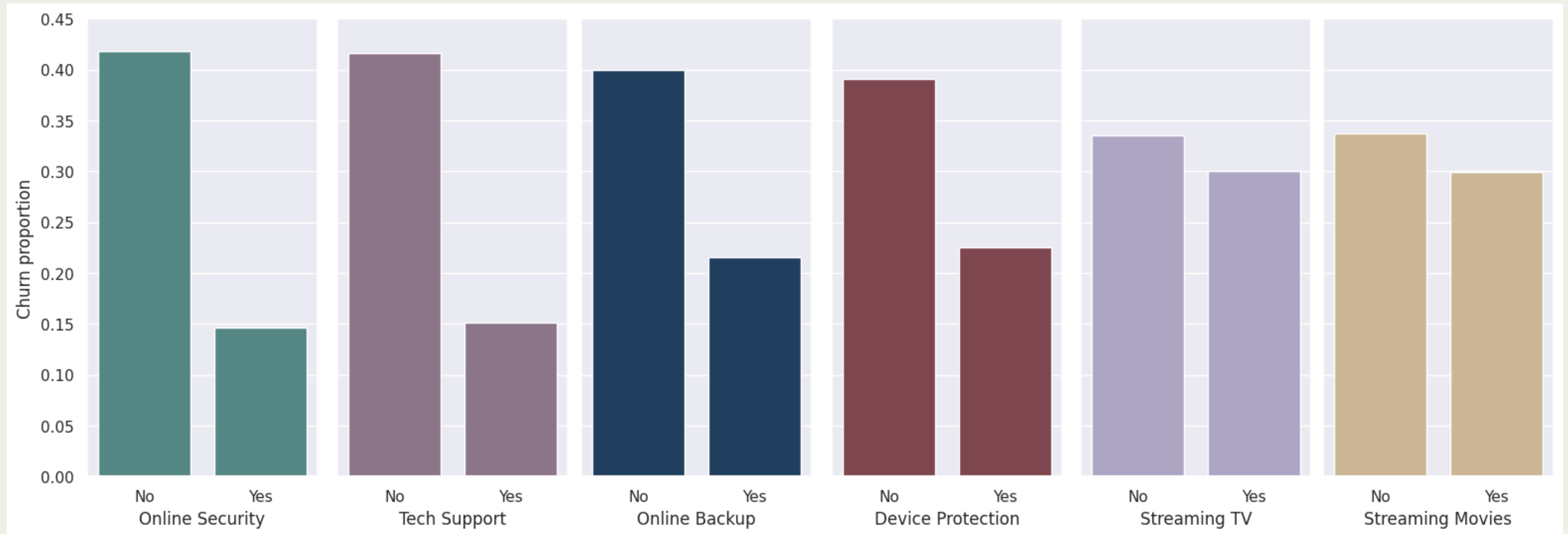
SUBSCRIPTION DEMOGRAPHICS

There's a significant correlation between number of subscriptions and likelihood to churn. If a customer has any subscriptions, the **more subscriptions** they have the **less likely** they are **to churn**

Hence, promoting subscriptions to customers with internet may promote customer retention

