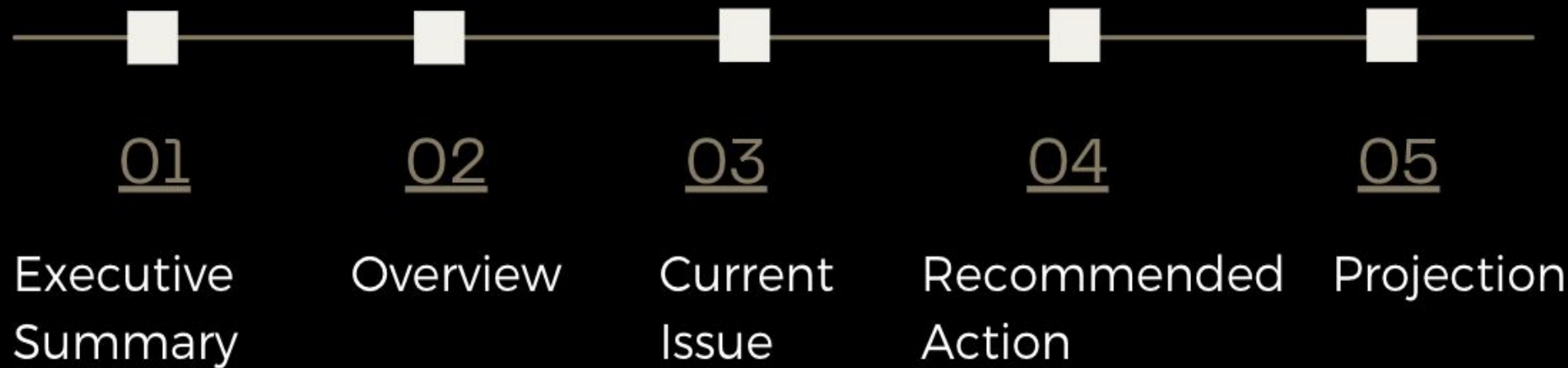


Reducing Customer Attrition in month-to-month contracts

- by Mariam Naqvi

5/4/2021

Agenda



Executive Summary



BIG IDEA

High customer churn is leading to loss of revenue

GOAL

Reduce customer churn and increase revenue

KEY FINDING

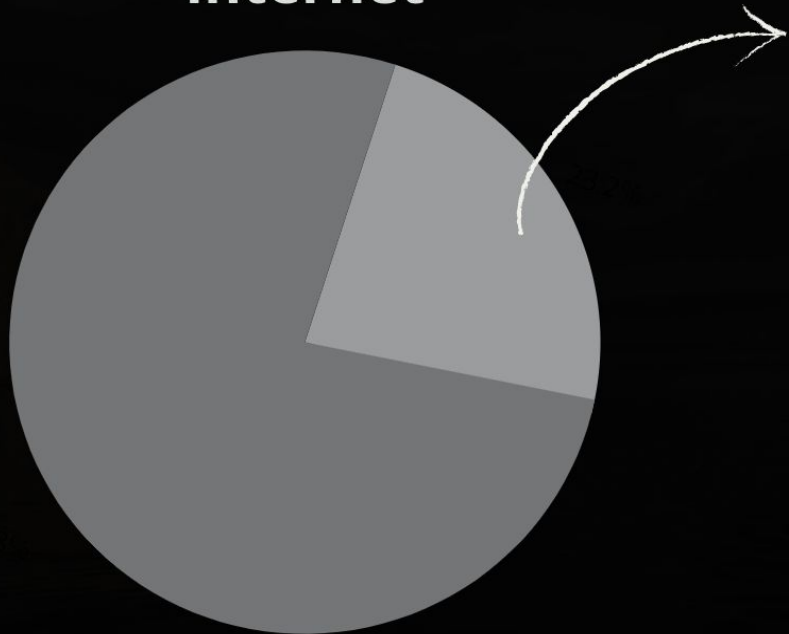
Churn Rate is 1.1x higher for customers without auto pay

