

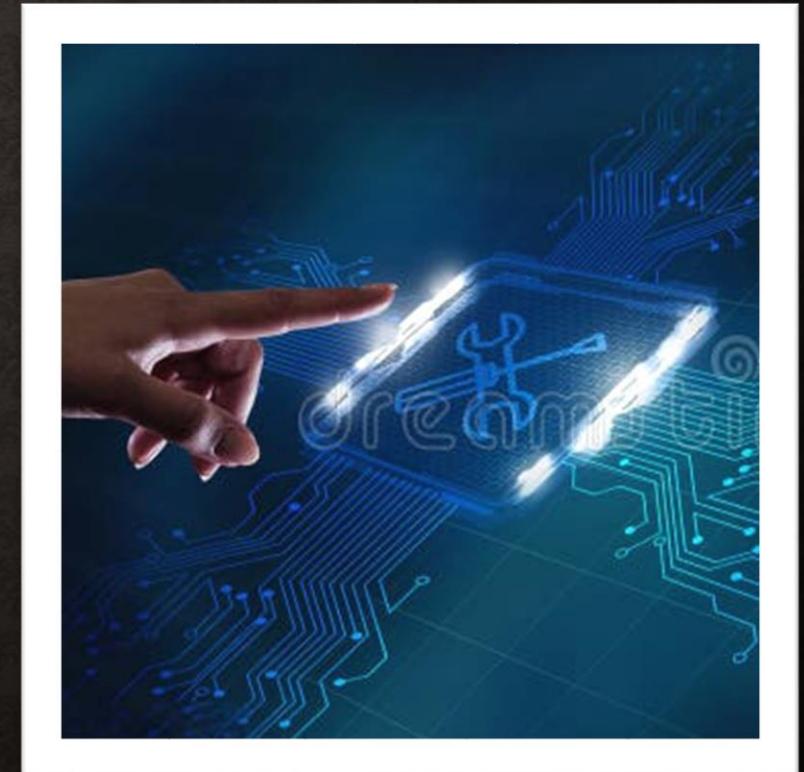


# CUSTOMER CHURN OVERVIEW AND RISK ANALYSIS

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# INTRODUCTION

**Title:** Reducing Churn and Increasing Customer  
Retention: Strategies for Success

**Objective:** Present strategies for reducing customer  
churn and enhancing retention in the  
telecommunications industry.



# UNDERSTANDING THE CHURN PROBLEM

**Churn Rate:** 26.54%

## Financial Impact:

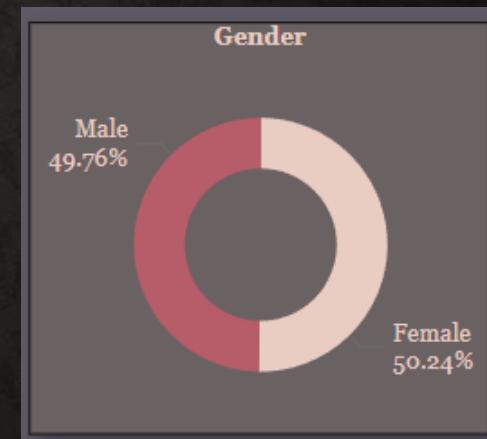
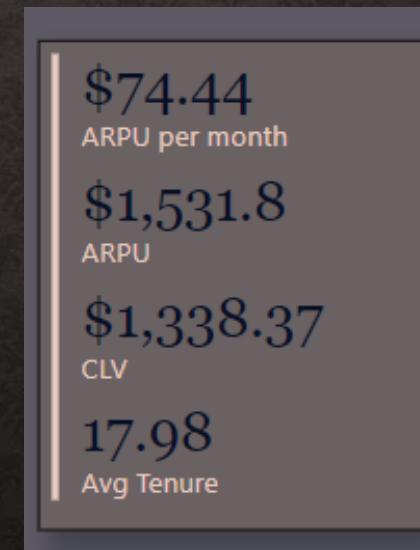
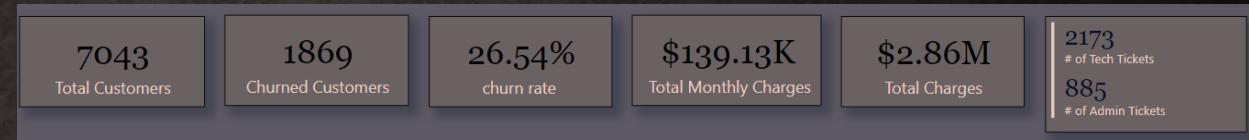
- Total monthly charges: \$456.12K
- Churn customers generate: \$139.13K
- Total charges: \$16.06M
- Churn customers generate: \$2.86M

