Customer Retention

Using Data Science to address Customer Churn

Agenda

We will cover the following in today's session

- Overview of the churn in a telecom scenario
- Why Data Sciences?
- Data Science approach to build a robust churn strategy
- Methodology of building a churn model
- Outcomes and deliverables

Background: Operators are losing share in today's competitive market

Industry and external outlook

■ Tougher Telecom Environment

- Economic instability and uncertainty
- Mobile Market is saturated and dominated by a few players
- Intense competition leading to price wars

Smarter & More Demanding Customers

- Escalating personal and business reliance on telecommunications
- Technology explosion
- More demanding, less loyal customers
- Comparison shoppers



Internal Outlook

Tremendous Growth Potential

- Generation of vast quantities of data
- Drive new revenue growth through customer centricity
- Continue to exploit cost efficiencies

Key questions that clients ask around churn

- How can I understand my churn situation better; both at the organization (macro) & subscriber (micro) levels?
- What are the key drivers of churn and what is influencing them?
- What are the appropriate churn initiatives that should be launched to address the different churn drivers?

Need to Manage Churn

Churn is a key driver of EBITDA margin and an industry-wide challenge.

A churned customer provides less revenue or zero revenue and increases competitor market share.

Increase acquisition cost for the service provider if the customer churned to competition. It costs up to 5 times as much for an Service Provider to acquire a new subscriber as to retain an existing one

Subscriber Churn can be in different forms and not just exit from the base



(e.g. €50 to €30 monthly)

Different Churn Scenarios Service (e.g. Weekly/Monthly Churn Subscription)

Leads to Subscriber churn

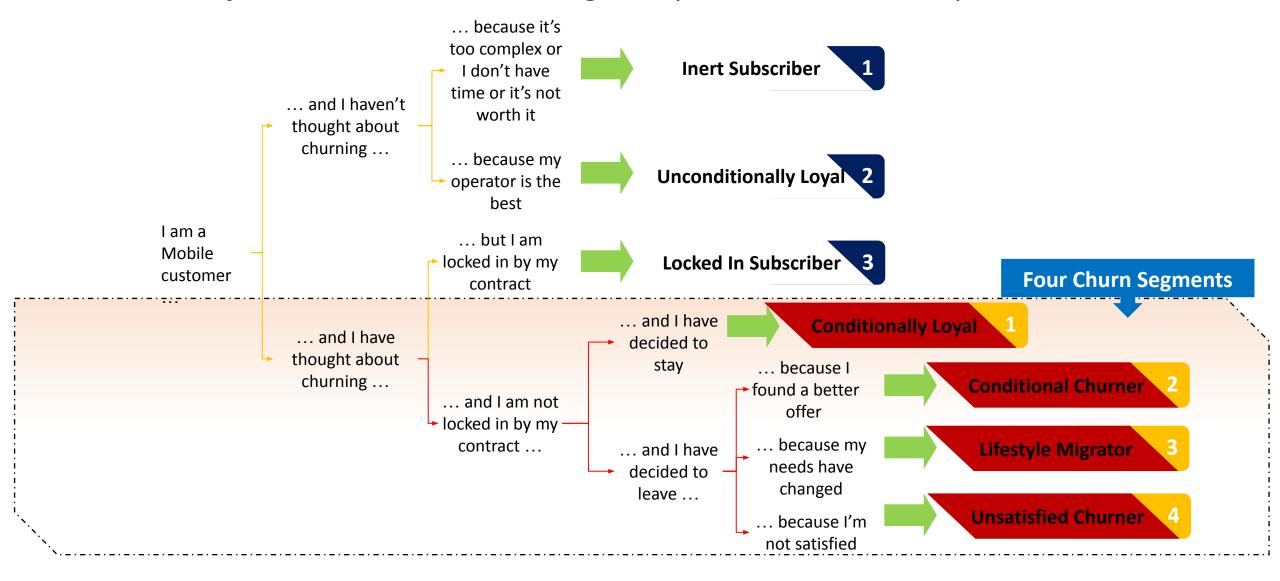
Product
Churn (e.g. Postpaid to Prepaid)