RECOMMENDATION

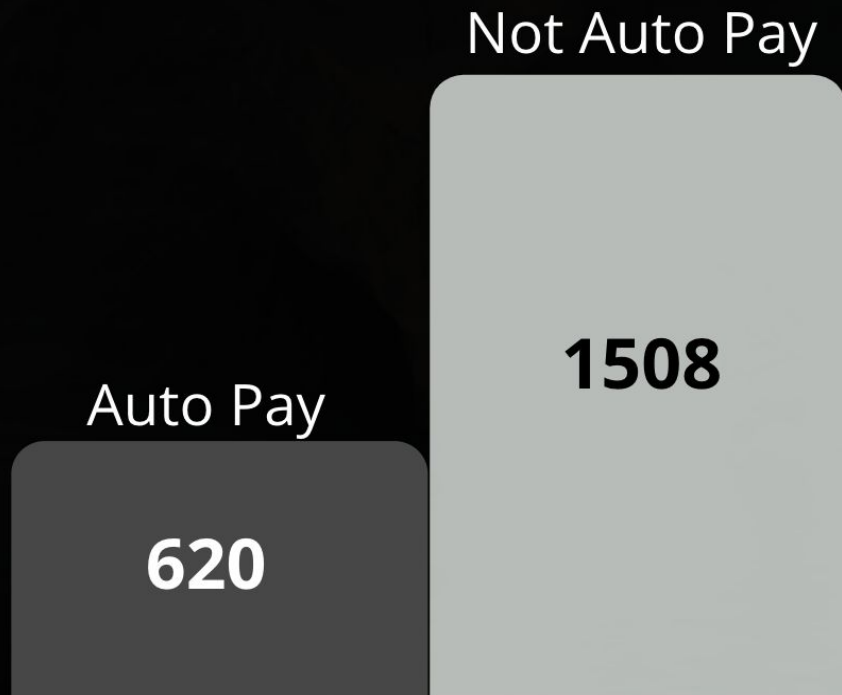
Offer discounts to encourage customers to enroll in auto pay

