Customer churn

Findings and recommendations

Used methodology

- Among most profitable customers, we checked individual variables, to find possible relationships and patterns.
  - For example, 17% of these customers who did not have partner, churned, while only 10% with partner churned
  - 20% of these people who uses electronic check churned, while for credit card or bank transfer payment, it was only ~10%
- We also checked how is revenue related to different contract types
  - Long-term contracts are better to avoid possible churn
- Predictive model was built, so that we can predict possible churn, and we can also see what factors are main drivers of churn

Churn prediction

We developed predictive model, to be warned about possible churn in advance

The model was built using data from ~6k customers

Model performance on ~1.7k customers (unseen during train):

77% cases were correctly predicted	More than 56% of predicted churners churned	More than ¾ of churners were predicted as churners

Findings and recommendations

Month-to-month contract may be problematic and relates to higher probability of churn. The best thing is to offer two-year contract

Customers who joined recently (up to 6 months) are more likely to churn. The recommendation is to treat these customers exceptionally well, as once they stay for some longer time (2 years and more), they are going to be more loyal

It is also good to make sure that customers who uses fiber optic internet are satisfied – this group has also quite high churn potential

Another recommendation is to provide better terms and services for people, who uses streaming TV, as these are also likely to churn