

Cluster Analysis of Customer Churn in Telecom Industry

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Abstract : The research examines the factors that affect customer churn (CC) in the Jordanian telecom industry. A total of 700 surveys were distributed. Cluster analysis revealed three main clusters. Results showed that CC and customer satisfaction (CS) were the key determinants in forming the three clusters. In two clusters, the center values of CC were high, indicating that the customers were loyal and SC was expensive and time- and energy-consuming. Still, the mobile service provider (MSP) should enhance its communication (COM), and value added services (VASs), as well as customer complaint management systems (CCMS). Finally, for the third cluster the center of the CC indicates a poor level of loyalty, which facilitates customers churn to another MSP. The results of this study provide valuable feedback for MSP decision makers regarding approaches to improving their performance and reducing CC.

Keywords : cluster analysis, telecom industry, switching cost, customer churn

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