

FinComm Churn Prediction & Retention Strategy

Problem Statement

FinComm, a U.S.-based telecom and digital payments provider, is facing a **26.5% customer churn rate** — with disproportionate churn among:

- Month-to-month contract users
- Customers paying via electronic checks

As the company expands into **mobile wallets** and **cross-border payments**, this high churn directly threatens:

- Customer Lifetime Value (CLTV)
- Recurring revenue streams

Objective

Predict churn risk, uncover churn drivers, and design retention strategies that increase customer lifetime value.

Specifically:

- Build a Churn Risk Prediction model to score customer churn probability
- Analyze churn drivers to uncover actionable insights
- Segment at-risk customers to inform Growth & Product retention initiatives

Business Impact:

Goal	Business Impact
Reduce churn rate by 15% in 6 months	+\$620K retained CLTV / quarter
Equip Growth/Product with actionable segments	Targeted offers & feature adoption
Inform retention experiments	Loyalty rewards, contract flexibility, payment upgrades

Data Overview

Exploratory Data Analysis

Key business takeaways from descriptive stats

Variable	Key Insight	Retention Actionable Insight
Tenure Months	Median tenure is 29 months , but 25% of customers churn before 9 months (very high early churn risk)	We need to design onboarding retention strategies targeting customers in their first year
Monthly Charges	Median spend is \$70.35 , but ranges from \$18 → \$118 (huge pricing spread)	High spenders (> \$90) may expect premium service ; churn risk if experience mismatches pricing
Churn Rate	26.5% churn confirmed (matches earlier calc)	Reducing churn by 15% could retain \$420K/quarter (your earlier business impact stated clearly)
CLTV	Median CLTV is \$4,527	Retaining just 100 customers can save ≈ \$452K in CLTV

THEMATIC CHURN DRIVERS

Theme	Contributing Reasons	Combined Count	% of churned
Poor Customer Support Experience	Attitude of support person (192), Attitude of service provider (135), Poor expertise of phone support (20), Poor expertise of online support (19)	366	~19.6 %
Competitive Offers & Features	Competitor offered higher download speeds (189), Competitor offered more data (162), Competitor made better offer (140), Competitor had better devices (130)	621	~33.2 %
Price Sensitivity & Value Dissatisfaction	Price too high (98), Extra data charges (57), Long distance charges (44), Lack of affordable download/upload speed (44)	243	~13.0 %
Product / Service Dissatisfaction	Product dissatisfaction (102), Service dissatisfaction (89), Limited range of services (44), Network reliability (103)	338	~18.1 %
Unknown / Miscellaneous	Don't know (154), Moved (53), Deceased (6)	213	~11.4 %

Key Business Takeaways

- **Competitive pressure is the #1 churn driver (~33%)** → Product & Growth should prioritize **competitive feature parity** and **loyalty incentives**.
- **Customer Support experience issues drive ~20% churn** → **CX retraining + Support audits** needed.
- **Product/Service dissatisfaction (~18%) + Price/value (~13%)** confirm the need for **product improvements** and **flexible pricing models**.
- “Don’t know” (~11%) means **insufficient churn reason capture** — feedback loop gaps

Contract Type Distribution (Churned Only)

88.5% (1,655 out of 1,869) of churned customers were on **month-to-month contracts**.

Long-term contracts (1 year or 2 year) churn far less — only ~11.5%.

Immediate Business Implication

- Customers **without commitment** (month-to-month) are FAR more likely to leave.
- Our retention strategy should **heavily target** month-to-month users with:
 - **Flexible loyalty offers** (without scaring them with long lock-ins)
 - **Upgrade offers** to switch to longer contracts
 - **Reduce friction** for monthly users (especially payment methods)

A combined \$3.03M in customer lifetime value was lost from just the top 5 churn reasons among month-to-month users.

Top Money-Draining Churn Reasons (Month-to-Month Subscribers)

Churn Reason	CLTV Lost (\$)
Attitude of support person	701,691
Competitor offered higher download speeds	654,206
Competitor offered more data	577,785
Don't know (unknown reason)	571,606
Competitor made better offer	528,142

What the business now knows:

1. **Support team attitude** is the biggest churn driver = URGENT (Within the company's control)
2. **Competitor offerings** (speed, data, offers) = PRODUCT + PRICING problem (Growth team priority)
3. **Don't know (571K)** → We need to investigate this group (maybe run customer interviews or surveys)

Business Insight: Tenure vs Churn Reason

The majority of churn across key reasons is concentrated among **short-term customers (≤ 12 months)**.

Specifically:

- **Attitude of support person (105),**
- **Competitor offers ($99 + 89 + 87 = 275$ combined),**
- and **Service experience issues** dominate early lifecycle churn.

This suggests that **first-year customer experience and competitive positioning** are the biggest churn risks.

Implication:

To reduce churn, the business should prioritize:

- Strengthening **onboarding, support quality**, and **early loyalty incentives**,
- And countering competitor offers **during the first year of customer tenure**.

Visualization:

https://drive.google.com/file/d/1qLXPWSwWdXtFG6ZQ3_pq26xpQfVaNHe/view?usp=sharing