

Customer Churn Analysis



• Problem Statement

Customer churn is one of the biggest challenges in subscription-based businesses. High churn leads to revenue loss, increased acquisition costs, and reduced customer lifetime value.

This project aims to:

- Analyse customer churn behaviour.
- Identify high-risk customer segments.

- Understand the impact of tenure, contract type, and monthly charges on churn.
- Provide actionable recommendations to improve customer retention.

• **Assumptions**

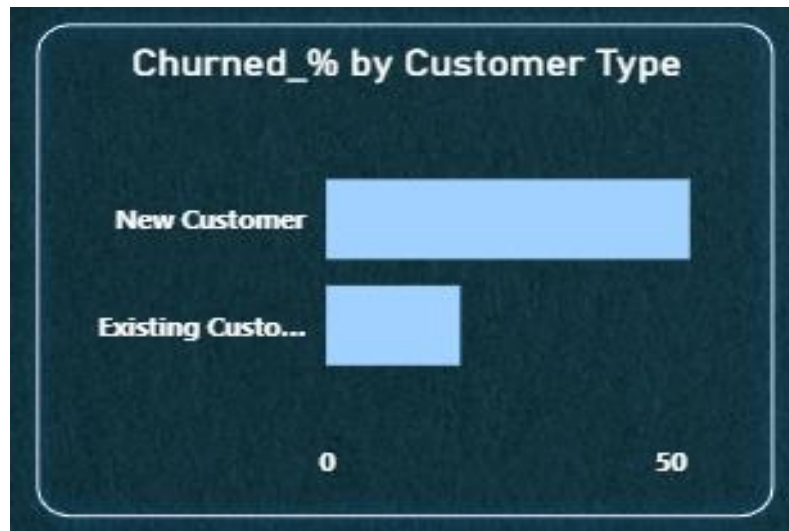
1. Customers with tenure ≤ 6 months are considered early-stage customers.
2. High-risk customers are those with short tenure and Month-to-Month contracts.
3. Churn = “Yes” represents complete service termination.
4. Monthly Charges reflect customer revenue contribution.

• **Findings And Analysis**

1- Churn by Customer Type

- New customers churn significantly more than existing customers.

- Early customer experience is a critical retention factor.



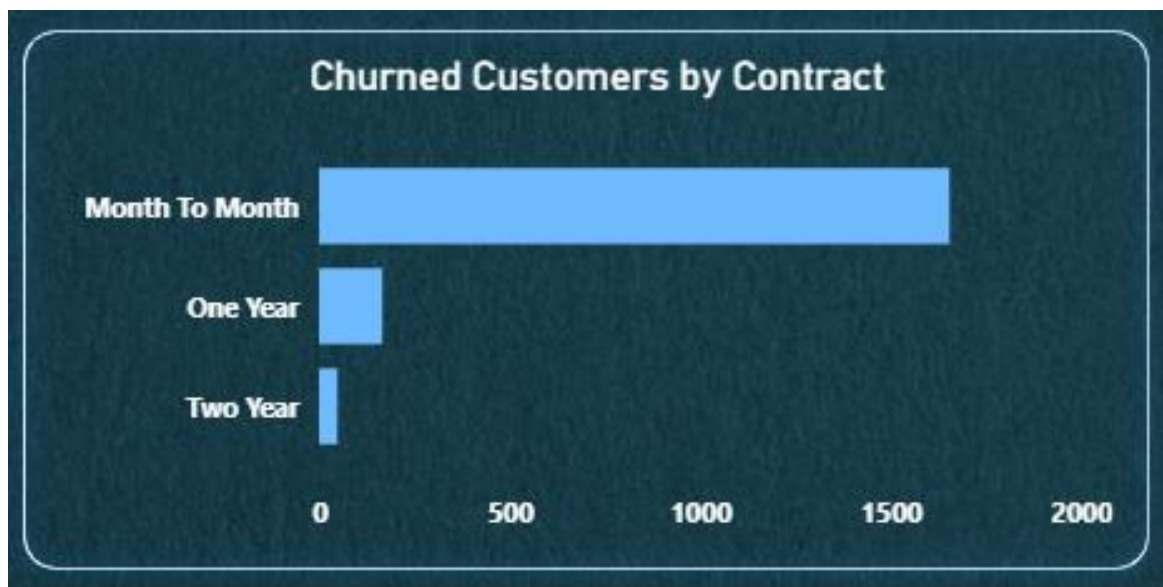
2- Churn by Tenure

- 0–6 months tenure group shows highest churn (~50%+).
- Churn decreases as tenure increases.
- Long-term customers (12+ months) are more stable



