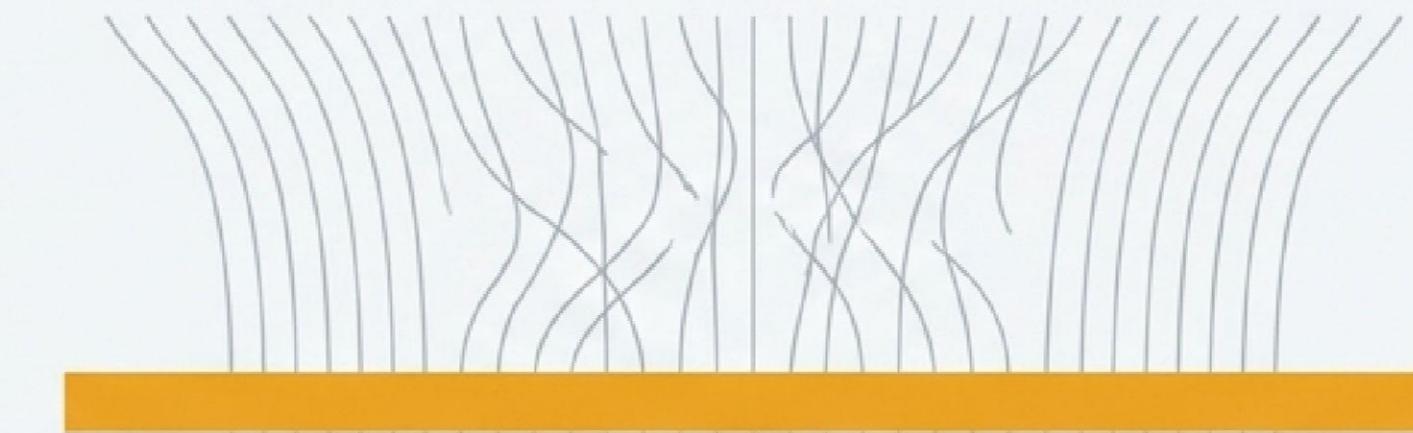


# **Plugging the Leaks: A Data-Driven Approach to Maximizing Retention ROI**

Identifying and acting on the most valuable revenue at risk.



# Executive Summary: Our Path to Recovering Leaked Revenue



## The Situation

Our revenue has stagnated despite stable customer acquisition, indicating a profitability challenge.



## The Complication

A specific segment of Mid-Tenure, High-ARPU customers is churning at an alarming **45%**, representing a concentrated monthly revenue leak of over **\$25,000**. Our current retention efforts are not effectively targeting this high-value leakage.



## Our Recommendation

We must pivot from broad retention strategies to a targeted, two-pronged campaign for this specific segment:

