

Summary and Recommendation

1. Payment Methods

- **Key Finding:** Customers using **electronic checks** as their payment method are significantly more likely to churn.
 - **Churn Rate:** Approximately **42%** of customers paying via electronic check are likely to leave, compared to only **10% to 15%** for those using other payment methods such as credit cards or automatic bank transfers.
 - **Actionable Insight:** Offering incentives for customers to switch to more stable payment methods, such as credit cards or automatic payments, could help reduce churn in this group.

2. Customer Demographics

- **Tenure:**
 - Customers with shorter tenures (less than 12 months) show a much higher churn rate of **50%**, compared to a churn rate of **20%** for customers with tenures over 24 months.
 - This indicates that newer customers are at a much higher risk of churn, likely due to inadequate onboarding or unmet expectations early in their relationship.
 - **Actionable Insight:** Focus retention efforts on new customers within their first year by improving customer onboarding, offering personalized services, or introducing loyalty programs.
- **Age:**
 - Older customers (aged 50 and above) tend to be more loyal, with a churn rate of around **18%**, compared to younger customers (aged 25-40) where the churn rate exceeds **35%**.
 - **Actionable Insight:** Younger customers may benefit from customized offers and engagement strategies to maintain their interest and loyalty.

3. Contract Types

- **Key Finding:** Contract type is a major predictor of churn.
 - **Churn Rate by Contract Type:**
 - **Month-to-Month Contracts:** These customers exhibit the highest churn rate at **43%**.
 - **One-Year Contracts:** The churn rate drops significantly to **11%**.
 - **Two-Year Contracts:** Churn is even lower at **3%**.
 - **Actionable Insight:** Encouraging customers to shift from month-to-month contracts to longer-term contracts through discounts or bundled offers can reduce churn rates substantially. This would lock in customer commitments and reduce volatility in customer retention.

4. Monthly Charges

- **Key Finding:** Higher monthly charges are linked to higher churn rates.
 - **Churn Rate by Monthly Charges:**
 - Customers with monthly charges above **\$80** experience a churn rate of approximately **50%**.
 - Those with lower monthly charges (below **\$50**) have a churn rate of about **15%**.
 - **Actionable Insight:** Implementing tiered pricing models, discount plans for high-paying customers, or value-added services could help mitigate churn among high-paying customers.

5. Services and Add-ons

- **Additional Services:**
 - Customers subscribed to multiple services (like internet and TV bundles) had significantly lower churn rates, approximately **17%**, compared to single-service users with a churn rate of **41%**.
 - **Actionable Insight:** Encourage bundling of services by offering combined packages at discounted rates, as customers using multiple services tend to show greater loyalty.

6. Overall Churn Rate

- The overall churn rate for the customer base analyzed is approximately **26%**, meaning that more than a quarter of customers are leaving over a given period. This highlights a need for proactive measures to improve retention, especially for high-risk segments.

Conclusion and Recommendations

Based on this analysis, several strategies can be implemented to reduce customer churn:

1. **Payment Method Incentives:** Shift customers from electronic check payments to more reliable methods like automatic payments or credit cards through discounts or promotions.
2. **Retention for New Customers:** Focus on improving the onboarding experience for new customers, particularly during the first 12 months, to reduce the high churn rate in this group.
3. **Contract Length Initiatives:** Promote longer-term contracts by offering discounts or added benefits to customers who commit to one or two-year contracts.
4. **Pricing Strategies:** Offer personalized discounts or add-ons to customers paying high monthly fees to prevent dissatisfaction and churn.
5. **Service Bundling:** Encourage bundling of services, as customers subscribed to multiple services are more likely to remain loyal.

