



Telecom Customer Churn Analysis

Emma Horton

Project Overview

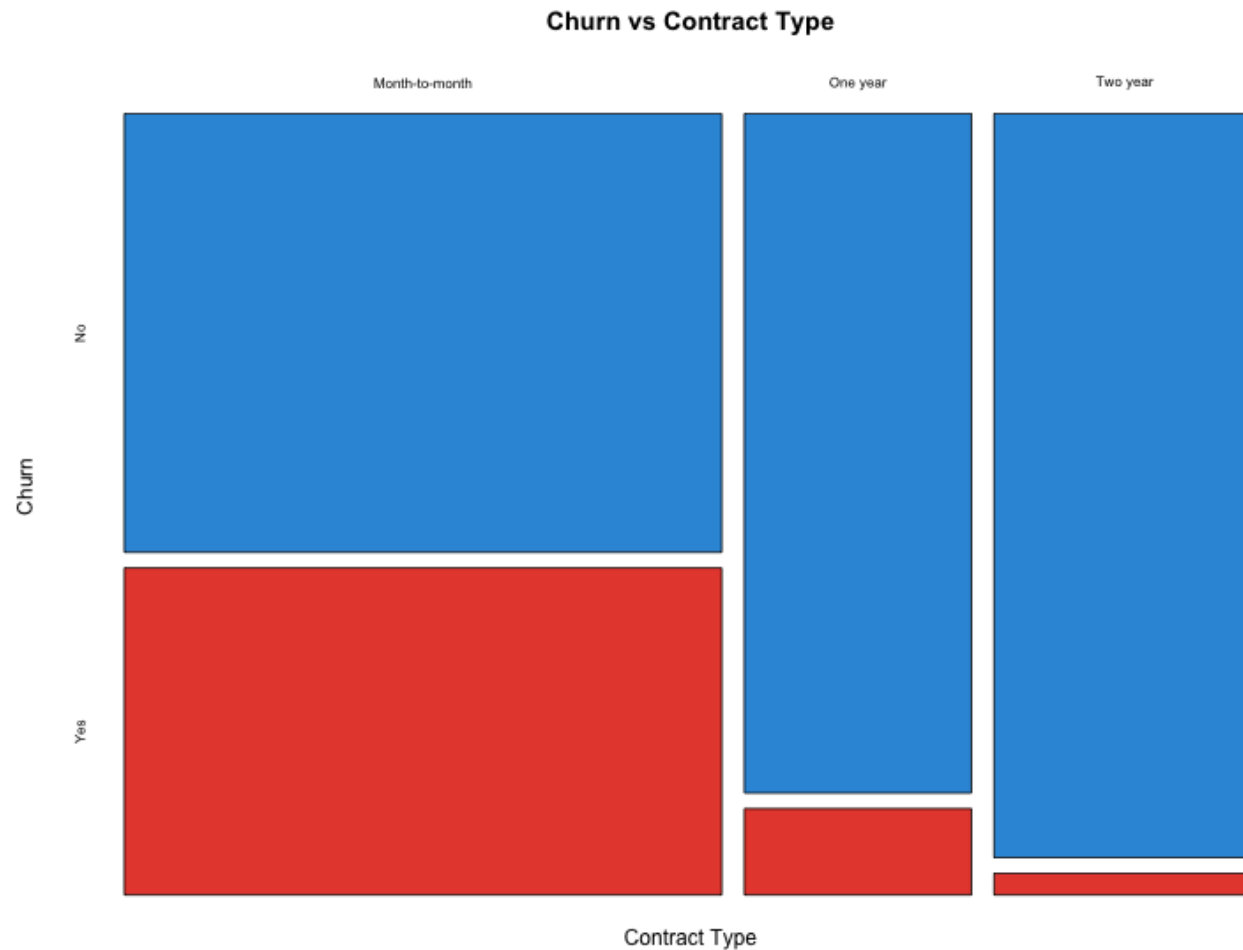
- Dataset: Telco Customer Churn (IBM Sample Data)
- 7,043 customers, 21 variables
- Goal: Understand factors that influence churn and customer value





