



Customer Churn Analysis for a Telecom Company

1. Business Problem

1.1 Background:

Operators are losing share in today's competitive market ,

a) 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

b) Smarter & More Demanding Customers.

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

Internal Outlook :

a) Tremendous Growth Potential.

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

b) 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

1.2 Problem Statement :

- The company aims to identify key factors influencing customer churn and develop predictive models to anticipate and mitigate churn effectively.

2. Objectives :

- Analyze customer behavior to identify patterns associated with churn.
- Develop a predictive model to classify customers at risk of churning.
- Provide actionable insights to reduce customer churn.
- Recommend strategies for customer retention.

This project aims to equip the telecom company with data-driven insights and predictive capabilities to reduce customer churn, improve customer satisfaction, and maximize revenue.

