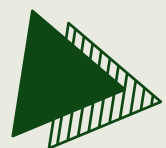


SWAN TELECO

Customer Retention
Analysis & Churn Prediction



**Team Uncle
Activated**

Mahamed Abdulle, Founder & CEO

Tyler Green, Founder & CTO

Owen Pile, Founder & CFO

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16th April, 2025

OVERVIEW

Our Goal

Our goal is to leverage Swan Teleco customer data to understand churn drivers, predict future churn, and inform retention strategies. Our findings can then be used by:

- *The New Customer Team*: Use findings to identify best sign-up scenarios; incentivise sign-ups on key factors (e.g., \$2.50 for Long-term contracts).
- *The Customer Service Team*: Provide customer churn risk scores to give context for interactions and support retention efforts.

Key Questions

We have identified several key questions to guide our project and deliver the results that you need to support customer retention and drive sales. These include:

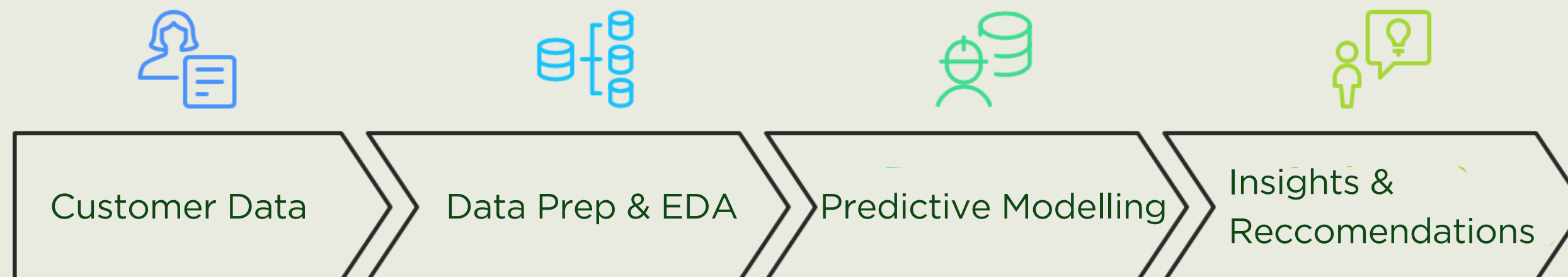
- *Who is churning?*
- *Why are they churning?*
- *What drives loyalty?*
- *How can we target at-risk customers?*
- *What should we incentivise at sign-up?*

Data Used

We have analysed a Single Customer View dataset of all current customers over the last quarter. In total, this includes:

- Data Scope: 7,043 total customers
- 31 key metrics associated with these customers, including demographic data, data relating to their tenure, the services they use, and their contract and payments types.

Our Project Workflow



THE CURRENT CHURN SITUATION

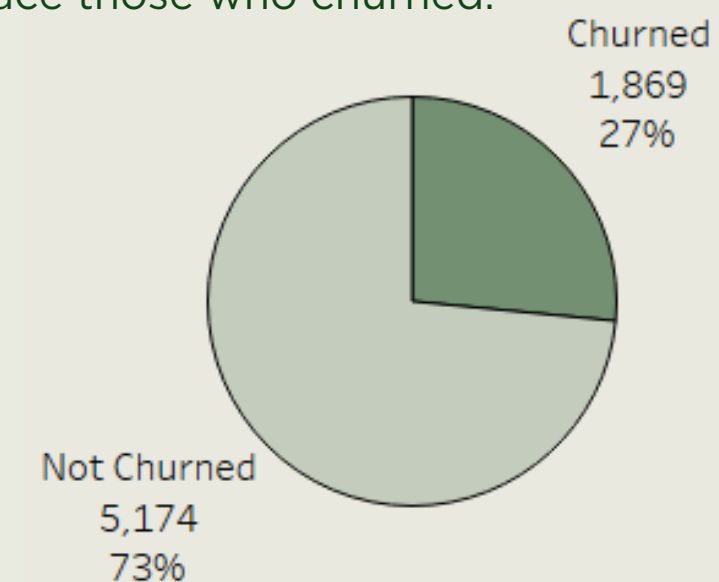
7K
total customers

73%
of customers have *not* churned

27%
of customers have

Where are we now?