Overview

30% of month to month contracts use Fiber Optic Internet



Of that 30%, more than 2x as many customers don't use auto pay

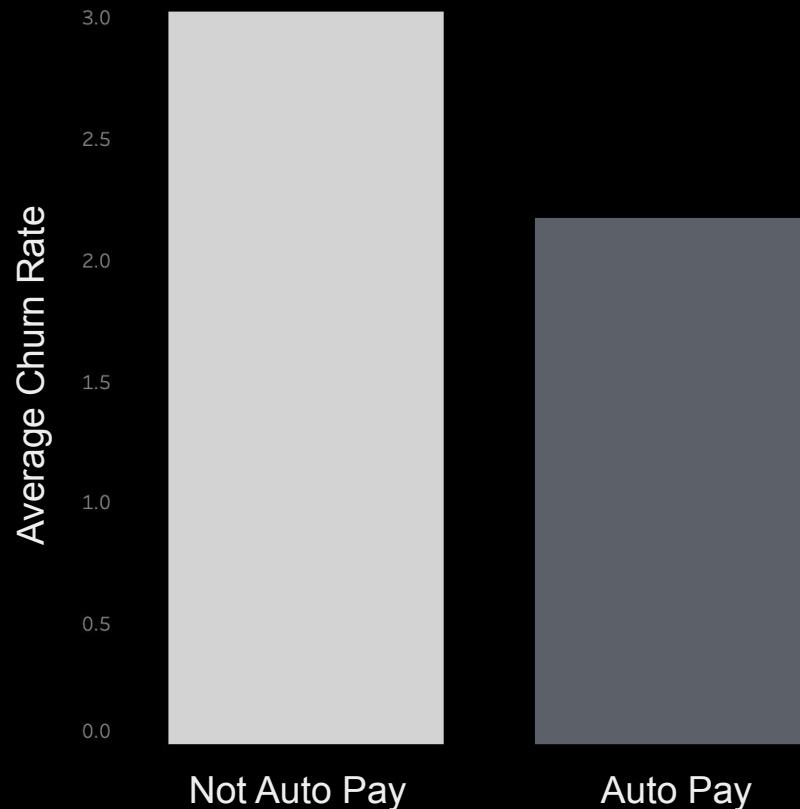


Current Issue

2 OUT OF 3

NON AUTO PAY
CUSTOMERS CHURN

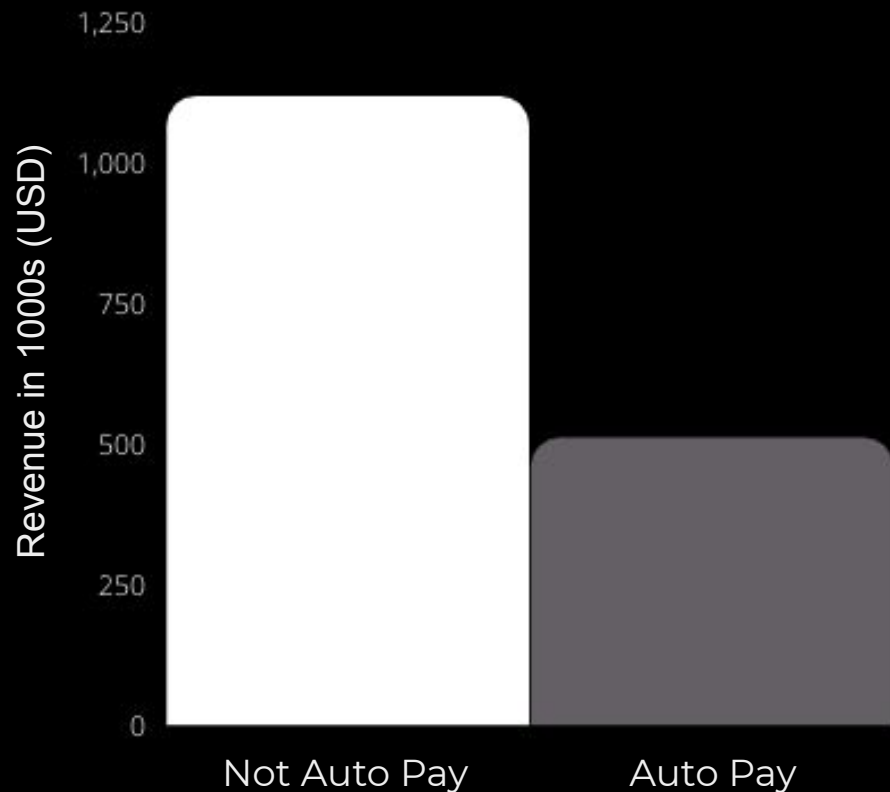
Churn rate is higher for
customers without auto pay



