

Customer Churn Analysis - Recommendations

Objective:

The goal of this project was to analyze customer churn patterns in a telecom company, identify key factors driving churn, and recommend actionable strategies to improve customer retention.

Key Insights:

- Customers with short tenure, high monthly charges, and no additional services (like online security or tech support) were more likely to churn.
- Contract type was a strong indicator: customers on month-to-month contracts churned much more than those on 1- or 2-year contracts.
- Senior citizens and customers without dependents showed slightly higher churn risk.
- Features like Online Backup, Device Protection, and Tech Support were underutilized among churned customers, suggesting these services may improve retention.

Recommendations:

1. Target At-Risk Customers

- Build a churn prediction scoring system (using the Random Forest model) to regularly score all customers on churn risk.
- Target customers with churn probability > 0.7 for immediate retention campaigns.
- Offer personalized discounts, free add-on services, or loyalty points to at-risk customers.

2. Promote Long-Term Contracts

- Incentivize customers to move away from month-to-month contracts by offering discounts or free months on annual or bi-annual plans.
- Clearly communicate the benefits of longer-term plans (cost savings, stability).

3. Upsell Value-Added Services

- Educate customers on the benefits of Online Backup, Device Protection, and Tech Support - possibly bundling them at discounted rates to increase stickiness.

4. Focus on New Customers

- Since churn was highest among low-tenure customers, implement a 90-day onboarding program: regular check-ins, satisfaction surveys, and offers during the first three months.

5. Senior-Friendly Services

- For senior customers, ensure customer support is accessible and proactive - possibly with dedicated help lines or agents trained to assist them.

6. Monitor & Iterate

- Regularly re-train the churn model with fresh data.
- Run A/B tests on campaigns to measure their effectiveness and adjust strategies accordingly.