## Technical Support:

- Tech tickets for churn customers: 2,173
- Admin tickets: 885

## Demographics:

- Gender split: 50% male, 50% female
- Average Revenue Per User (ARPU): \$74.44
- Average Revenue Per User (ARPU) per year: \$1,531.80
- Customer Lifetime Value (CLV): \$1,338.37
- Average tenure: 17.98 months



# CUSTOMER DEMOGRAPHICS AND PREFERENCES

## Partner Status:

- 35.8% of churn customers have partners
- 25.47% are seniors

## Billing Preferences:

- 75% prefer paperless billing

## Internet Service:

- 69.4% use fiber optics
- 45% have multiple lines
- 10% do not have any phone service

## Contract Type:

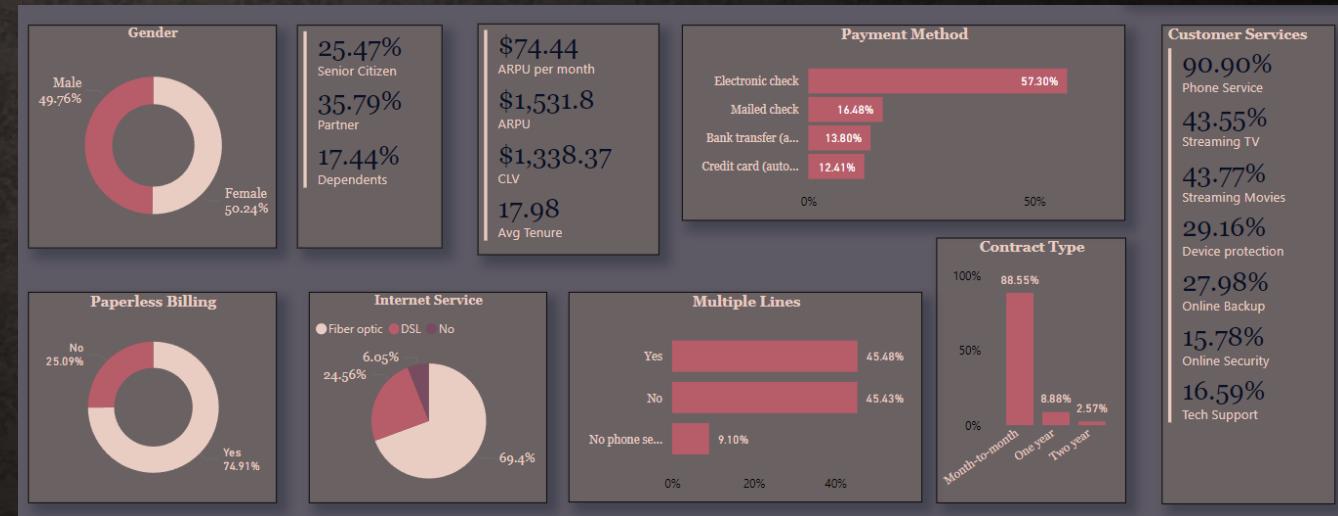
- 88.55% are on month-to-month contracts

## Service Subscriptions:

- 90.9% have phone service
- 15.78% have online security service
- 16.59% have tech support service