**OVER 1 MILLION
USD**

LOST IN REVENUE

Revenue lost from customers
without auto pay is 2x higher



Recommended Action

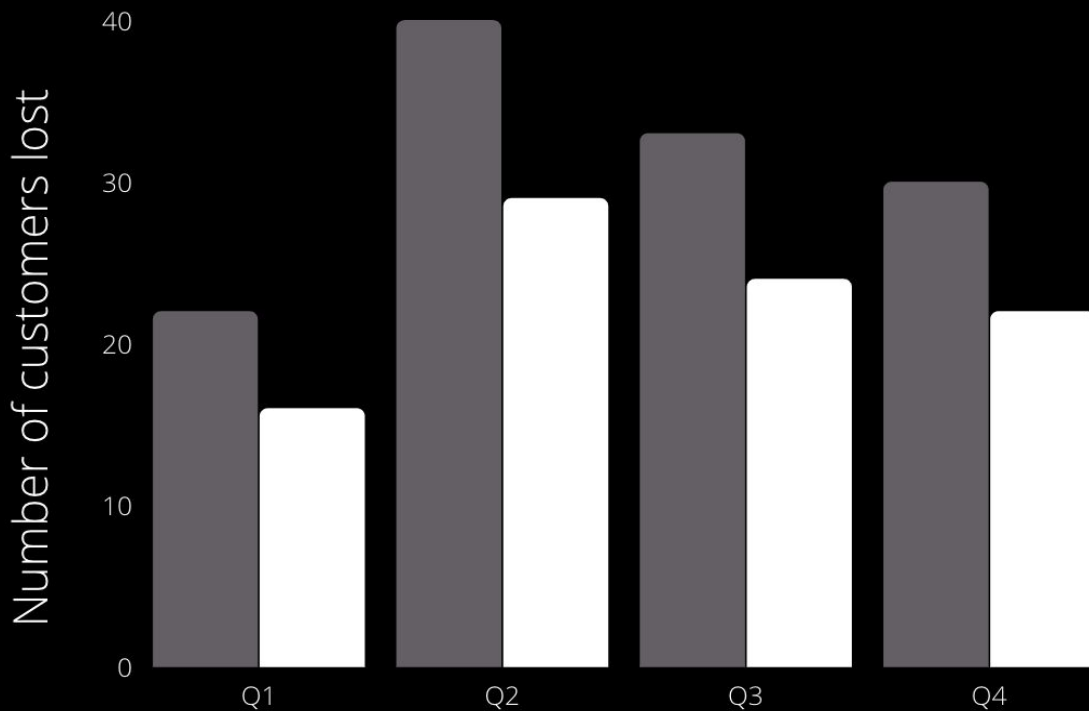
AUTO PAY DISCOUNTS

Offer discounts to non auto pay customers who enroll in auto pay

Start with \$5 off monthly charge for the first 2 months of tenure

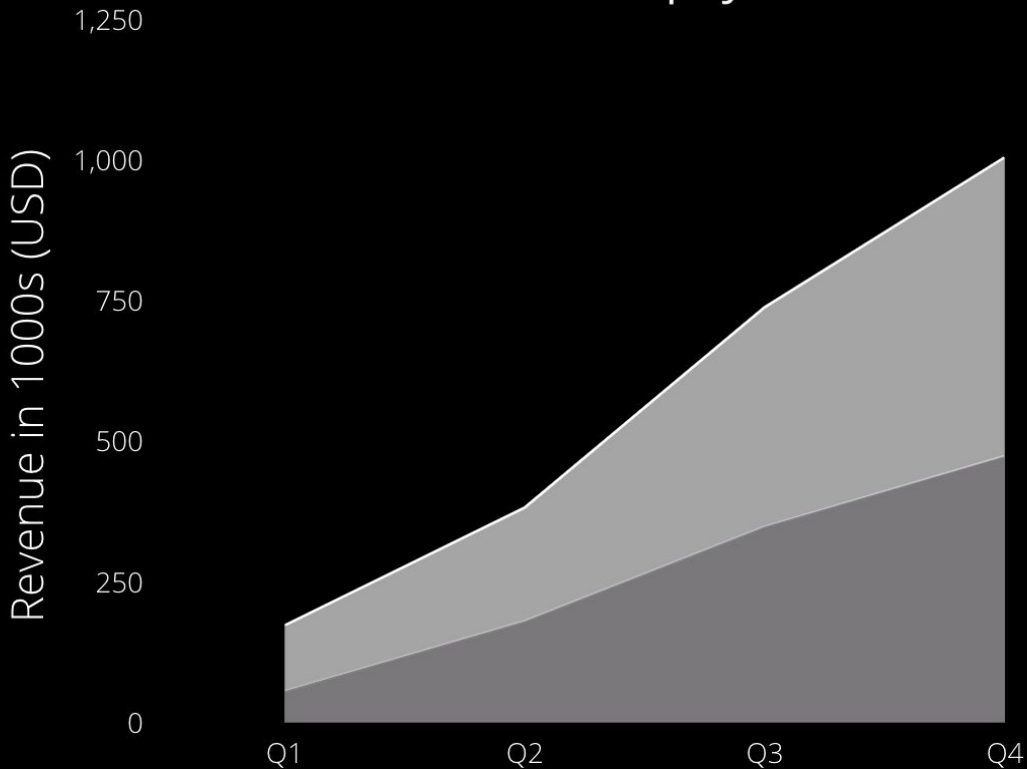
Projection

Customer churn reduces by 28%
with the auto pay discount



Projection

Revenue is projected to increase by 12% with the auto pay discount



Conclusion

- Non Auto Pay Customers churn at a higher rate
- Encouraging customers to enroll in auto pay will reduce churn and increase revenue

