# TASK-3 (DAY-4)

**3. Customer Churn Analysis & Retention Strategies**

**1. Identifying Root Causes of Customer Churn**

Through data analysis and correlation studies, the following key factors have been identified as the primary causes of customer churn:

**High Monthly Charges**

* Customers with higher monthly bills are more likely to cancel their services.
* Competitive pricing from other providers influences customer decisions.

**Short Customer Tenure**

* New customers (less than 6 months) have a higher churn rate due to a lack of loyalty or engagement.
* Initial dissatisfaction or unmet expectations contribute to early cancellations.

**Month-to-Month Contracts**

* Customers without long-term contracts tend to leave more frequently.
* The absence of contractual obligations makes it easier to switch providers.

**Poor Customer Support & Technical Issues**

* Lack of timely customer service responses leads to frustration.
* Customers without premium tech support are more likely to leave.

**Payment Method Influence**

* Customers paying via electronic checks have a higher churn rate.
* Possible reasons include payment processing issues and financial constraints.

**Service Quality & Internet Reliability**

* Customers using fiber-optic internet exhibit higher churn, possibly due to service outages or high costs.
* Poor internet service impacts user satisfaction and drives churn.

**2. Strategies to Retain Customers**

To reduce customer churn, the following retention strategies should be implemented: **Pricing & Discount Strategies**

Introduce **tiered pricing models** with affordable options for different customer segments. Provide **loyalty discounts and bundled services** to add value. Offer **first-time customer incentives** to encourage long-term commitment.

**Customer Engagement & Support**

Implement a **welcome onboarding program** for new customers. Provide **24/7 AI-powered customer support** and live chat options. Offer **free trials for premium support services** to increase adoption.

**Long-Term Contract Incentives :**

Encourage long-term contracts by offering **discounts on annual plans**. Provide **loyalty rewards** and exclusive benefits for contract renewals. Educate customers on the advantages of long-term commitments.

**Payment & Billing Optimization**

Introduce **flexible billing dates and installment options** to ease financial burden. Offer **auto-payment discounts** for credit card and digital wallet users. Send **reminders and alerts** for upcoming payments to prevent service disruptions.

**Service Quality & Network Reliability**

Improve **network performance and minimize service outages**. Conduct **customer feedback surveys** to address service complaints proactively. Offer **compensation or discounts** for service interruptions.

**3. Recommendations for Business Leaders**

**Customer Segmentation:** Identify high-risk customers and apply targeted retention strategies. **Predictive Analytics:** Use AI-driven models to detect early churn warning signs. **Personalized Marketing:** Tailor offers and communication based on customer behavior. **Continuous Service Improvement:** Leverage feedback to enhance customer experience. **Proactive Customer Retention:** Engage with at-risk customers before they decide to leave.

**By implementing these strategies, businesses can reduce churn, enhance customer satisfaction, and improve revenue retention.**