

# ***TELECOM CHURN CASE STUDY – DOMAIN SPECIFIC***

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# ***Business Objective***

Defining high  
values customers  
and predicting  
churn on them



# ***What is Telecom Churn?***



**Definition:** Churn refers to the loss of customers or subscribers over a specific period.



**Importance:** High churn rates can significantly impact revenue, customer acquisition costs, and brand loyalty.

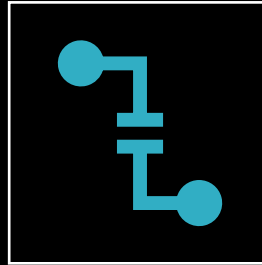


**Industry Impact:** Telecom companies operate in a highly competitive market, and churn is a major concern in customer retention.

# High Value Customers



Those who have recharged with an amount more than or equal to X, where X is the 70th percentile of the average recharge amount in the first two months (the good phase).

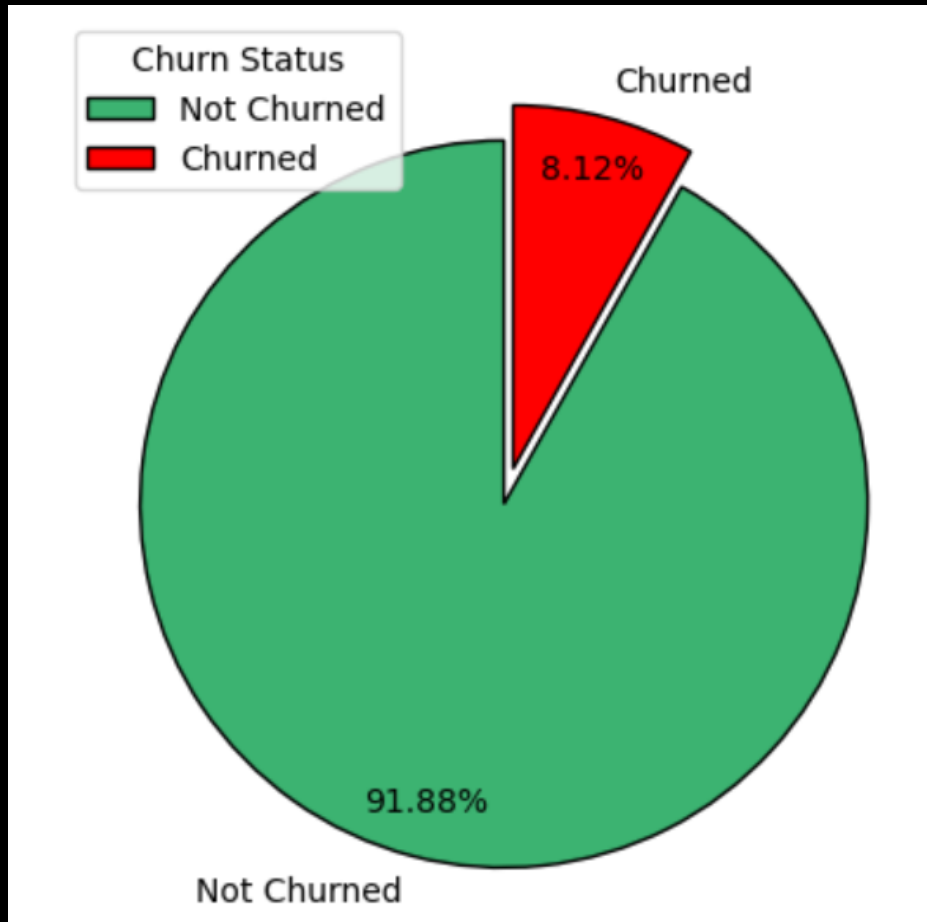


We found, the 70<sup>th</sup> Percentile of recharge amount to be 478Rs. Hence the customer who have recharged above 478Rs. can be classified as High Value Customers.



29953 – Customers recharged above Rs 478.

# Churn Rate



Churn ratio,, is the percentage of customers who stop using a company's services or products over a period of time. It's a key metric that helps businesses understand customer satisfaction and retention.

