

Executive Summary of Customer Churn Analysis

1. Overall Churn Rate:

- The analysis reveals that **26.54% of customers** have churned. This means that approximately **one in four customers** discontinue the service, highlighting a significant retention challenge.
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2. Demographic Insights:

- **Age Factor:**
 - Senior citizens have a **higher churn rate (~42%)** compared to non-senior customers (~22%).
 - This suggests that **older customers may have different service expectations** that need to be addressed.
 - **Gender Impact:**
 - Churn rates for **males and females** are **relatively similar**, indicating that gender is **not a strong predictor** of churn.
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3. Customer Tenure & Retention Trends:

- Customers with **short-term usage (less than a year)** churn the most (**~55%**), while customers with **over three years of tenure** churn at a much lower rate (**~15%**).
 - This suggests that **improving early customer satisfaction** is crucial for long-term retention.
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4. Contract Type & Billing Preferences:

- **Month-to-month contract customers** churn at a high rate (**~60%**), whereas churn is significantly lower for **one-year (~11%)** and **two-year (~5%)** contract holders.
 - **Paperless billing users** have a churn rate of **~40%**, compared to **27% for those receiving paper bills**.
 - Customers using **electronic check payments** churn the most (**~45%**), while those using **credit cards (~16%)** and **bank transfers (~18%)** have lower churn rates.
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5. Payment Method Analysis:

- **Electronic check payments** have the **highest churn rate (~45%)**, indicating dissatisfaction among these users.
 - **Mailed check users** have the **lowest churn rate (~10%)**, suggesting that these customers may have more traditional preferences and are less likely to switch.
 - **Credit card and bank transfer users** show moderate churn rates of **16-18%**, indicating relatively stable payment behaviors.
 - **Customers with automatic payments tend to stay longer**, emphasizing the importance of encouraging **auto-payment options** to improve retention.
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6. Service-Related Factors:

- Customers who **do not have additional services** like **Online Security, Tech Support, or Backup** have a **higher churn rate (~50%)**, compared to **18% churn** for those using **these services**.
 - **Fiber optic users churn at a high rate (~41%)**, while **DSL (~22%)** and **cable (~19%)** users are more likely to stay.
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Key Recommendations to Reduce Churn:

- ✓ **Encourage long-term contracts** by offering incentives for one-year and two-year plans.
- ✓ **Target high-risk groups** (month-to-month users, senior citizens) with **personalized retention strategies**.
- ✓ **Bundle additional services** (like **Tech Support & Online Security**) to improve retention.
- ✓ **Improve fiber optic service satisfaction** by addressing common customer complaints.
- ✓ **Offer incentives for stable payment methods** like credit cards and bank transfers to reduce churn.
- ✓ **Educate customers on the benefits of auto-payment** to lower churn among electronic check users.