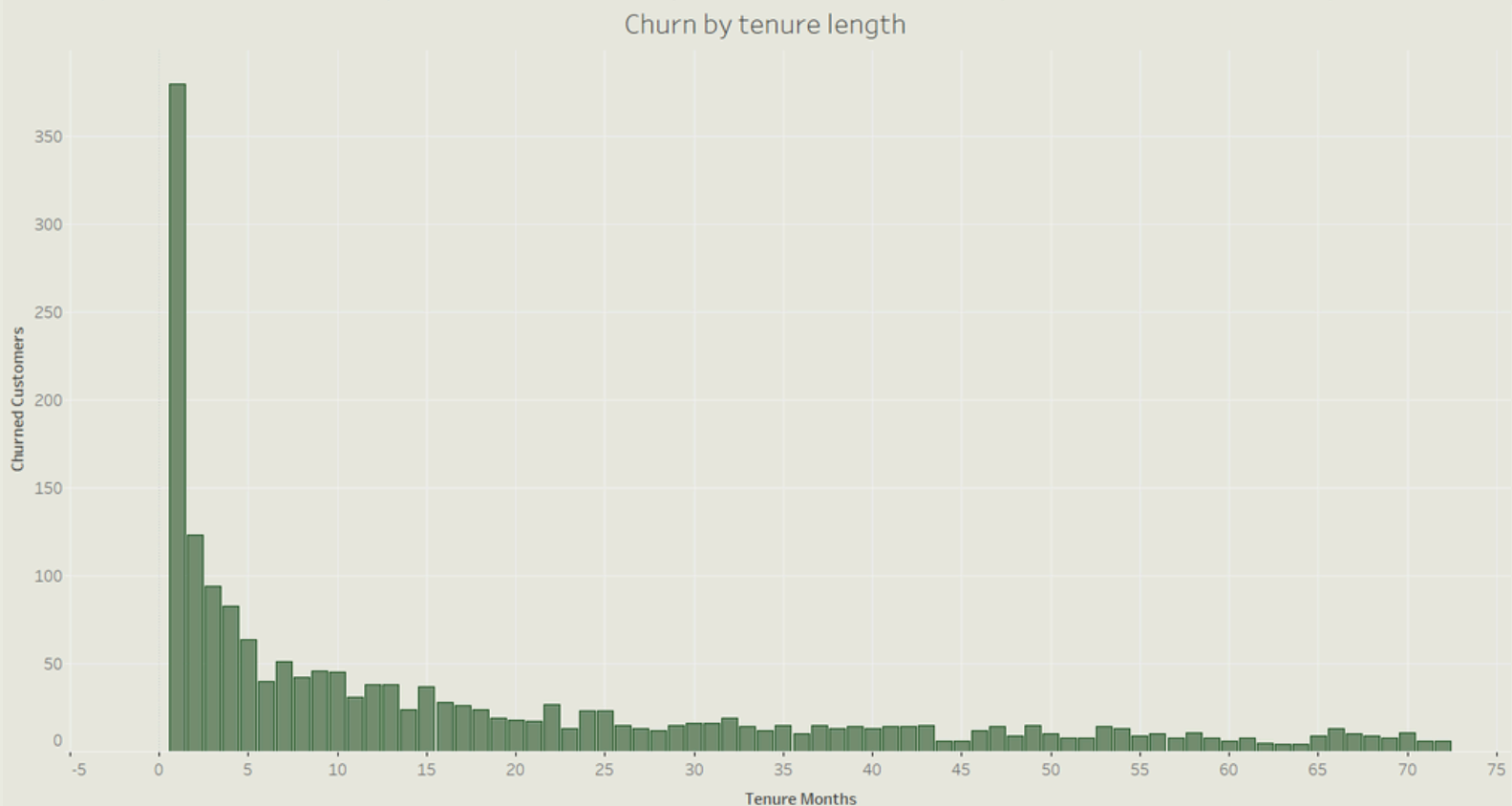
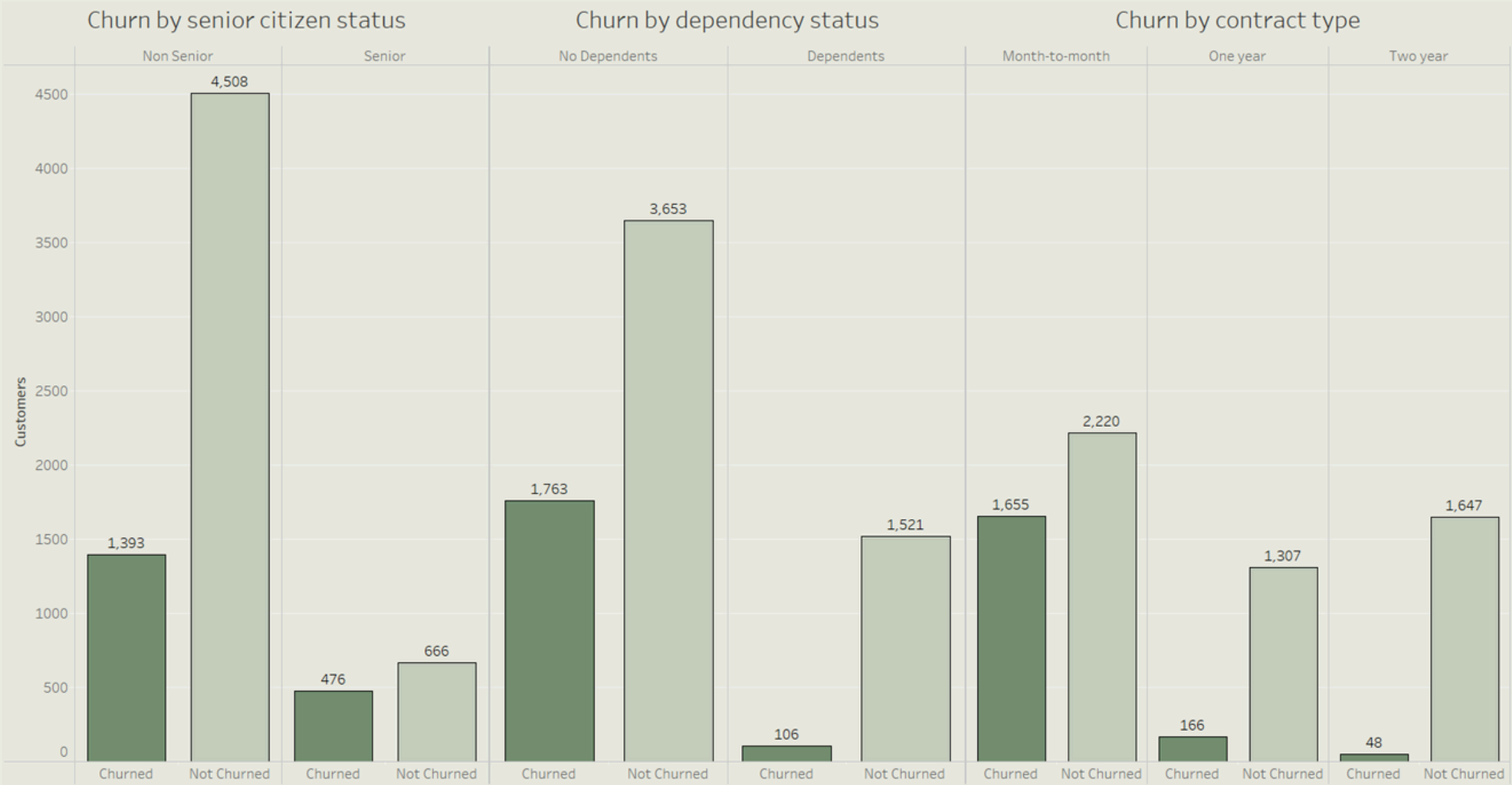
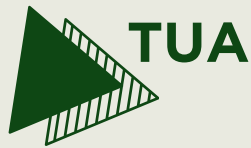
Last quarter, 27%, or 1,869 of Swan Teleco's customers churned. This represents a high churn rate, and poses a significant risk to Swan Teleco's overall growth - as well as increasing costs associated with acquiring new customers to replace those who churned.



