

# TECO CUSTOMER CHURN ANALYSIS

## Objective

This analysis primarily investigates factors influencing customer churn for Teco Company, particularly focusing on payment methods, contract types and tenure period.

## Key Insights

### **Contract Type:**

- a) Customers on **month-to-month contracts** exhibit the highest churn rate, with **42%** of such customers likely to churn.
- b) In contrast, customers on **one-year** and **two-year contracts** have churn rates of **11%** and **3%**, respectively.

**Longer contract periods** serve as a strong retention tool, as customers with extended commitments are far less likely to leave.

### **Payment Methods:**

- a) Customers paying via **electronic checks** show the **highest** churn rate at **45%**, while those using **credit cards**, **bank transfers**, or **mailed checks** have significantly **lower** churn rates, averaging around **15-18%**.

The convenience, security, and trust issues related to electronic payments might be contributing factors. **Encouraging customers to switch** to more stable payment methods could reduce churn

### **Tenure Period:**

- a) Customers with **less than one year** of tenure are the most likely to churn, with a **50%** churn rate. Those with **1-3 years** of tenure show a **decreasing** churn trend at **35%**, while customers who have been with the company for **more than three years** have a churn rate of just **15%**.

**Engaging customers early** in their journey, especially within the first year, is critical for retention.

## Visualizations and Data insights

- 1) The visual representation of **churn by payment method** clearly shows that customers using **electronic checks** churn almost **three times** as much as those using more traditional or secure methods like **credit cards**.
- 1. Customer tenure vs. churn rate visualizations reveal a clear **declining trend** in churn as customers' tenure increases, pointing towards the need for **early-stage customer loyalty programs**

## Recommendations based on Analysis

- 1. Offer incentives for customers to commit to longer contracts and thus will reduce churn.
- 2. Conduct campaigns/workshops to encourage customers to switch from electronic checks to more reliable payment methods.
- 3. Focus on improving the customer experience within the first year (Early tenure period), as churn is highest in this period.
- 4. Special Senior Citizen Retention Programs: Create personalized offers or assistance programs to retain the senior demographic.