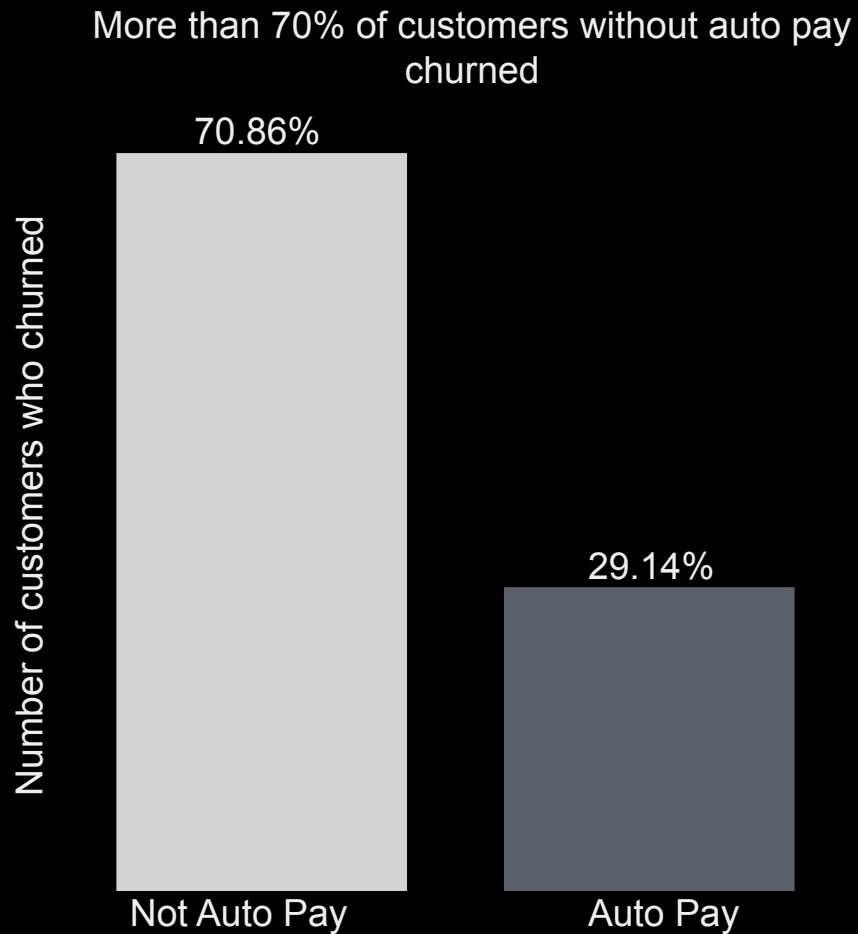
Next Steps

- Analyze high risk customers
 - Find pain points
- Explore Loyalty Programs
- Test referral programs

