Telecom Churn Analysis: Findings and Strategic Roadmap

Executive Summary

This report details an analysis of 7,043 customers to identify why users are leaving the service. Currently, the retention rate is 73.46%. While our overall base is stable, specific segments like senior citizens and fiber optic users show high turnover. The primary goal is to shift customers from short-term, manual payment habits into long-term, automated service agreements.

Analysis of Churn Drivers

1. Infrastructure and Service Performance

The most significant finding involves our fiber optic internet service. Even though this is a high-speed offering, users in this category are churning at a very high rate. This often indicates a gap between service cost and perceived reliability. Furthermore, there is a clear link between churn and the absence of "add-on" services. Customers who do not have online security, tech support, or backup services are much more likely to leave. These services act as a safety net that keeps customers tied to our ecosystem.

2. Financial and Billing Friction

The data shows that how a customer pays affects how long they stay. Customers using electronic checks or paperless billing are leaving at higher rates compared to those on other methods. This suggests that manual payment processes create a monthly "pain point" that encourages customers to reconsider their subscription. Additionally, month-to-month contracts are far more volatile than one or two-year commitments.

3. Demographic and Tenure Trends

Tenure is the strongest predictor of loyalty. New customers are at the highest risk of leaving during the early stages of their service. However, once a customer stays past the initial period, they become highly unlikely to churn. We also see a major disparity in age groups. Senior citizens represent a smaller portion of our total base, yet nearly 42% of them churn, which is nearly double the rate of younger users.

Key Recommendations

- **Standardize Security Features:** We should bundle online security and backup services with standard internet packages. By making these "default" features rather than optional add-ons, we increase the value of the subscription and make the service harder to leave.
- **Stabilize Fiber Optic Services:** A technical audit of the fiber optic network is necessary to determine if the churn is caused by outages or pricing. Improving the reliability of this specific service is the fastest way to protect our high-value revenue.
- **Automate the Billing Experience:** We need to move away from manual payment methods. Encouraging users to switch from electronic checks to automated bank transfers or credit card payments will reduce the monthly friction that leads to cancellations.

- **Incentivize Long-Term Contracts:** To move people away from month-to-month plans, we should offer targeted discounts or loyalty rewards for those who commit to yearly contracts. This is especially important for new users who are in the high-risk "early stage" of their tenure.
- **Improve Multiple Line Value:** Since multiple line users churn at similar rates to single line users, we have an opportunity to better market the convenience and cost-savings of family plans to improve overall retention.

Conclusion

To lower the churn rate, the company must focus on the first few months of the customer journey. By simplifying the payment process and providing more robust security services from day one, we can move customers away from high-risk monthly plans and into stable, multi-year relationships.