SUBSCRIPTION DEMOGRAPHICS

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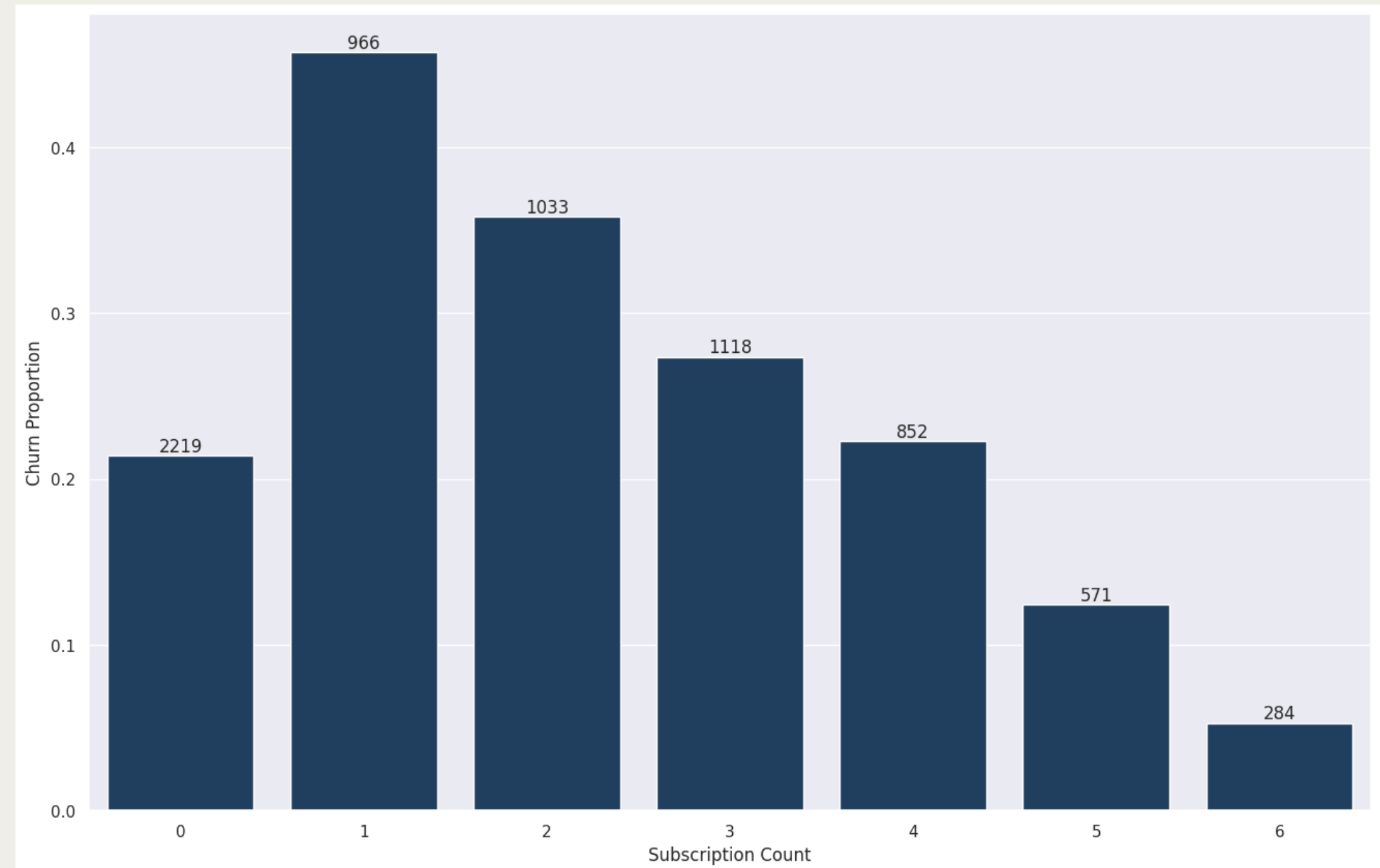
Online security has the **greatest difference in retention** proportion of **28%**

Tech Support closely follows Online Security with a difference of **27%**, **Online Backup** has a difference of **18%**, and **Device Protection** has a difference of **16%**

