Telecom churn case study

Problem statement

In the telecom industry, customers are able to choose from multiple service providers and actively switch from one operator to another. In this highly competitive market, the telecommunications industry experiences an average of 15-25% annual churn rate. Given the fact that it costs 5-10 times more to acquire a new customer than to retain an existing one, customer retention has now become even more important than customer acquisition.

Understanding the business objective

The business objective is to predict the churn in the last (i.e. the ninth) month using the data (features) from the first three months. To do this task well, understanding the typical customer behaviour during churn will be helpful.

Business recommendations

Target the customers, whose minutes of usage of the incoming local calls and outgoing ISD calls are less in the action phase (mostly in the month of August). Target the customers, whose outgoing others charge in July and incoming others on August are less. Also, the customers having value based cost in the action phase increased are more likely to churn than the other customers. Hence, these customers may be a good target to provide offer.