Understanding the key drivers behind this churn rate is the first step toward improving customer retention and maximising Swan Teleco's overall growth.

To address this, we've analysed who has been leaving, and identified potential reasons as to why.

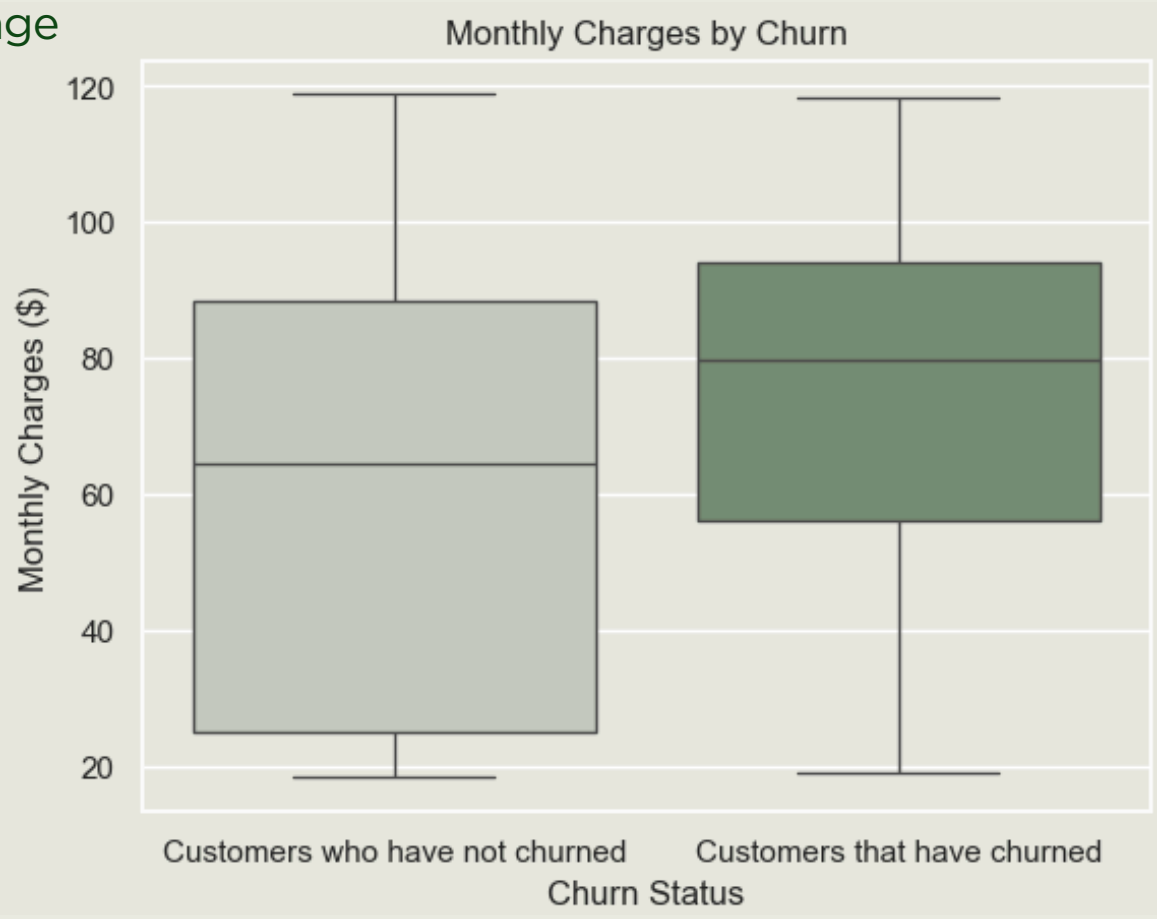
CHURNING PROFILE - WHO IS LEAVING?