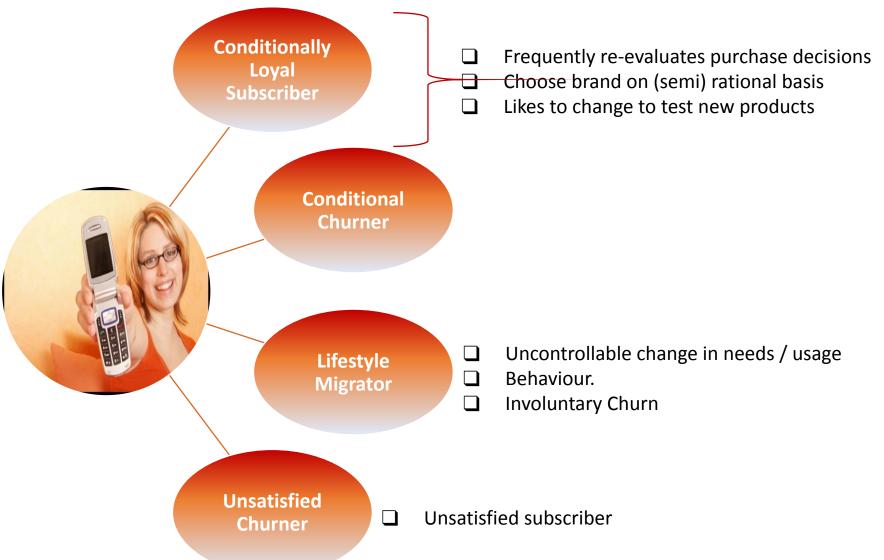


Usage Churn (e.g. Inactive or Zero Usage)

Decision cycle of a subscriber: Changes as per needs and/or experiences



Four Churn Segments: Loyalty drivers for each segment



Loyalty Drivers

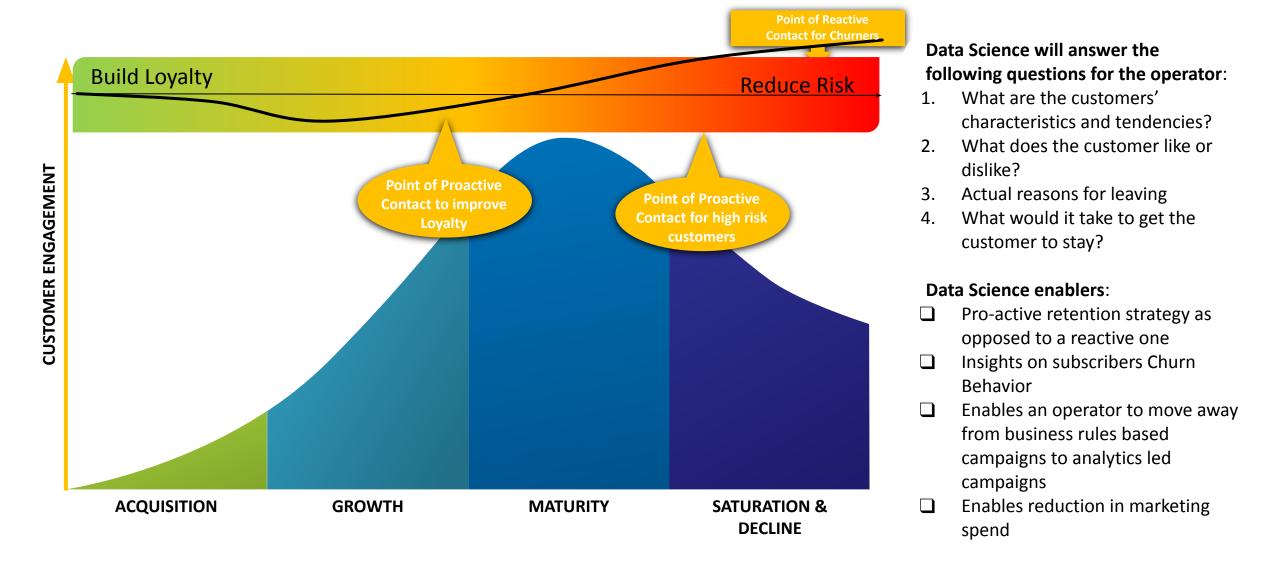
Key drivers that Influence Churn

- 1. Handset Loss/Upgrade
- Cost of Service / Competitor pricing
- 3. Network Quality
- 4. Others
- 5. Customer Care Quality

Key drivers for Subscriber loyalty

- 1. Offers and services
- 2. Price
- 3. Quality of products and services
- 4. Quality of customer service
- 5. Length of contract period
- 6. Perception of telecom brand
- 7. Marketing programmes and campaigns

A proactive approach to managing churn has Data Sciences at its heart

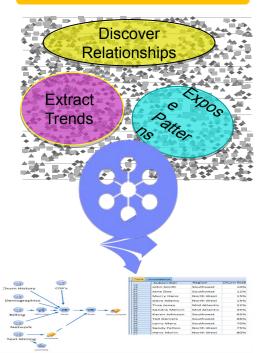


High level Overview of a Data Science led approach to manage churn

Capture & Analyze



Report & Predict



- Business Analysis of standardized dataPredictive model design
- Development and Implementation of Predictive model

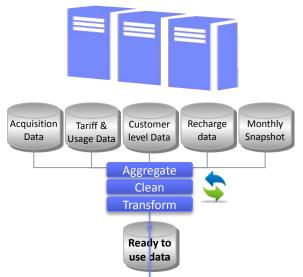


Engage & Act





- List of churn drivers / KPI's for tracking and monitoring
- A generated list of recommended subscribers for targeted churn campaigns
- Recommendations on monthly churn initiatives



- Business Understanding
- Identify data requirements and explore data availability
- Request and extract data required to build a model
- Aggregate, Clean and Standardize data in desired format for model