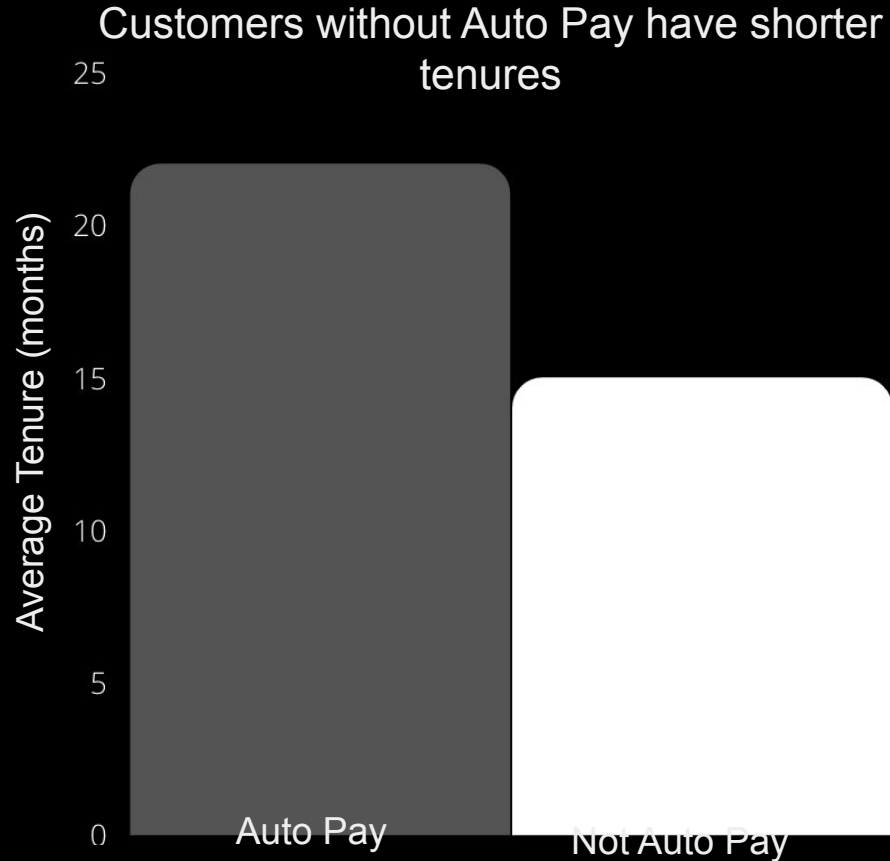
Appendix: 1

- Churn = customer attrition
- Churn rate = count of customers lost / tenure
- Tenure = Number of months a customer has been using one of our services
- Contract options offered: Month to month, 1 year and 2 year.
 - Only Month to month contracts were analyzed for this report as they have the highest churn rate among the different contract types
- Internet options offered: DSL, Fiber Optic
 - Majority of customers use fiber optic
- is_automatic checks if a customer is using an automatic form of payment as auto bank or card payment vs mailed check or e-check.
 - Those who used some form of automatic payment were included in the auto pay category and the rest in not auto pay.