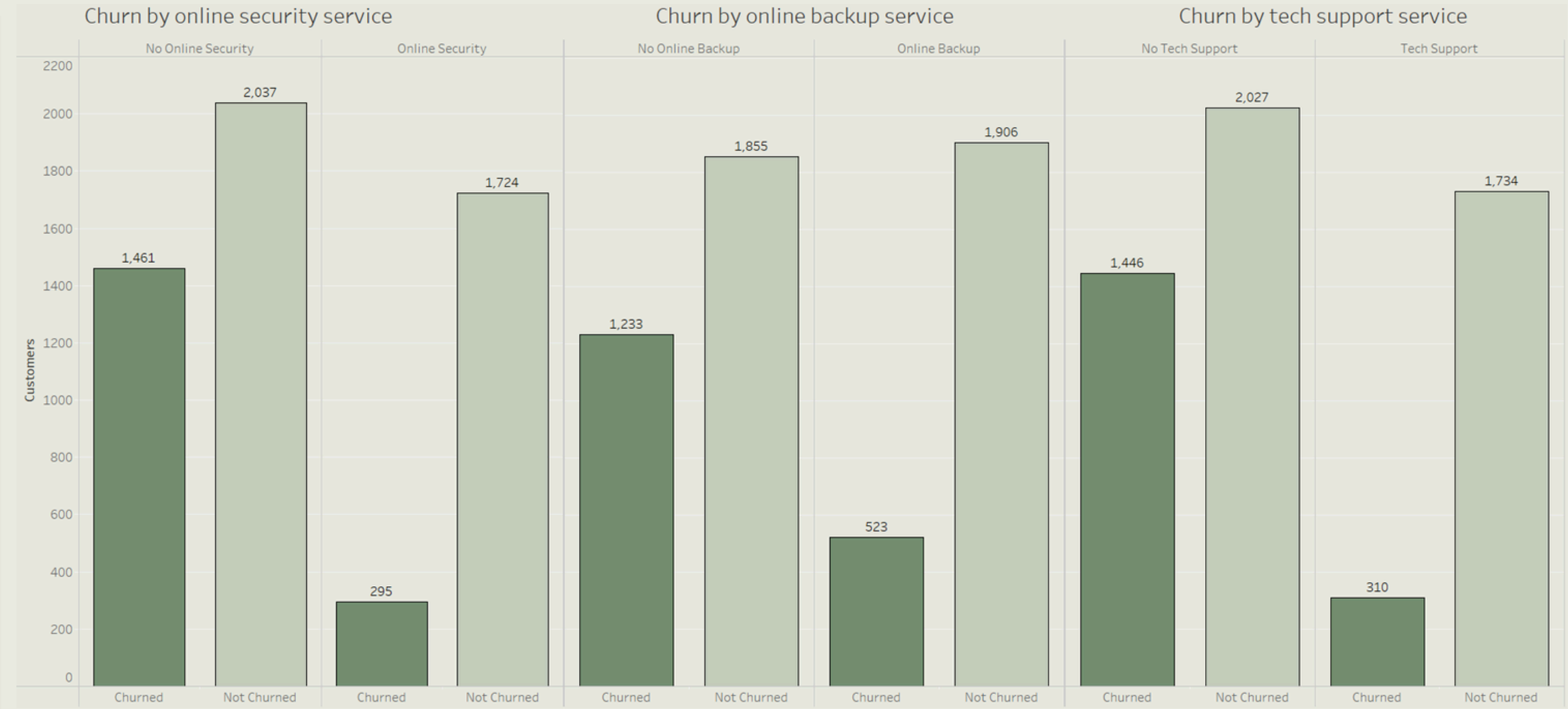
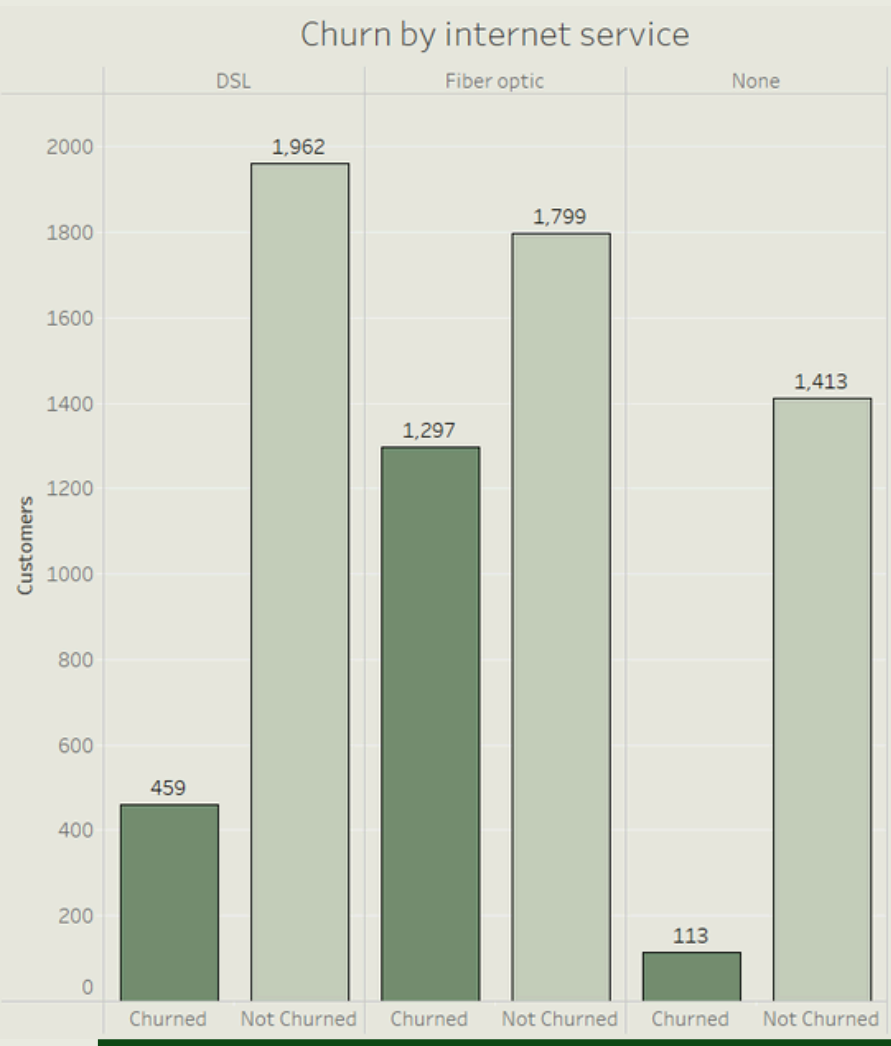
These graphs give an insight into the demographics of churners.