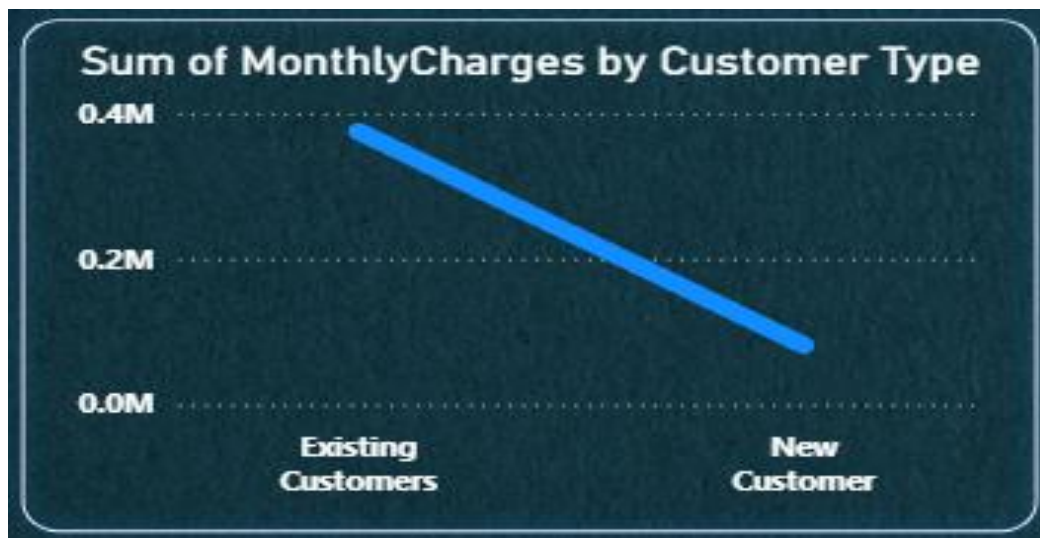
3- Churn by Contract Type

- Month-to-Month contracts have the highest churn.
- One-Year and Two-Year contracts show very low churn.
- Contract commitment reduces churn risk.



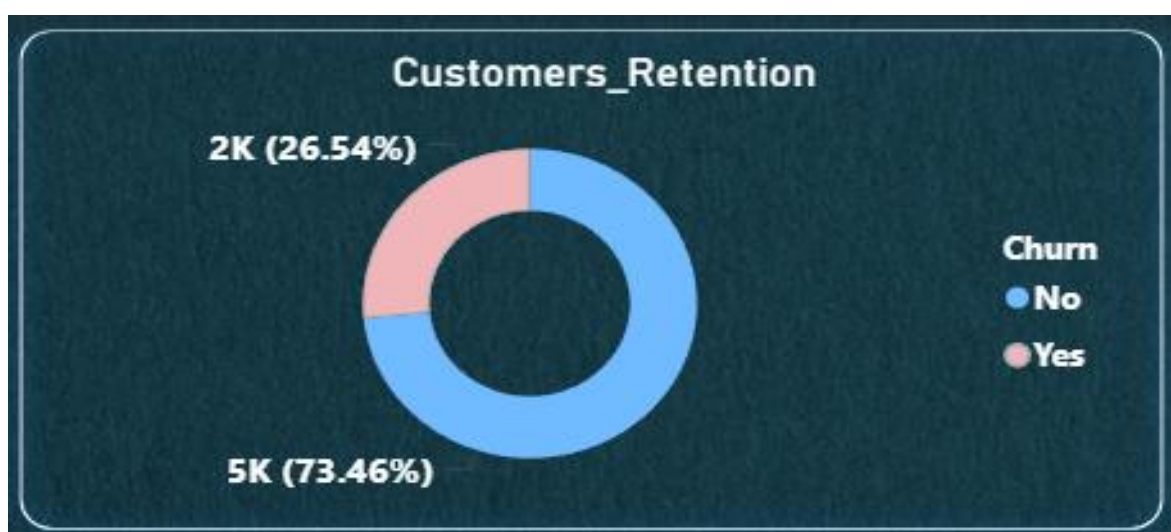
4- Revenue Analysis

- Existing customers contribute significantly higher total monthly revenue.
- Losing existing customers impacts revenue more severely.