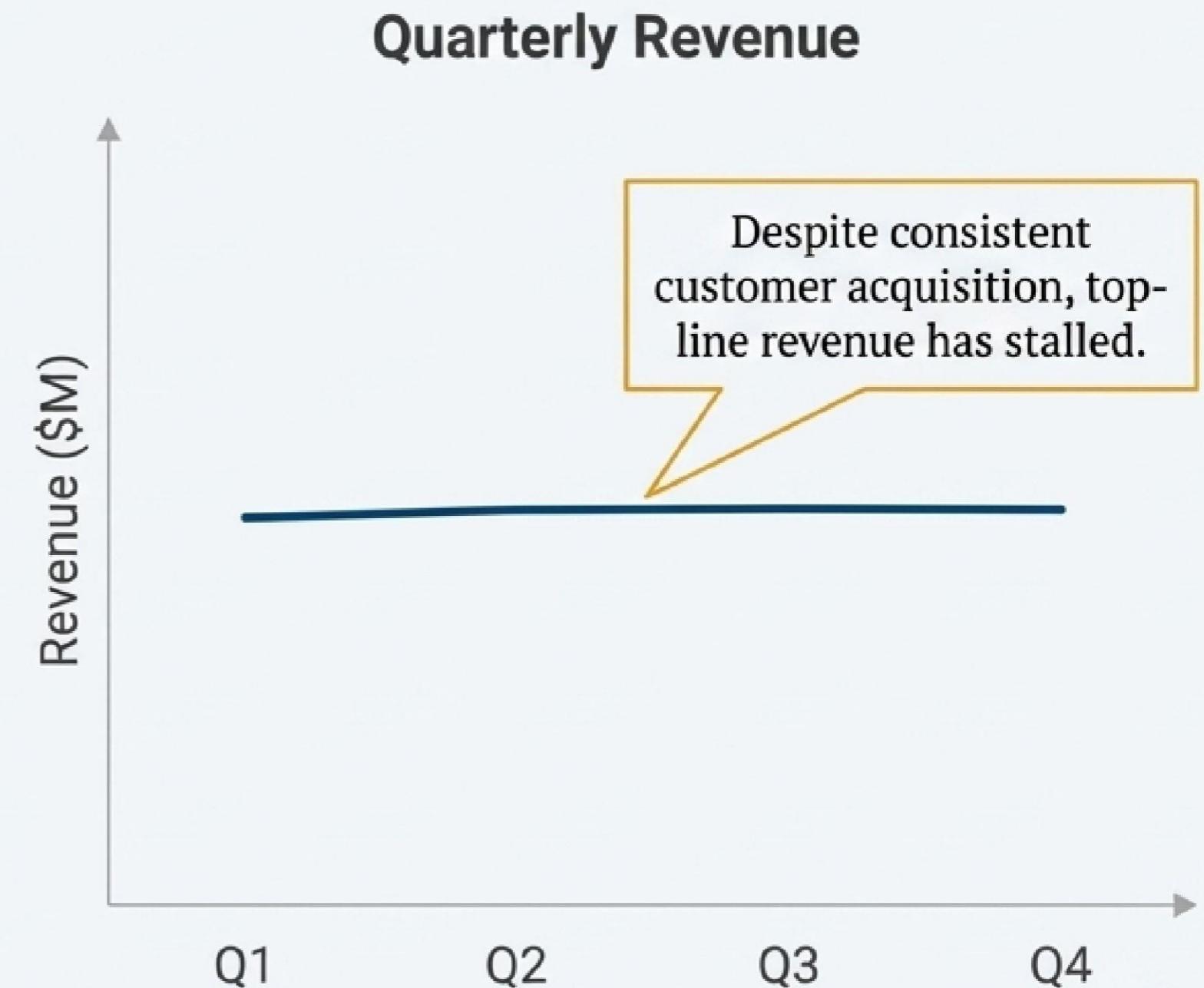
1. **Launch a low-cost Payment Method Migration program** to address a key churn driver, projected to deliver an exceptionally high ROI.
2. **Deploy a proactive Tech Support upsell** as a value-add offer to increase service stickiness and generate a strong return.

# Stagnant Growth is a Symptom of a Deeper Profitability Problem

**26.6%**

Overall Customer Churn Rate

While our customer base remains stable, over a quarter of our customers churn. This aggregate view hides the real source of our revenue leakage and prevents effective action.



