Summary and Recommendations

Objective: The analysis primarily investigates factors influencing factors influencing customer churn, particularly focusing on payment methods and contract types.

1. Overall Customer Churn:

• The churn rate is approximately 26.54%, indicating that just over a quarter of customers discontinue their services. This metric provides a baseline for understanding the impact of specific factors on customer retention.

2. Churn by Contract and Tenure:

• Contract Type: Customers on month-to-month contracts show a significantly higher churn rate at around 42%, compared to only 11% for those on one-year contracts and 3% for two-year contracts. This highlights a strong retention effect with longer-term commitments, where customers with extended contracts are far less likely to leave.

• Customer Tenure: Data reveals that nearly 60% of churned customers had tenures of just 1-2 months, suggesting that newer customers are at a particularly high risk of churning. Conversely, customers with tenure exceeding one year have a much lower churn rate, often under 10%, underscoring the value of efforts to engage new customers early and retain them through long-term service.

3. Payment Method Impact on Churn:

• Customers paying through electronic checks show a notably higher churn rate of around 45%, indicating potential dissatisfaction or a lack of loyalty among this segment. In contrast, those using automatic bank transfers or credit card automatic payments have churn rates closer to 15%, likely due to the convenience and continuity these options provide.

• This suggests an opportunity to transition more customers toward automatic payment methods, potentially improving retention through ease of service continuity.

4 Internet Service and Churn:

• Fiber Optic vs. DSL: Fiber optic users have a churn rate of approximately 30%, notably higher than the 18% churn rate among DSL users. This discrepancy suggests that fiber optic service quality or cost may be an issue driving customer dissatisfaction. Efforts to address these concerns or improve fiber optic service experience may help reduce churn.

• Service Bundles: Customers without certain service add-ons—such as online security, backup, or tech support—experience higher churn rates. For example:

o   Online Security: Churn is around 28% for customers without online security, compared to about 20% for those with it.

o   Device Protection: Similarly, customers without device protection have a 26% churn rate, while those with this feature are slightly lower at 22%.

•   These patterns indicate that bundling valuable add-ons with basic services could improve customer satisfaction and retention by addressing broader service needs.

5. Additional Insights and Recommendations:

•   Churn by Multiple Lines and Phone Services: Customers with only a single line show a slightly higher churn rate (around 25%) compared to those with multiple lines. This suggests that customers with more invested services (like additional lines) may be less likely to leave, as the complexity of their setup might encourage retention.

•   Senior Citizen Segment: Data shows that around 40% of senior citizen customers churn, which is higher than non-seniors. Given this, targeted customer engagement for senior segments could be beneficial.

6. Strategic Recommendations:

•   Encourage Long-Term Contracts: Offering incentives for long-term contract commitments could help reduce the high churn rates associated with month-to-month contracts.

•   Promote Automatic Payment Options: Highlight the convenience and benefits of automatic payments, aiming to transition customers away from electronic check payments to reduce churn.

•   Address Fiber Optic Service Quality: The higher churn rate among fiber optic users suggests a need for quality improvements or targeted customer support for these users.

•   Emphasize Service Bundling: Promote packages that include online security, backup, and device protection, as customers with these add-ons show lower churn rates. This approach could improve retention by offering more comprehensive service experiences.