## Payment Method:

- 57.30% prefer electronic check payment



# HIGH-RISK CUSTOMERS OVERVIEW

**High-Risk Customers:** 4,190

**Definition:** Customers who are churned, have a tenure of less than 6 months, or have monthly charges greater than \$80

**Churn Rate:** 44.61%

**Financial Metrics:**

- Average monthly charges: \$78.85
- Average tenure: 28.81 months
- Customer Lifetime Value (CLV): \$2,272

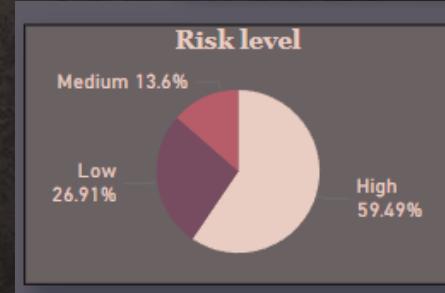
**Technical Support:**

- Tech tickets: 2,562
- Admin tickets: 2,153

**Risk Distribution:**

- High risk: 59.49%
- Medium risk: 13.60%
- Low risk: 26.91%

Total High-Risk Customers	4190	Churn rate of High-Risk Customers	44.61%	Average Monthly Charges of High-Risk Customers	\$78.85	Average Tenure of High-Risk Customers	28.81	CLV of High-Risk Customers	\$2,271.88
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2562  
# of Tech Tickets

2153  
# of Admin Tickets

# DETAILED ANALYSIS OF HIGH-RISK CUSTOMERS

## Internet Service:

- Fiber optics generates total monthly charges of **\$266.3K**
- High churn rate of **68.5%** among high-risk customers

## Contract Length:

- <1 year: **60%** churn rate, generates over **\$100K** in monthly charges
- <6 years: **11.45%** churn rate, generates over **\$80K** in monthly charges

## Contract Type:

- Month-to-month: **57.7%** churn rate, **2.9K** customers

## Loyalty:

- <1 year: **41.24%**
- <6 years: **19.38%**

## Payment Method:

- Electronic check: **57.18%** churn rate, **\$153.8K** in monthly charges
- Credit card: **29.59%** churn rate



# FIBER OPTICS HIGH-RISK CUSTOMERS

**High-Risk Customers:** 92.67%

**Churn Rate:** 45.21%

## Financial Metrics:

- Average monthly charge: \$92.8
- Average tenure: 33.53 months
- Customer Lifetime Value (CLV): \$3,111.37

## Technical Support:

- Tech tickets: 2,135
- Admin tickets: 1,510

## Payment Method:

- Electronic check: 56.49% churn rate
- Credit card: 27.55% churn rate

## Contract Length:

- <1 year: 75.70% churn rate, \$71K in monthly charges
- <6 years: 12.64% churn rate, \$64K in monthly charges

## Contract Type:

- Month-to-month: 60.27% churn rate, 67.2% of customers
- 2-year contract: 7.38% churn rate, 14.64% of customers



# HIGH-RISK CUSTOMERS WITH <1 YEAR CONTRACT

**High-Risk Customers:** 79.05%

**Churn Rate:** 60.01%

**Financial Metrics:**

- Average monthly charges: \$59.45
- Average tenure: 3.61 months
- Customer Lifetime Value (CLV): \$214.51

**Technical Support:**

- Tech tickets: 122
- Admin tickets: 904

**Internet Service:**

- Fiber optics: 49.31% churn rate

**Contract Type:**

- Month-to-month: 96.06% of customers, 61.69% churn rate

**Payment Method:**

- Electronic check: 70.38% churn rate



# HIGH-RISK CUSTOMERS WITH MONTH-TO-MONTH CONTRACT

**High-Risk Customers:** 74.04%

**Churn Rate:** 57.69%

**Financial Metrics:**

- Average monthly charges: \$72.1
- Average tenure: 16.44 months
- Customer Lifetime Value (CLV): \$1,185.19