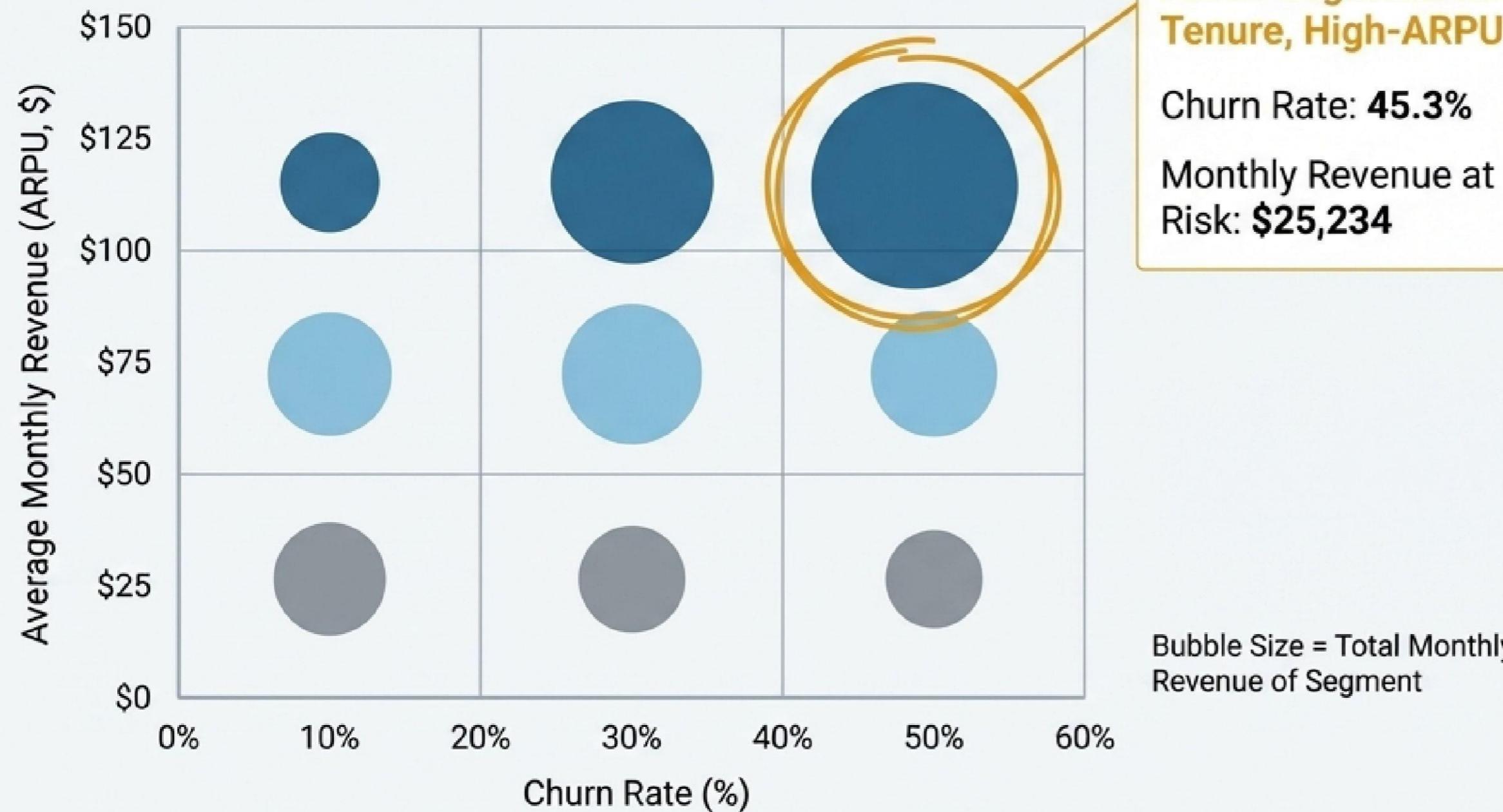
# To Find the Leak, We Must Reframe the Problem from Volume to Value

Instead of asking "How many customers are leaving?", we asked "Where is our most valuable revenue leaking from?". This required segmenting our customer base not just by behavior, but by their lifecycle stage and revenue contribution.



