### **Summary and Recommendation**

### **1. Churn Overview**

* **Total customers**: 7,043
* **Churned customers**: 1,869
* **Overall churn rate**: **26.54%**
* This means **1 in 4 customers leaves**, a critical issue for the business.

### **2. Tenure and Churn**

* **New customers churn the most**:
  + In the **first 1–2 months**, churn exceeds **50%**.
  + These customers may not see immediate value or face onboarding challenges.
* **Loyalty improves with tenure**:
  + Customers with **tenure > 24 months** churn less than **15%**.
* 📌 **Insight**: Early engagement is crucial. Customers retained beyond the first year are far more likely to stay long term.

### **3. Contract Type**

* Contract type is one of the **strongest churn predictors**:
  + **Month-to-Month contracts** → **42% churn rate**.
  + **One-Year contracts** → **11% churn rate**.
  + **Two-Year contracts** → **3% churn rate**.
* 📌 **Insight**: Customers with longer commitments are much more stable, highlighting the importance of contract upgrades.

### **4. Services and Churn**

* **Protective/Support services reduce churn**:
  + Customers **without Online Security, Tech Support, Backup, or Device Protection** churn **15–20% more often**.
  + These services create dependency and reduce the likelihood of switching providers.
* **Entertainment services don’t help**:
  + Customers with **Streaming TV or Movies** churn at rates similar or higher than those without.
  + Suggests these are **“nice-to-have” services, not retention drivers**.
* 📌 **Insight**: Bundling critical services (security, support) is more effective than entertainment add-ons.

### **5. Payment Method**

* **Electronic Check users** churn at **~45%**, nearly **2× higher** than other payment methods.
* Customers using **Credit Card Auto-Pay, Bank Transfer, or Mailed Checks** show churn rates of **15–20%**.
* 📌 **Insight**: Payment method is an important behavioral signal. Customers using auto-pay are stickier, while electronic check users may be less satisfied or less committed.

## **✅ Recommendations**

1. **Strengthen Onboarding**
   1. Focus on customers in the **first 3 months**, as they have the highest churn risk.
   2. Offer personalized support, discounts, or incentives to improve early adoption.
2. **Encourage Long-Term Contracts**
   1. Provide financial incentives (discounts, rewards) for customers to move from **month-to-month** to **annual or biennial contracts**.
   2. Promote stability and cost savings in marketing campaigns.
3. **Bundle Retention-Friendly Services**
   1. Promote **Online Security, Tech Support, Device Protection** in premium packages.
   2. Consider offering them free for the first few months to reduce early churn.
4. **Optimize Payment Methods**
   1. Target **electronic check users** with campaigns encouraging them to switch to automated payments.
   2. Offer cashback, loyalty points, or discounts for using auto-pay options.
5. **Churn Prediction Model (next step)**
   1. Build a **machine learning model** to predict churn probability for each customer.
   2. Use contract type, tenure, services, and payment method as top features.
   3. Enables **proactive retention campaigns** focused on high-risk customers.

## **📌 Conclusion**

* The current churn rate (**26.5%**) represents a serious risk to business growth.
* Churn is most strongly influenced by:
  + **Contract type** (month-to-month contracts drive churn).
  + **Tenure** (early months are critical).
  + **Services subscribed** (protective/support services reduce churn).
  + **Payment method** (electronic checks are high risk).
* By implementing targeted strategies, churn can realistically be reduced to **below 15%**, leading to **higher customer lifetime value and profitability**.