Some of the insights that we can gather are:

- **Seniors:** Senior citizens are far more likely to churn than younger customers (42% for senior citizens, and 24% for our younger customers)
- **Dependents:** Those with financial dependents (such as children) are much less likely to leave than those without
- **Long-term customers:** Customers who commit to longer contracts churn far less often, after the first 5 months of tenure the churn rate drops significantly.
- **Monthly charges:** In general the customers who churn were paying a higher monthly fee than the customers who choose to remain, the average monthly fee amongst churners was \$74.44 whilst those who are staying are paying \$61.27 per month on average



Types of Service

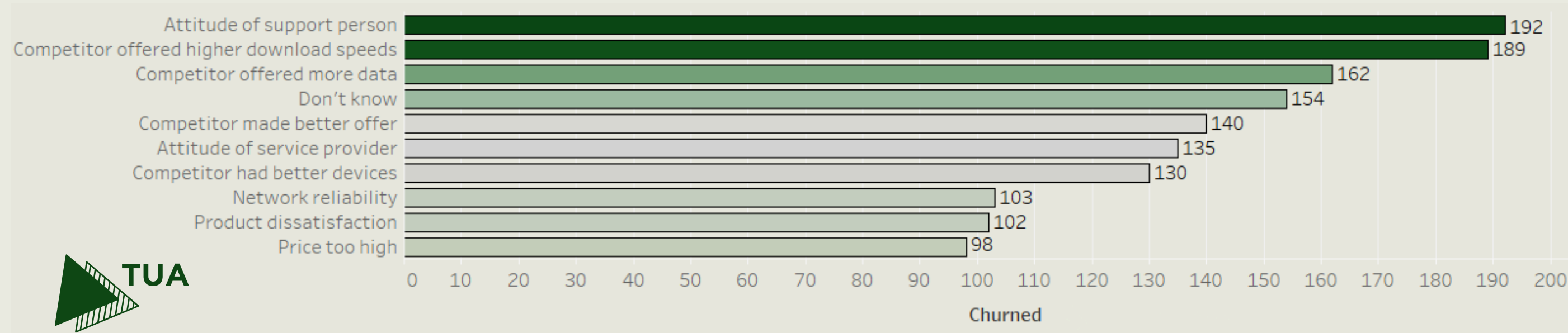


These graphs show the impact different services have on churn rate. The key observations are:

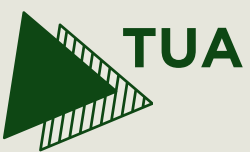
- **Fiber optic:** People who paid for fiber optic broadband are significantly more likely to churn than those who paid for DSL or didn't pay for internet service
- **Extra services:** Those that sign up to extra services such as online security and backup, as well as tech support, are much less likely to leave.

Why Are They Leaving?

The graph below shows the 10 most commonly cited reasons customers gave for leaving Swan Teleco, providing valuable insight into their motivations. Several key themes are identified from this data:



- **Strong competition:** Of the 5 most common reasons for leaving, reasons associated with competitor offers make 3.
- **Customer service interaction:** Issues with the support teams attitude tops the list, highlighting customer relations as a significant pain point.
- **“Don’t know”:** “Don’t know” also ranks quite highly, suggesting an opportunity for potential improvements in both exit feedback collection, and possibly customer engagement more generally.



WHAT FACTORS BEST PREDICT CHURN & LOYALTY?

Our predictive models have quantified the most influential factors impacting customer churn and customer retention. After engineering several models, we have chosen our best performing to provide the data below.

