# ESTIMATED REVENUE IMPACT

(Revenue Saved Through Targeted Retention)

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## 1. Purpose of This Estimation

The objective of this section is to **quantify the potential revenue protected** by implementing targeted retention strategies for high-risk customer segments identified in the analysis.

This estimation is **directional**, not predictive, and is intended to support **strategic decision-making**.

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## 2. Key Inputs from the Analysis

Based on the Power BI report:

- **Total customers:** 2,000

- **High-Value At-Risk customers:** ~4.8% ≈ **96 customers**

- **Total spend from High-Value At-Risk segment:** ≈ ₹4.0 million

- **Average spend per High-Value At-Risk customer:** ≈ ₹41,600

These customers represent a **small segment by count but a disproportionately high share of revenue**.

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## 3. Assumptions (Conservative & Realistic)

To avoid overstatement, the following conservative assumptions are used:

1. Not all at-risk customers will churn

2. Retention strategies are not 100% effective

3. Only **partial churn prevention** is assumed

**Retention effectiveness scenarios evaluated:**

- Low case: 10% churn reduction

- Base case: 15% churn reduction

- High case: 20% churn reduction

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## 4. Estimated Revenue Protected

◆ **Base Case** (**15% Retention Improvement**)

- Customers retained:
  96 × 15% ≈ **14 customers**

- Revenue protected:
  14 × ₹41,600 ≈ **₹582,000**

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◆ **Scenario Analysis**

| Scenario | Retention Improvement | Customers Retained | Estimated Revenue Saved |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Low Case | 10% | ~10 | ~₹416,000 |
| Base Case | 15% | ~14 | ~₹582,000 |
| High Case | 20% | ~19 | ~₹790,000 |

## 5. Additional Upside (**Not Quantified**)

The above estimates **exclude**:

- Long-term customer lifetime value (LTV)

- Cross-sell and upsell potential

- Reduced acquisition costs

- Improved portfolio stability

Including these factors would **significantly increase total impact**, but they are intentionally excluded to keep estimates conservative.

## 6. Business Interpretation

- Even a **small improvement in retention** (**10–20%**) among high-value at-risk customers can protect **₹0.4–0.8 million** in revenue.

- Targeted retention is **far more cost-effective** than broad, untargeted campaigns.

- This validates the strategic importance of **segmentation-driven retention**.

## 7. Executive Takeaway

*"By focusing retention efforts on a small group of high-value at-risk customers, the bank can conservatively protect ₹0.5–0.8 million in annual revenue with limited incremental cost."*