# A Single Segment of Mid-Tenure, High-Value Customers Accounts for \$25k in Monthly Revenue at Risk

Customer Segments: Churn vs. Value



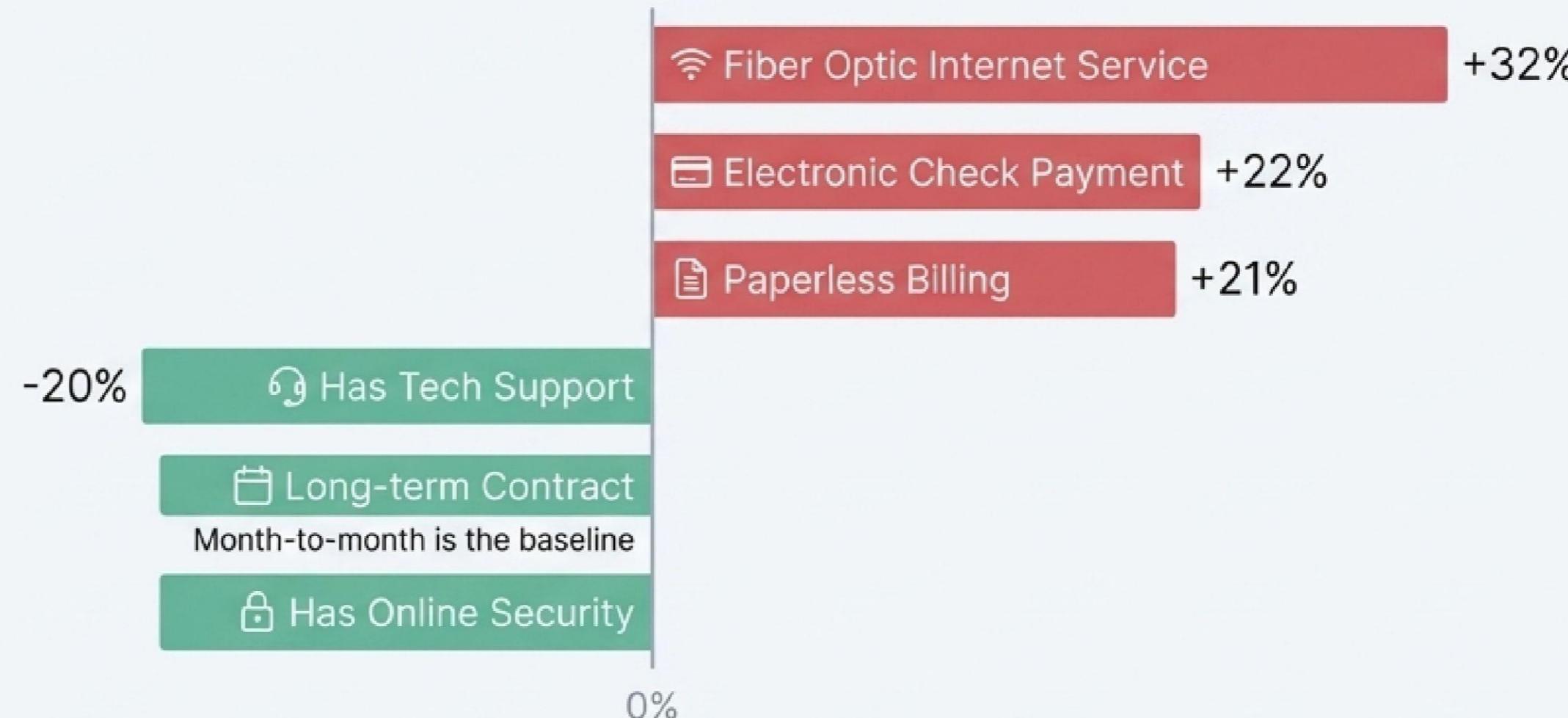
## Key Takeaway

While new customers churn at the highest volume, mid-tenure customers represent the most significant **preventable high-value** leakage. Losing them after they have been successfully onboarded is a critical failure.

# Service Friction and Inconvenient Payments Are the Key Churn Triggers

Tornado Chart

Key Drivers of Churn for High-Value Customers  
Apercu Pro Medium



The data is clear: customers are not just leaving over price. They are leaving due to frustrating payment methods and perceived gaps in service support, especially on premium fiber plans.

# Translating Data Insights into Targeted Retention Strategies

## Key Churn Driver

### Payment Friction



Customers using 'Electronic Check' are significantly more likely to churn. This method is less convenient and prone to errors.

## Proposed Intervention

### Payment Method Migration



Launch a targeted campaign to incentivize these customers to switch to automatic credit card payments, improving convenience and reducing payment failures.

### Lack of Service Support



Having 'Tech Support' is a powerful retention tool. High-ARPU customers without it are a flight risk.

### Proactive Tech Support Offer



Create a value-add offer to upsell or provide a trial of our premium Tech Support service to this at-risk group.

# Which Strategy Delivers the Highest Return? A Simulated ROI Analysis

We modeled the financial impact of three distinct retention strategies over a 6-month period for our target segment of **589 Mid-Tenure, High-ARPU customers**. The analysis compares the cost of each intervention against the projected revenue saved from retained customers to determine the Net Financial Impact and Return on Investment (ROI).