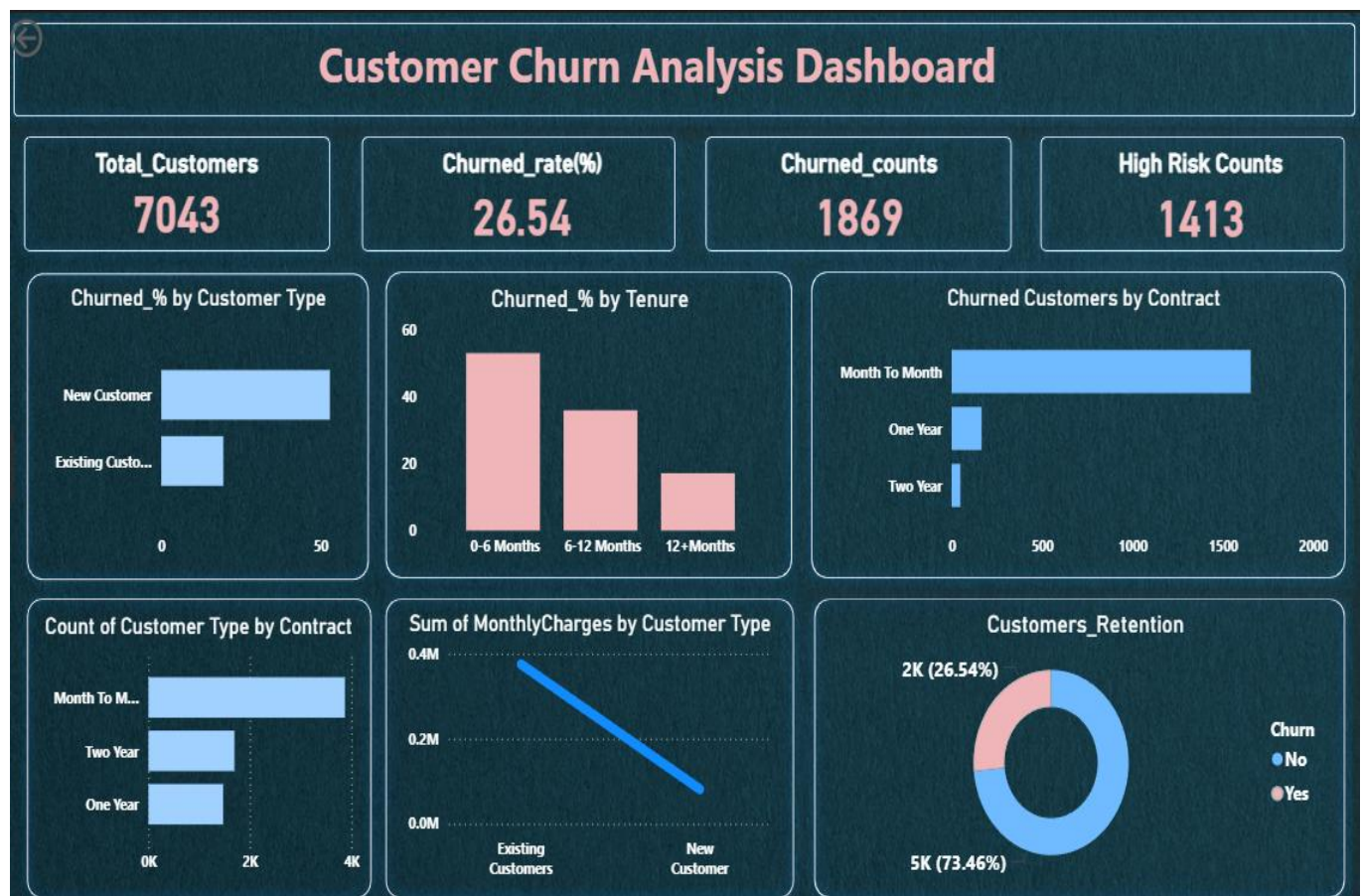
5- Overall Retention

- Retained Customers: 73.46%
- Churn Rate: 26.54%
- Nearly 1 in 4 customers leave — critical issue.



Conclusions

1. Early-stage customers (0–6 months) are the most vulnerable.
2. Month-to-Month contracts drive maximum churn.
3. Long-term contracts significantly reduce churn probability.
4. New customers contribute less revenue but churn more.
5. Retention strategy should focus on onboarding and contract conversion.



Recommendations

1. Improve First 6-Month Experience

- Offer onboarding support
- Provide welcome discounts
- Regular follow-up calls

2. Promote Long-Term Contracts

- Offer price incentives for yearly contracts
- Provide loyalty benefits

3. Introduce Retention Campaigns

- Identify high-risk customers early
- Provide targeted offers before churn

4. Loyalty Programs

- Reward customers after 12 months
- Offer upgrade benefits

5. Pricing Strategy Optimization

- Analyse pricing sensitivity
- Offer bundled services to increase stickiness