Data Cleaning

- Converted categorical columns
- Handled NA in TotalCharges
- Combined levels like "No internet service" > "No"
- Removed customerID (non-informative)

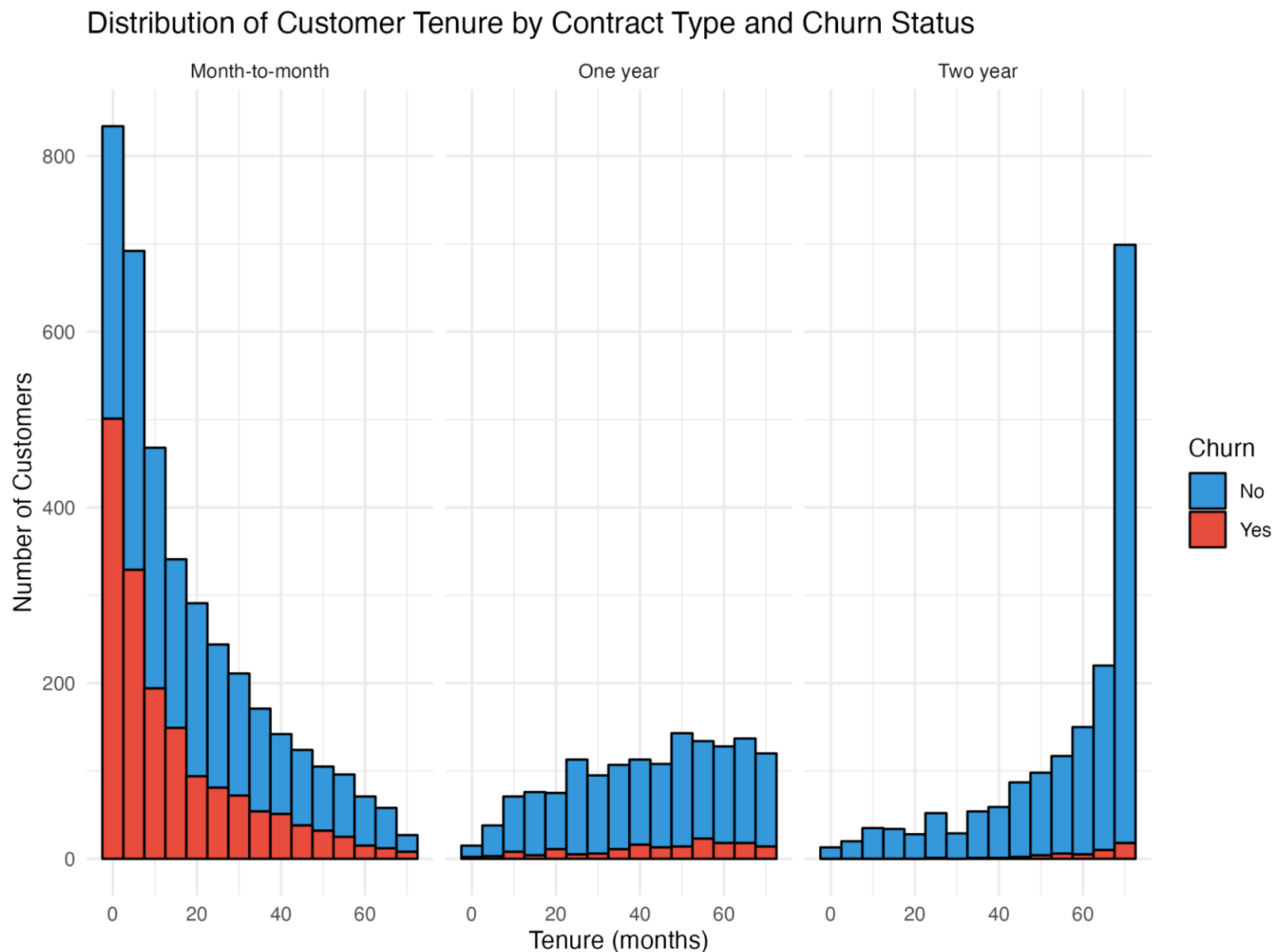


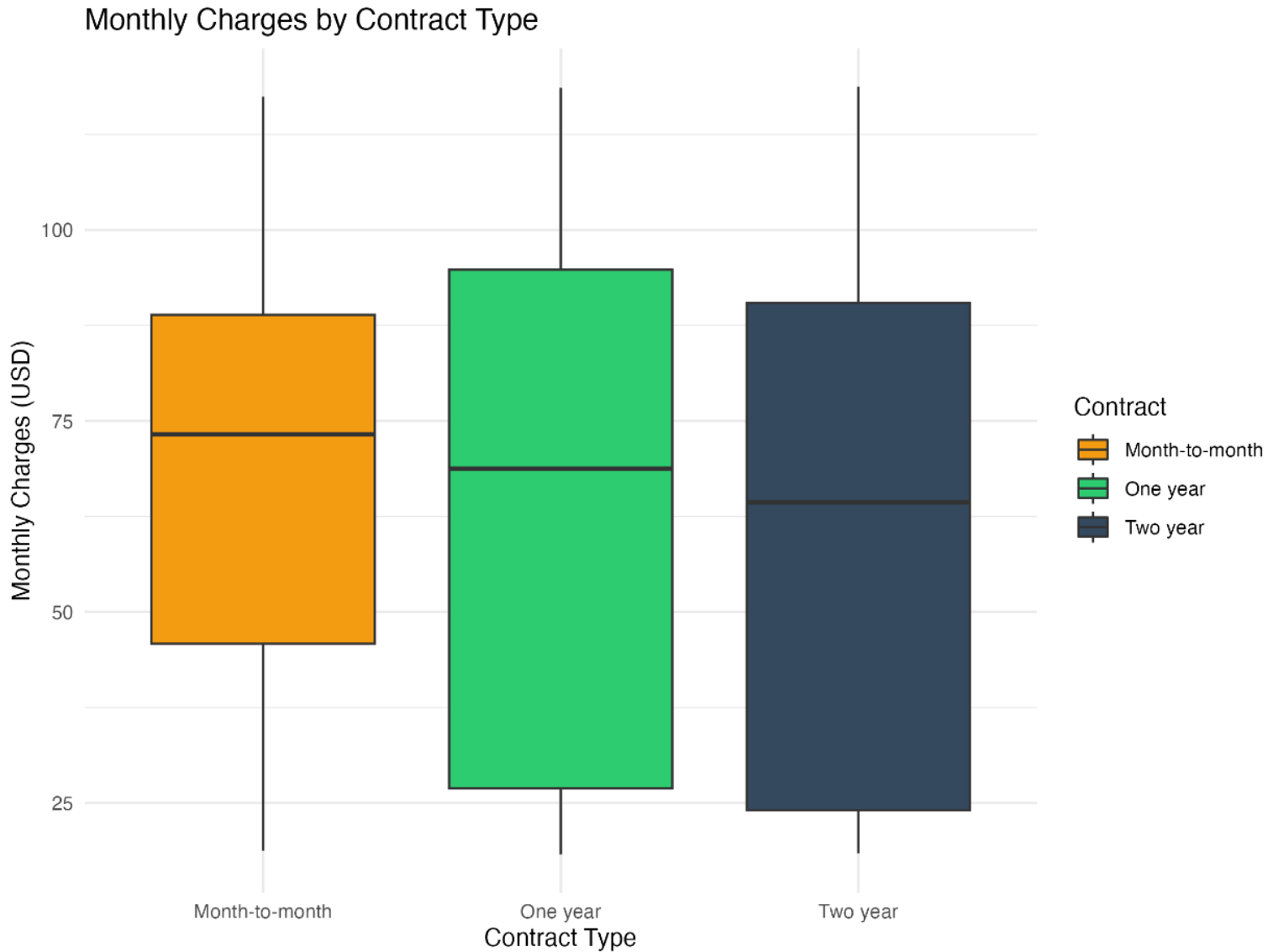
Churn By Contract Type

- Mosaic plot
- *Key Insight:* Month-to-month contracts > much higher churn
- Long-term contracts = customer stability

Tenure Distribution

- Histogram by contract + churn
- New customers (0–5 mo) = spike in churn
- Tenured customers rarely churn
- Opportunity: Focus on new customer onboarding