## Tech Support Upsell

A value-add offer to increase service stickiness. (Cost: \$10/mo)



## Payment Method Migration

A one-time incentive to switch payment types. (Cost: \$5 one-time)



## Blanket Discount

A traditional, broad-based price reduction. (Cost: \$15/mo)

# Targeted, Value-Add Interventions Deliver Dramatically Higher ROI than Blanket Discounts

Intervention	Est. Churn Reduction	Customers Saved (6 mo.)	Total Cost	Revenue Retained (6 mo.)	Net Financial Impact (6 mo.)	Return on Investment (ROI)
Payment Method Migration	10%	~27	\$135	~\$15,310	~\$15,175	<b>~112x</b>
Tech Support Upsell	20%	~53	\$3,180	~\$30,054	~\$26,874	<b>~8.5x</b>
Blanket Discount	15%	~40	\$3,600	~\$22,682	~\$19,082	<b>~5.3x</b>

A low-cost, one-time incentive to fix a point of friction is over 20 times more effective from an ROI perspective than a costly, ongoing discount.

# Our Recommendation: A Focused, Two-Pronged Campaign to Stop the Leak

1

## Launch “Effortless Payments” Campaign

Target the 589 customers with a one-time incentive to migrate from Electronic Check to automatic payments.

### Expected Outcome:

Highest potential ROI ( $>100x$ ), immediate reduction in a key churn driver.

2

## Deploy Proactive “Tech Support” Offer

Develop a value-add upsell or trial for premium Tech Support targeted at this segment.

### Expected Outcome:

Strong ROI ( $\sim 8.5x$ ), increased product stickiness, and addresses core service-related churn.

## Re-evaluate

Systematically phase out high-cost, low-ROI blanket discount offers in favor of these targeted, data-driven approaches.

# Next Steps: Moving from Analysis to Action

## Phase 1: Validation & Planning (2 Weeks)



- ✓ Secure stakeholder approval for a pilot program.
- ✓ Define detailed operational plan and creative for the “Effortless Payments” campaign.
- ✓ Establish clear success metrics and a measurement framework (e.g., adoption rate, churn reduction vs. control group).

## Phase 2: Pilot Launch (Weeks 3-4)



- ✓ Launch the Payment Migration pilot to the 589 identified customers.
- ✓ Begin scoping the Tech Support offer based on pilot learnings.

## Phase 3: Measure & Scale (Ongoing)



- ✓ Monitor pilot results against success metrics.
- ✓ Build a business case for scaling the successful initiatives to other applicable segments.

# Appendix

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## Methodology Overview

**Segmentation:** Customers were segmented using K-Means clustering on Tenure (months) and ARPU (MonthlyCharges) to create nine distinct behavioral and value-based groups.

**Churn Driver Model:** A logistic regression model was used to identify the statistical drivers of churn. The focus was on interpretability of coefficients (odds ratios) rather than predictive accuracy alone.

## Detailed Segment Data

Tenure_Segment	ARPU_Segment	Customers	Churn_Rate	Avg_Monthly_Revenue
Long (36m+)	High ARPU	1423	10.5%	\$96.78
Long (36m+)	High ARPU	302	8.2%	\$67.29
Long (36m+)	Low ARPU	559	13.5%	\$72.93
Long (36m+)	Low ARPU	383	1.6%	\$36.59
Mid (12m)	Low ARPU	365	5.5%	\$39.95
Mid (12m)	Low ARPU	258	7.5%	\$33.38
Long (25m)	Low ARPU	137	9.3%	\$33.63
Long (36m)	High ARPU	187	6.5%	\$23.28
Long (36m)	Low ARPU	196	2.5%	\$12.99

Tenure_Segment	ARPU_Segment	Total_Revenue	Monthly_Revenue_at_Risk
Long (36m+)	High ARPU	\$137,723	\$14,461
Long (36m+)	Low ARPU	\$137,803	\$13,328
Mid (12m)	Low ARPU	\$141,395	\$7,923
Long (12m)	High ARPU	\$141,314	\$9,278
Long (36m+)	High ARPU	\$152,509	\$4,376

## Model Coefficients

Feature	Odds Ratio
Electronic Check	1.65
Month-to-Month Contract	1.82
Fiber Optic	1.34
Senior Citizen	1.12
Paperless Billing	1.21
Electronic Check	1.22
Electronic Check	1.25
Month-to-Month Contract	1.57
Fiber Optic	1.34
Senior Citizen	1.12
Senior Citizen	1.12
Paperless Billing	1.21

