Recommendations & Trade-offs:

While tenure and month-to-month contracts were strong predictors of churn, these are well-known drivers. Our analysis focused on deeper interactions and meaningful customer subgroups to generate non-obvious, operational recommendations.

Using K-Means clustering on high-impact features, we identified three distinct customer segments that require differentiated retention strategies.

	Segment 1	Segment 2	Segment 3
Tenure (months)	57	30	13
Monthly Fee	$ 89.83	$ 26.05	$ 73.20
Number of Add-ons	3	0	1
Long Distance Fee per Month	$ 24.20	$ 19.82	$ 23.97
Unlimited Data User	86%	23%	87%
Electronic Check Payment Method	31%	15%	50%
Fiber Optic User	65%	0%	58%
Month-to-Month Contract	29%	43%	87%
Age	48	44	48
Auto Payment	62%	42%	29%
E-bill	70%	37%	68%
Monthly Data Use (GB)	27	5	27
Percent	33%	29%	38%

Segment 1: Loyal Premium Bundled Users (33%)
These customers have long tenure, high monthly fees, multiple add-ons, and high unlimited data adoption. Churn in this group is less about contract structure and more likely driven by service failures or unexpected billing shocks.

Recommendation: Implement a VIP Retention Shield. Provide priority support, proactive service monitoring, and targeted long-distance plan optimization to reduce overpayment friction. Avoid aggressive upselling that risks eroding trust.

Tradeoff: Premium support requires dedicated resources, and over-investing in already loyal customers may produce diminishing returns.

Segment 2: Split Wallet Customers (29%)
These mid-tenure customers have low monthly fees, low data usage, and limited add-ons. Many appear to split services with competitors. They are not deeply engaged and represent unrealized wallet share rather than immediate high value.

Recommendation: Offer structured data or fiber trials combined with a diagnostic outreach strategy to understand service splitting behavior. Focus on increasing engagement and converting them into primary-provider customers rather than offering blanket discounts.

Tradeoff: Competing for wallet share may require promotional investment, and some customers may never become high-value accounts.

Segment 3: Early-Life Month-to-Month Majority (38%)
This is the largest and most strategically important segment. These customers have short tenure, high monthly fees, high unlimited data adoption, and a very high prevalence of month-to-month contracts and electronic check payments. They show strong revenue potential but are highly unstable.

Recommendation: Intervene early. Promote contract conversion before month 18, bundle add-ons to increase stickiness, and actively push auto-pay adoption to reduce payment friction. Prioritize this group in predictive churn campaigns due to its size and revenue impact.

Tradeoff: Incentivizing contract lock-in can compress margins, and repeated discounting risks creating dependency that leads to churn after promotions expire.