Streaming TV and **Streaming Movies** have a **small impact** on the churn rate **<5%**
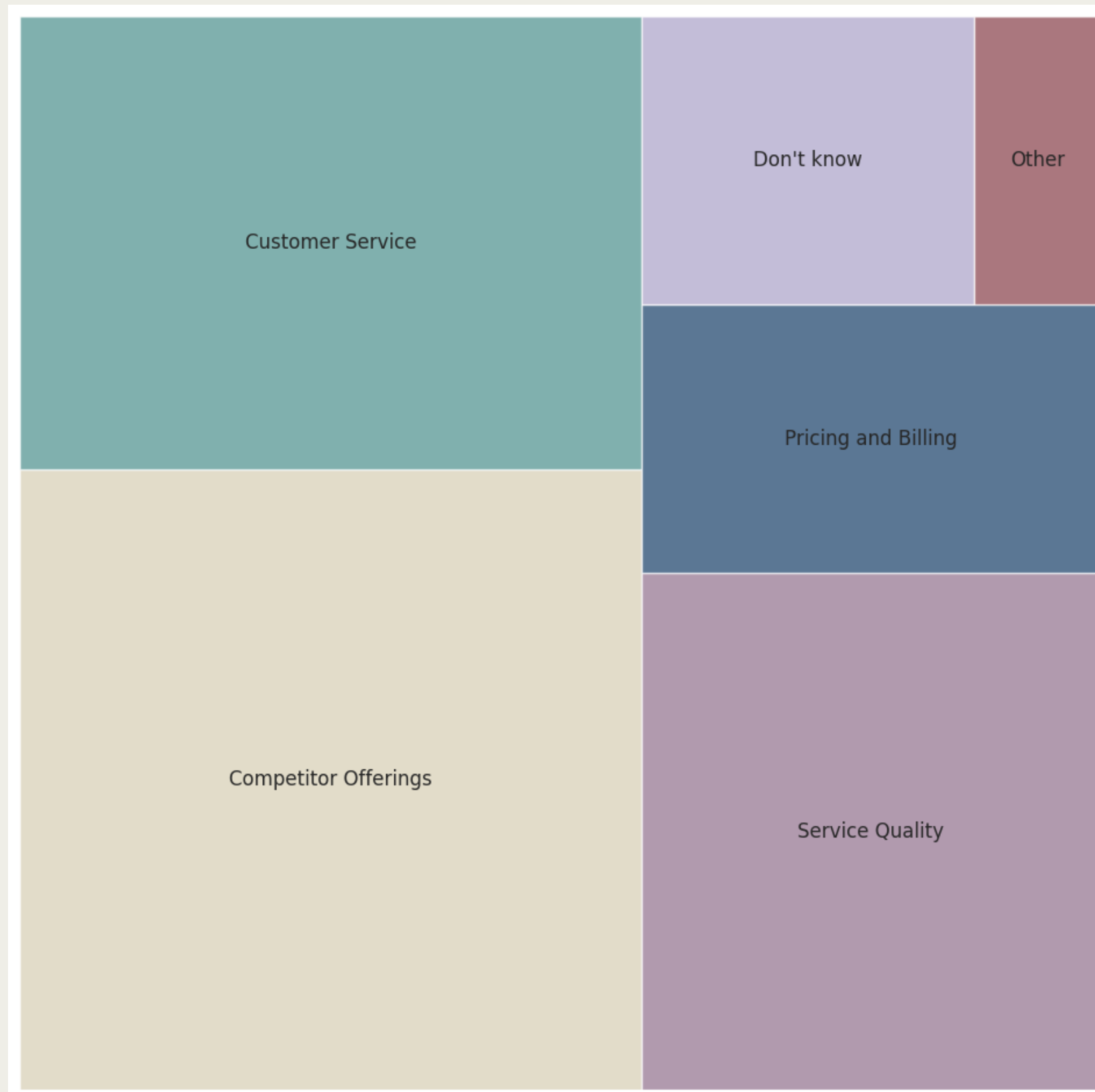
CHURNER DEMOGRAPHICS

Tenure Months:

Customer loyalty is clearly visualized by a large and **significant decrease** in churn rate **as tenure months increases**

