

## **Understanding Customer Churn**

Analyzing its impact on business performance and market position

#### ■ Definition of Customer Churn

Customer Churn refers to when customers stop doing business with us and switch to competitors, significantly affecting our bottom line.

#### ■ Cost Impact of Churn

Acquiring new customers costs 5-25 times more than retaining existing ones, emphasising the need for effective retention strategies.

#### Revenue Loss

Each **churned customer** represents lost monthly recurring revenue, stressing the importance of understanding and mitigating churn.

#### ■ Market Share Consequences

High churn rates signal competitive disadvantages, potentially leading to reduced market share and brand reputation.

#### ■ Growth Limitations

High churn creates a 'leaky bucket' effect on business growth, making it vital to implement strong retention strategies.

## Predictive Analytics Advantage

**Enhancing Customer Retention Strategies** 



#### Early Warning System

Our **Early Warning System** identifies churn risk up to 30 days in advance, allowing for timely intervention.



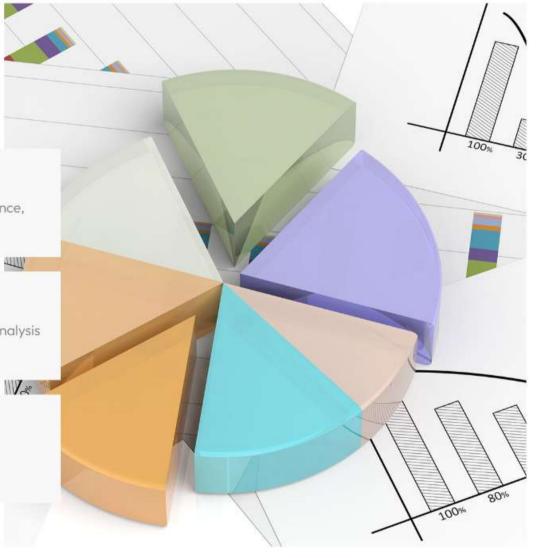
#### **Data-Driven Decisions**

Replace guesswork with **scientific precision** through thorough data analysis for informed decision-making.



#### Proactive Customer Care

Gain a **competitive edge** by implementing proactive strategies for customer care over reactive competitors.



## **Evaluating Model Performance**

Analysing predictive metrics for customer retention strategies

ROC-AUC Score

85%+

Indicates **excellent** predictive performance of our **Gradient Boosting** model.

Precision

High

Demonstrates **high accuracy** in identifying **true churn risks** among customers.

Recall

**Majority** 

Ensures that a **majority of at-risk customers** are accurately **identified**.

## Identifying Churn Drivers in Telecom

Understanding key factors influencing customer retention and churn rates



# Strategic Recommendations for Retention

Implement actionable strategies to reduce customer churn effectively



#### Implement Billing-Based Retention

Establish automated alerts for customers with high bills to proactively address potential churn risks.



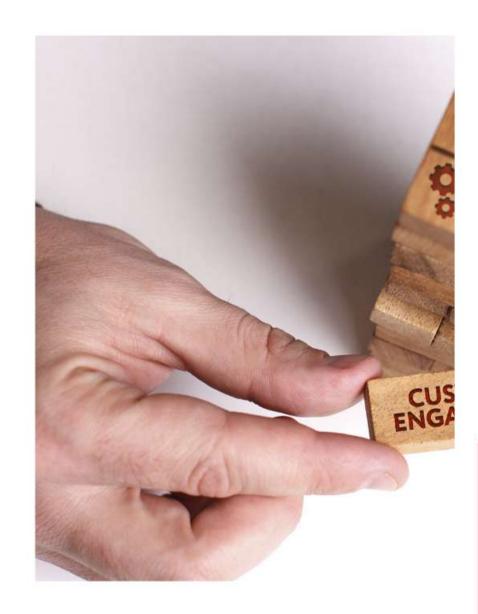
#### Transform Customer Service Operations

Train service representatives to identify and flag at-risk customers during interactions, enhancing retention efforts.



#### Deploy Real-Time Risk Monitoring

Utilise a daily dashboard to monitor high-risk customers, allowing for immediate and effective intervention.





## Churn Reduction Roadmap

Strategic phases for retention success



Implement **automated monitoring** for the **top churn drivers** identified in initial analysis.

Phase 2 - Systematic
Prevention

Next 90 Days



## Next 30 Days

Phase 1 - Immediate Wins

Target **high-risk** customers with **personalised** campaigns to quickly enhance retention.



### Next 180 Days

Phase 3 - Competitive Advantage

Develop comprehensive **customer lifetime value models** to inform
long-term strategy.



#### Revenue Protection

Prevent **churn-related revenue loss** by implementing proactive retention strategies that keep customers engaged and satisfied.

#### **Cost Optimization**

Reduce unnecessary **retention spending** by accurately targeting resources towards customers most likely to churn, ensuring maximum efficiency.

#### Market Share

Maintain a competitive position through superior **customer retention**, allowing for sustained growth and increased market presence.

## Business Impact of Retention Strategies

Enhancing revenue and optimising costs through effective customer retention practices.

# Let's Take Action on Retention

Any Questions?