**Internet Service:**

- Fiber optics: 67.20% churn rate, \$170K in monthly charges

**Loyalty:**

- <1 year: 57.86% of customers, 61.69% churn rate, \$100K in monthly charges

**Payment Method:**

- Electronic check: 64.76% churn rate



# HIGH-RISK CUSTOMERS WITH ELECTRONIC CHECK PAYMENT METHOD

**High-Risk Customers:** 79.2%

**Churn Rate:** 57.18%

## Financial Metrics:

- Average monthly charges: \$82.15
- Average tenure: 23.79 months
- Customer Lifetime Value (CLV): \$1,954.76

## Technical Support:

- Tech tickets: 1,276
- Admin tickets: 972

## Internet Service:

- Fiber optics: 80.25% churn rate, \$136K in monthly charges

## Contract Length:

- <1 year: 45.97% of customers, 70.38% churn rate, \$61K in monthly charges

## Contract Type:

- Month-to-month: 64.76% churn rate, 81.95% of customers



# HIGH-RISK CUSTOMERS WITH FIBER OPTICS, MONTH-TO-MONTH CONTRACT, ELECTRONIC CHECK PAYMENT & <1 YEAR CONTRACT

**High-Risk Customers:** 93.66%

**Churn Rate:** 75.97%

**Financial Metrics:**

- Average monthly charges: \$82.82
- Average tenure: 4.32 months
- Customer Lifetime Value (CLV): \$357.49

**Technical Support:**

- Tech tickets: 72
- Admin tickets: 314

**Internet Service:**

- Fiber optics: 69.61% churn rate, \$48.9K in monthly charges

**Loyalty:**

- <1 year: 48.44% of customers, 75.97% churn rate

**Contract Type:**

- Month-to-month: 99.38% of customers, 75.97% churn rate

**Payment Method:**

- Bank transfer: 92.21% churn rate, \$6.48K in monthly charges
- Electronic check: 76% churn rate, \$48.95K in monthly charges



# RETENTION STRATEGIES

## Strategy 1: Offer Incentives for Long-Term Contracts

- Provide discounts or additional services for customers who switch from month-to-month to annual or bi-annual contracts.

## Strategy 2: Improve Service Quality and Support

- Increase investment in tech support and online security services to reduce tech and admin tickets.
- Offer personalized support for customers with high numbers of tickets.

## Strategy 3: Enhance Customer Engagement

- Implement targeted communication strategies to engage customers with high churn risks.
- Use personalized offers based on customer data and preferences.

## Strategy 4: Optimize Payment Methods

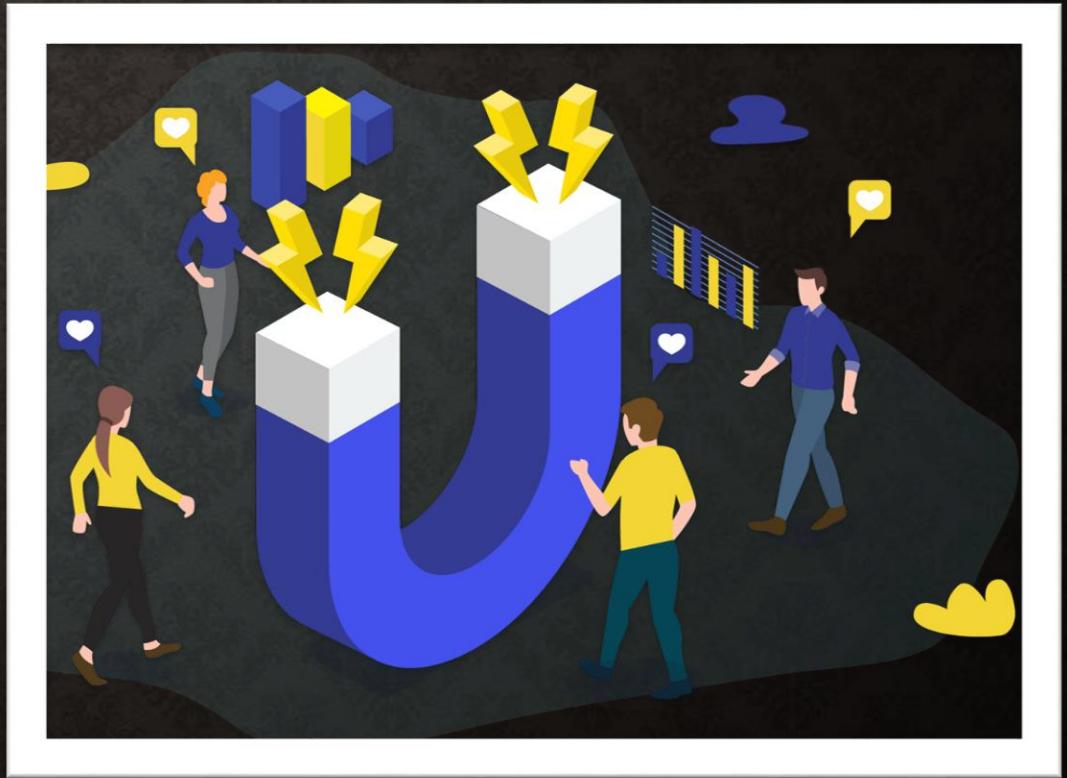
- Encourage customers to switch to more stable payment methods such as credit cards or bank transfers.