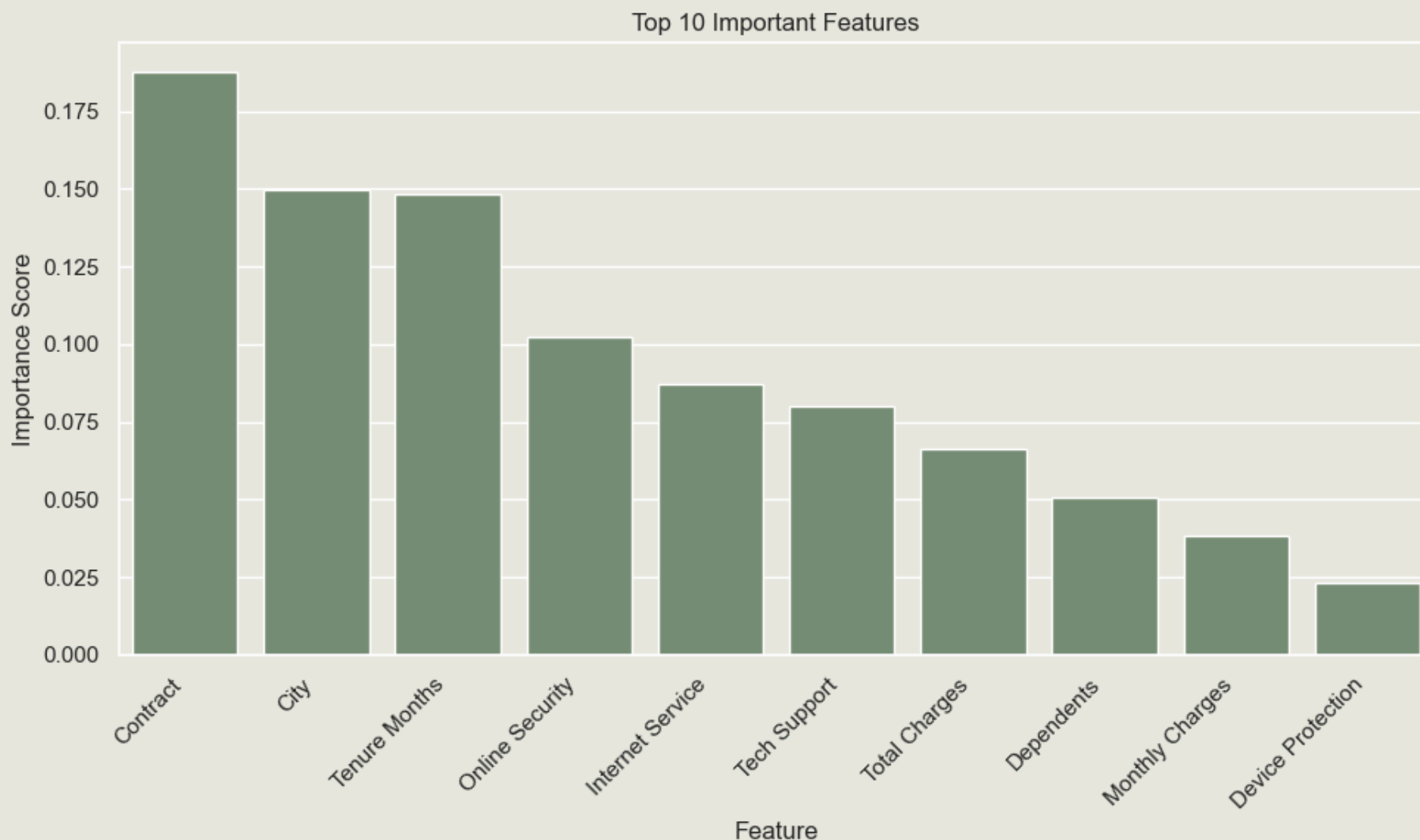
Top 3 factors decreasing churn likelihood (driving retention)

1. Contract (Long-Term)
2. Tenure Months
3. If they have dependents

Our predictive model determined these are the top 10 most important features in determining whether our customers churn.

It also corroborates with our EDA findings, in that if a customer has a short-term contract, they are more likely to leave, but if they have a long-term contract, they are more likely to stay.

Customers with long-term contracts demonstrate significantly lower churn rates compared to those on month-to-month agreements. Contract tenure is a key factor in customer retention, with longer commitment periods correlating strongly with improved loyalty.



TO CONCLUDE

Our analysis has provided a clear understanding of Swan Teleco’s churn dynamics. We have identified the main churn drivers encountered by Swan Teleco, as well as key profile characteristics of Swan Teleco’s loyal customers. These insights form the foundation for our recommended next steps to be taken by your team, as can be seen below.

Main Churn Drivers

- Monthly Contracts
- Short-Term Customers
- Internet Service

Profile of Loyal Customers

- Two Year Contracts
- They have dependents
- Long-Term Customers



NEXT STEPS

ACTION	SUGGESTED STRATEGY
Incentive Scheme	<p>Offer an incentives scheme for the New Customer Team, briefing them on the best scenario for sign-ups according to our data, and offering them a \$2.50 incentive for each customer they sign up to that service.</p> <p>Based on our model, longer contracts strongly predict retention. As such, we recommend incentivising sign-ups for two-year contracts.</p>
Mailing List	<p>We have provided a list of the 500 customers identified by our best model as having the highest churn probability. A mailing campaign, targeting these customers, should be sent out for an expected 20% uptake rate, increasing customer retention.</p>
Churn Risk List	<p>We have also provided a list of all remaining customers with their individual churn risk scores.</p> <p>The Customer Service team should utilise this for context during interactions, tailoring customer relations and improving customer retention through positive engagement and proactive support.</p>