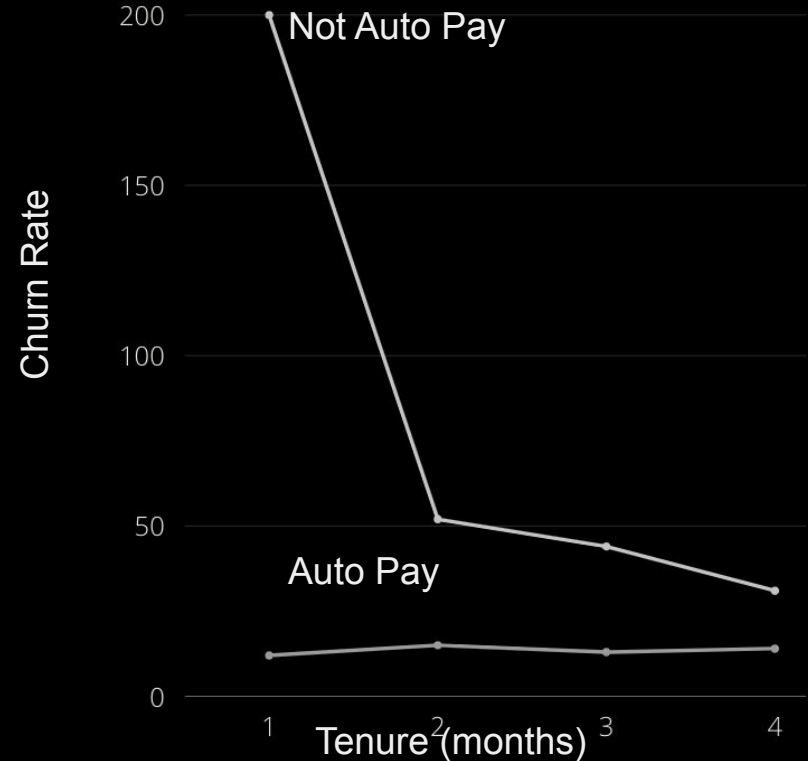
Appendix: 2



Appendix: 3

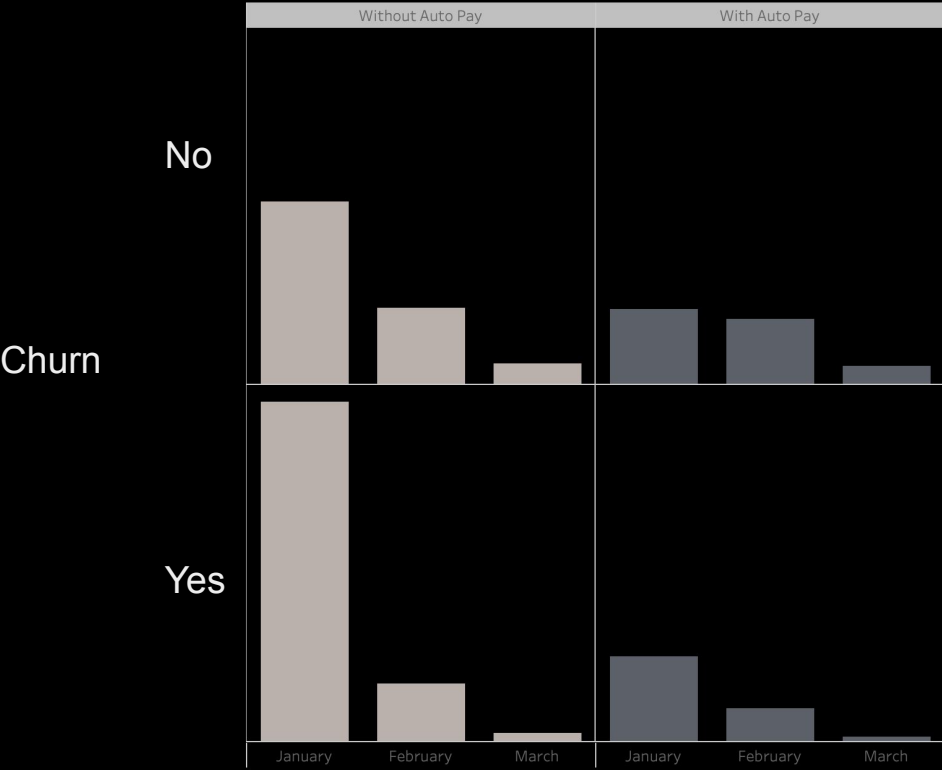


Highest number of customers without auto pay churn in the first month of tenure



Appendix: 4

Number of customers who churned was more than 3x higher for customers without auto pay

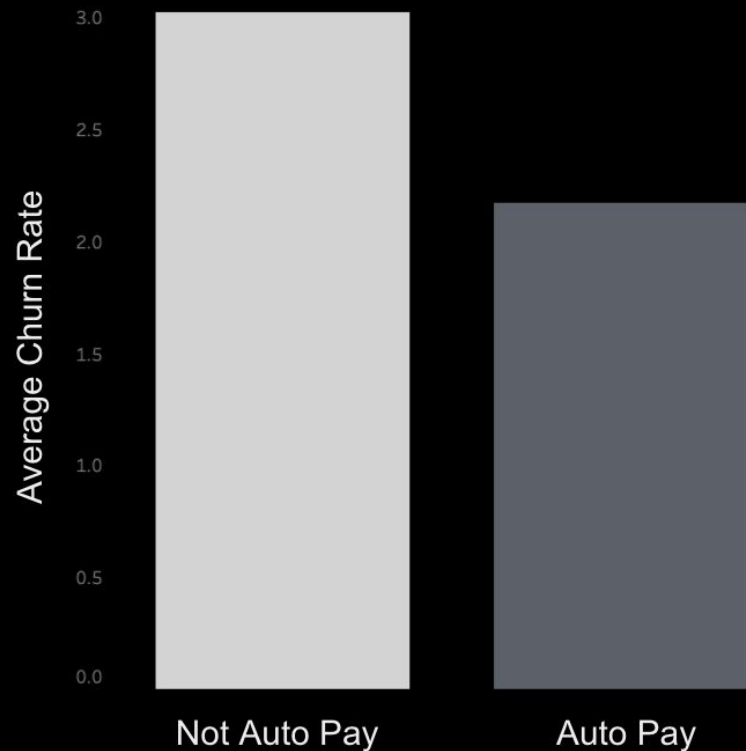


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| | | Without Auto Pay | | | With Auto Pay | | |
|-------|---------------|------------------|----------|-------|---------------|----------|-------|
| Churn | color_Chann.. | January | February | March | January | February | March |
| | No | | | | | | |
| | Black | | | | 165 | 143 | 41 |
| | Blue | 402 | 168 | 47 | | | |
| Yes | Black | | | | 188 | 72 | 11 |
| | Blue | 745 | 128 | 18 | | | |

Appendix: 5

Churn rate is higher for customers without auto pay



Cross Tab

Black

2.1694

Blue

3.0212