Customers within the **first year** have a **47%** churn rate, **29%** in the **second year**, **22%** in the **third**. Steadily decreasing with the lowest churn rate **after five years** of **7%long term**
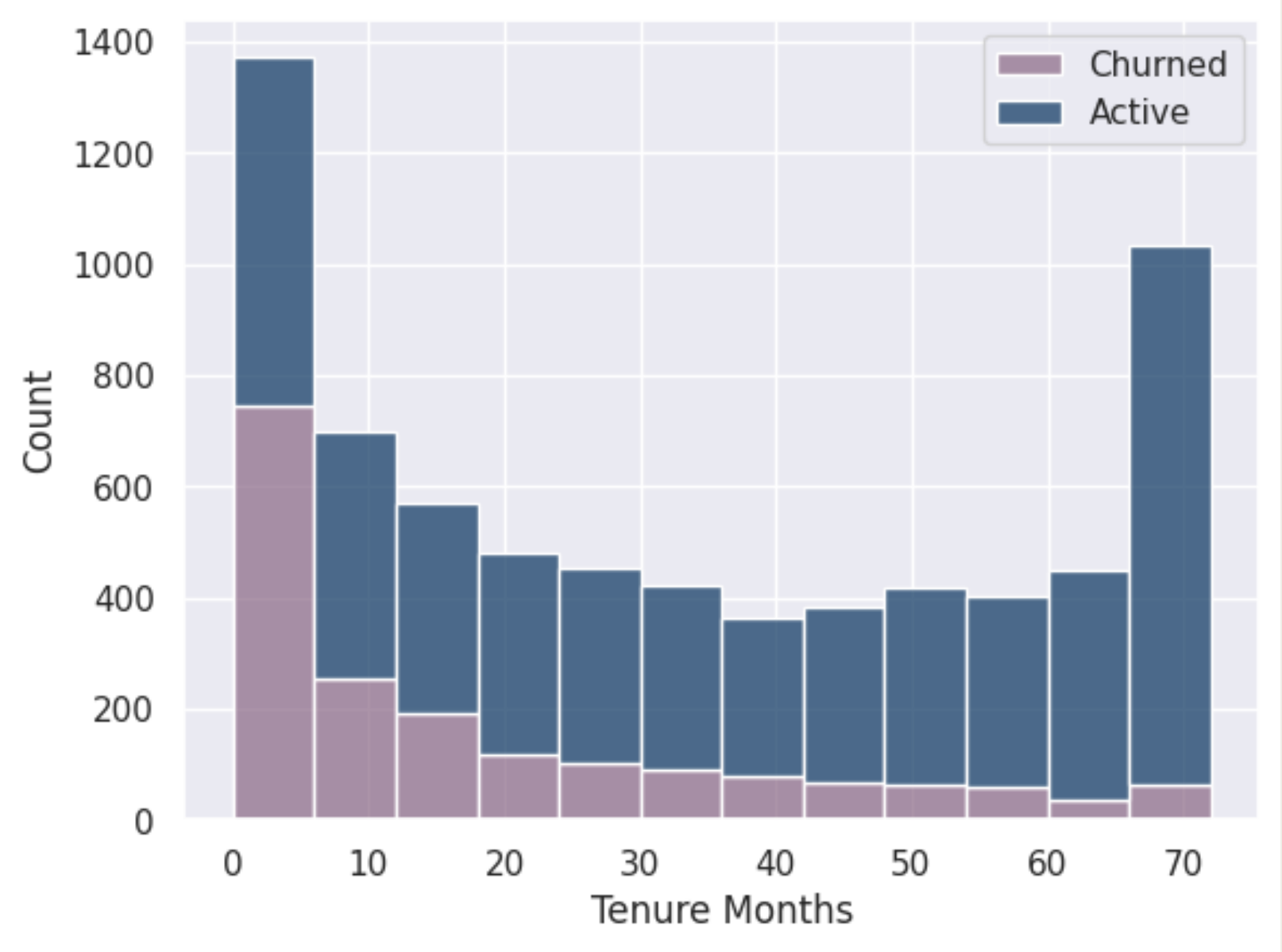
CUSTOMER FEEDBACK- BREAKDOWN
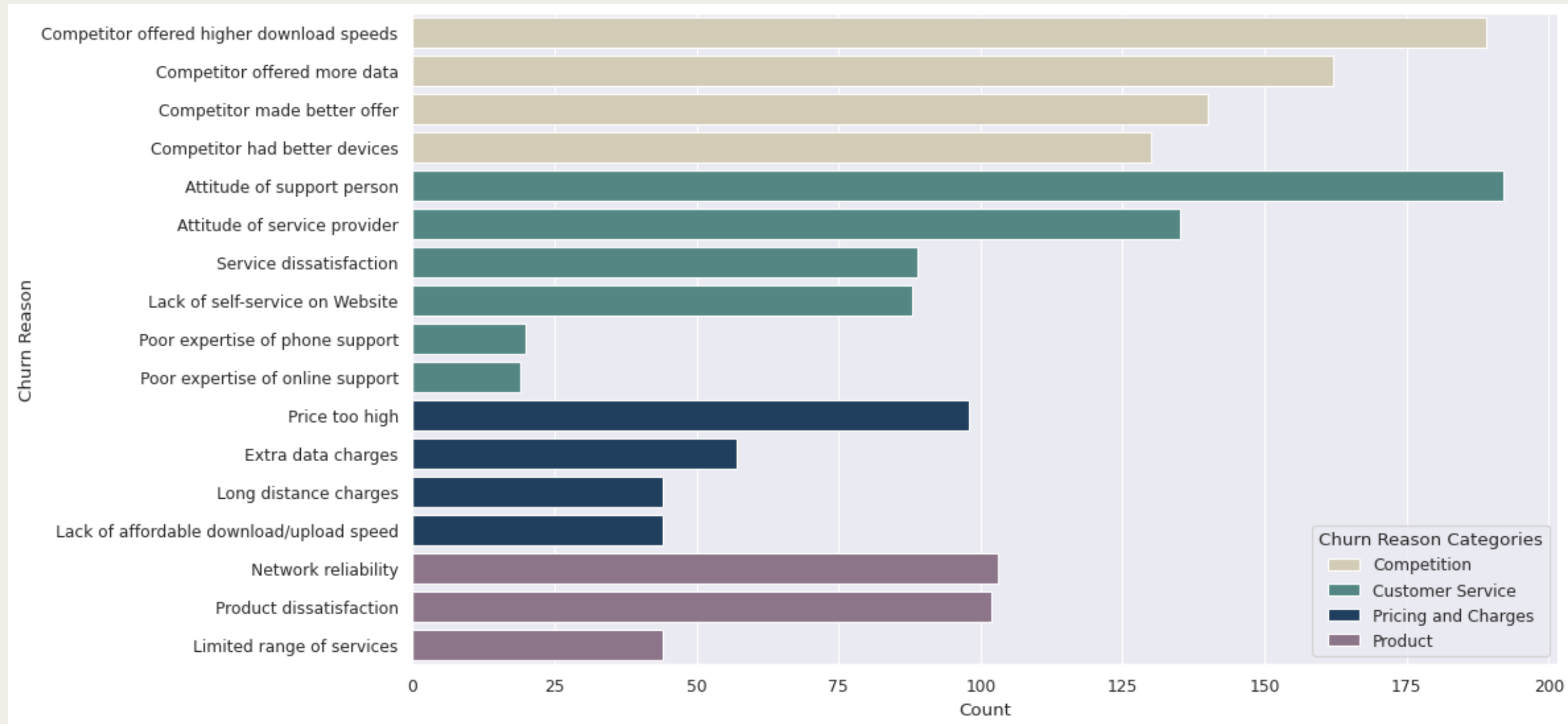
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This feedback breakdown highlights some **key areas** for improvement

