making sense of data.

Preventing churn at a leading European cable operator

Issue

With its Internet & Phone offering, the client, one of Europe's leading cable operators, competes with >25 alternative providers in a relatively saturated market (Example Germany: 82% PC / 65% broadband penetration). Thus, the future growth potential from new customers is limited – retaining existing customers is key.

Therefore, the client planned to launch targeted churn prevention campaigns to complement existing win back attempts.

Challenge

Voluntary churn rates in the German fixed line market range between 2% and 12%. So: How do you avoid wasting your budget on the majority – the non-churners? And: How do you avoid "waking them up", thereby increasing churn rather than reducing it?

Increase of correctly identified churners by **factor 8** compared to a random selection

Solution

Together with the client's customer intelligence team, Analyx implemented *ChurnPrevent,* a solution that relies equally on smart analytics & pragmatic execution:

- 360° data integration from sources including Billing, Sales, CRM, Customer service (trouble tickets) plus enrichment with micro-geographic data and alternative competitor offerings per address
- Data clustering driven by deep industry knowledge to narrow the set of drivers (e.g., ticket reasons)
- Impact-oriented analytics to predict churn with a constant eye on the business case rather than pure data mining accuracy
- Iterative prediction improvement and targeted campaign piloting
- Design of dedicated prevention campaigns relying on genuine satisfaction calls and ad-hoc support (technical & non-technical)
- Very limited use of "goodies" and discounts to avoid the impression of an up-selling intention.

Impact

Churn prediction works: Applying our analytics, churners can now be identified with high accuracy *before* they churn: calling the top 5% customers that *ChurnPrevent* recommended calling yields 8x more churners than a random selection!

Churn can be prevented: Using dedicated call-center campaigns without goodies, the churn rate of those highly probable churners could be reduced almost to the level of the client's average – yielding a tremendous EBIT effect due to their high value.

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