On analysis, we see approx. 8.1% of high value customers have churned.

# Key Factors Influencing Churn

## 1.Reduced Incoming Call Activity:

Lower total incoming call minutes in Month 8 suggest that customers are less engaged, which may be an early sign of churn.

## 2.Lower Outgoing Call Activity:

A decline in outgoing call minutes indicates reduced customer interaction, further signaling potential disengagement.

## 3.Recharge Spending Decline:

A notable drop in recharge amounts—calculated as the difference between Month 8 values and the average of Months 6 and 7—points to a shift in customer spending behavior, which is strongly associated with churn.

## 4.Variations in ARPU (Average Revenue Per User):

Changes in ARPU during the action phase reflect alterations in customer value and usage patterns, contributing to churn risk.

## 5.Altered Roaming Behavior:

Differences in roaming call minutes (both incoming and outgoing) may indicate modified usage patterns or changes in customer travel behavior.

## 6.Reduced STD Call Durations:

Lower standard call durations during the action phase suggest a decrease in regular network usage.

## 7.Debate in Data Recharge Spending:

A decrease in the average data recharge amount signals diminished interest in data services, another important predictor of churn.

Collectively, these factors provide a comprehensive view of the customer behavior leading up to churn and can be instrumental in designing targeted retention strategies.

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# Recommendations

## Incoming Local & Outgoing ISD Calls (August)

- Focus on customers with **low usage** in these categories during August.
- Offering incentives may encourage increased usage.

## Outgoing Others (July) & Incoming Others (August)

- Identify customers with **reduced usage** in these categories for targeted engagement.

## Value-Based Cost Increase (Action Phase)

- Customers with rising **value-based costs** are more prone to churn.
- Providing exclusive discounts or tailored offers can help retain them.



# Recommendations

## 4. 3G Recharge in August

- Customers with **higher 3G recharge** in August are more likely to churn.
- Offering loyalty bonuses or personalized retention incentives may improve retention.

## 5. Declining Usage Patterns

- Customers with a **drop in STD incoming minutes** or **incoming minutes from T to T-fixed lines** in August are at risk.
- Engaging these users with customized offers can help sustain their involvement.

## 6. 2G Usage in August

- Customers experiencing a **decline in 2G usage** are more likely to churn.
- Encouraging engagement through data offers or improved service packages may be beneficial.

## 7. Roaming Outgoing Minutes (roam\_og\_mou\_8)

- An **increase in roaming outgoing minutes** correlates with higher churn risk.
- Providing tailored roaming plans or incentives could help improve customer retention.

# ***Recommendations***

## **Targeted Incentives**

- Offer personalized discounts and special recharge plans for customers showing early signs of disengagement. This can help re-engage users before they churn.

## **Service Enhancements**

- Improve data service packages and optimize call tariffs. In regions where network quality is a concern, especially for data services, consider expanding 3G coverage or enhancing 2G service.

## **Proactive Customer Support**

- Implement proactive outreach programs to address customer issues early. For example, personalized follow-up calls or feedback sessions may reduce dissatisfaction.

## **Monitor Key Metrics**

- Regularly track changes in call durations, recharge behaviors, and ARPU. Early detection of negative trends can prompt timely interventions

# ***Additional offers***



## Loyalty Programs & Rewards

- Introduce points-based loyalty programs where customers earn rewards for continued usage, recharges, or referrals.
- Offer perks such as bonus data, free talk time, or discounts on future recharges.



- ## Customized Retention Offers:
- Develop data packs, call plans, or bundled services based on individual usage behaviour.
  - Provide exclusive offers for high-risk customers identified through usage patterns.



- ## Proactive Communication
- Send personalized messages, reminders, or alerts about special offers, account status, and renewal deadlines.
  - Use SMS, emails, and app notifications for timely communication.



- ## Enhanced Customer Support
- Establish a dedicated team for handling customer grievances and churn prevention.
  - Provide faster issue resolution and proactive follow-ups for at-risk customers.

***THANK YOU***