It may be helpful to further **research** the **market** and **review** the **support calls** of those customers who churned due to Customer Service

INFLUENTIAL CHURN FACTORS

Alongside the customer feedback, through predictive modelling we'd identified a few other **key factors** which determine someone's likelihood to churn

- **Length of Tenure** and **Contract**
  - Long-term customers are loyal customers
- Type of **Internet Service**
  - DSL performs far better than fibre optic
- **Monthly Charges**
- **Number of Subscriptions**

We have compiled a list of the 500 most at-risk customers. Currently all 500 are predicted to churn. Based on the data we would recommend offers for switching to DSL, discounting their monthly charges or offering them a new subscription. We predict that a **switch to DSL** alone could result in upwards of **80% retention**

SIGN-UP BONUSES - CONTRACT

Of those who **churned**:
- **89%** were on a month-to-month contract
- **9%** were on a one-year contract
- **~2%** were on a two-year contract

Compared to the whole data set where:
- 56% were on a month-to-month contract
- 24% were on a one-year contract
- 21% were on a two-year contract

This shows that customers on a **one or two year contract** were **significantly less likely to churn** and therefore sign up bonuses should be used to encourage the new customers team to sign up customers on to these contracts

All **500** of our **most at-risk** customers are **on month-to-month** contracts and we predicted 100% retention if they were on two-year contracts

Of those who **churned** :
- **69%** were on **Fibre optic**
- **25%** were on **DSL**
- **6% without internet**

Compared to the whole data set where:
- 45% of those were on Fibre optic
- 25% on DSL
- 22% without internet

Comparing the two data groups we can see that customers on **fibre optic** are **overrepresented in** the **churning data** whereas those without internet were underrepresented

In order to decrease the churn rate of customers, the new customer team can encourage those signing up to go with either the DSL if they are requiring internet, or no internet at all

Of those who **churned**:
- **78%** had **no Online Security**
- **16%** had **Online Security**
- **6%** has **no internet** access

Compared to the whole data set where:
- 50% had no Online security
- 29% had online security
- 22% had no internet access

Services were shown to have a positive relationship with customer retention. **Online security** had the most **significant effect** on churn rate with a **28%** swing in favour of a **customer retaining**

The numbers above show that those who churned had a much lower likelihood of having online security when compared to the data as a whole

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Contract

Internet Service

Monthly Charges

Contract

Ultimately, we recommend the $2.5 per customer **sign-up bonus** go towards committing customers to a **2-year contract**. Though a **1-year contract** is still **effective**

Internet Service

As a secondary goal signing the customer up to **DSL** also **significantly improves** the likelihood of **retention**

Monthly Charges

Discounts to monthly rates do **improve retention** more than online security but not as significantly as contract length or internet service and how sustainable are these offers?

Thank you!

DON'T LET THEM CHURN

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