## Strategy 5: Introduce Loyalty Programs

- Develop loyalty programs to reward long-term customers and reduce churn.

## Strategy 6: Continuous Monitoring and Improvement

- Regularly analyze customer data to identify emerging churn risks and adjust strategies accordingly.



# IMPLEMENTATION TIMELINE

## Month 1-2:

- **Phase 1:** Analyze current customer data and segment high-risk customers.
- **Phase 2:** Develop detailed action plans for each retention strategy.

## Month 3-4:

- **Phase 3:** Launch pilot programs for long-term contract incentives and enhanced support services.
- **Phase 4:** Implement targeted communication strategies for high-risk customers.

## Month 5-6:

- **Phase 5:** Roll out optimized payment methods and loyalty programs.
- **Phase 6:** Collect feedback and data from initial implementations and make adjustments.

## Month 7-8:

- **Phase 7:** Expand successful pilot programs across all customer segments.
- **Phase 8:** Continuously monitor customer data and adjust retention strategies as needed.

## Month 9-12:

- **Phase 9:** Conduct a comprehensive review of the implemented strategies.
- **Phase 10:** Develop new initiatives based on the review and continue the cycle of monitoring and improvement.



# LOYALTY PROGRAMS & CONTINUOUS IMPROVEMENT

- **Loyalty Programs:**
  - Reward long-term customers with exclusive offers, discounts, and services.
  - Introduce tiered loyalty levels to incentivize continued engagement.
- **Continuous Improvement:**
  - Regularly update and refine retention strategies based on customer feedback and data analysis.
  - Stay ahead of industry trends and customer expectations.

# CONCLUSION

**Summary:** The presentation provides a detailed analysis of customer churn and outlines effective strategies to reduce churn rates and increase customer retention. It highlights the importance of understanding customer demographics and preferences, identifies high-risk segments, and recommends targeted retention strategies.

## Overall Conclusion:

- **Data-Driven Strategies:** Use customer data to identify high-risk segments and tailor retention strategies accordingly.
- **Personalization and Engagement:** Develop personalized retention programs that align with customer needs and preferences.
- **Incentives and Support:** Offer incentives for long-term contracts, improve service quality, and provide proactive customer support.
- **Payment Optimization:** Encourage stable payment methods to reduce churn associated with payment issues.
- **Continuous Improvement:** Regularly monitor and adjust retention strategies based on customer feedback and data analysis.
- **Combined Recommendation:**
- **Immediate Action:** Implement targeted retention strategies for high-risk segments immediately to prevent further churn.
- **Long-Term Planning:** Develop a comprehensive retention plan that includes regular monitoring, customer engagement, and continuous improvement initiatives.
- **Stakeholder Collaboration:** Engage stakeholders across the organization to ensure alignment and support for retention initiatives.

# THANK YOU!

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