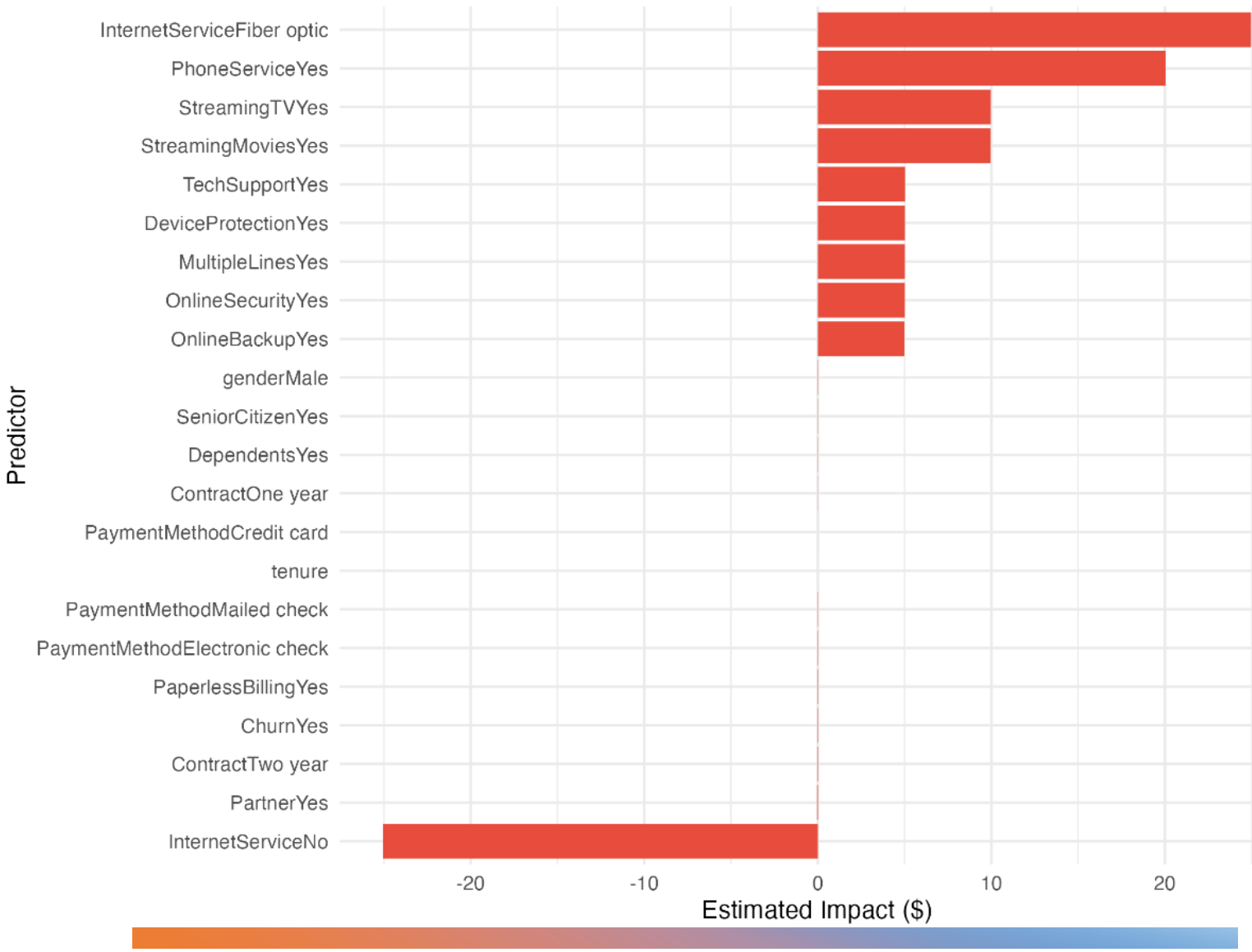




Monthly Charges

- Key Insight: Month-to-month plans have higher and more varied charges.
- Long-term contracts = lower, more stable bills — likely due to bundling or discounts.

Regression Coefficients: Impact on Monthly Charges

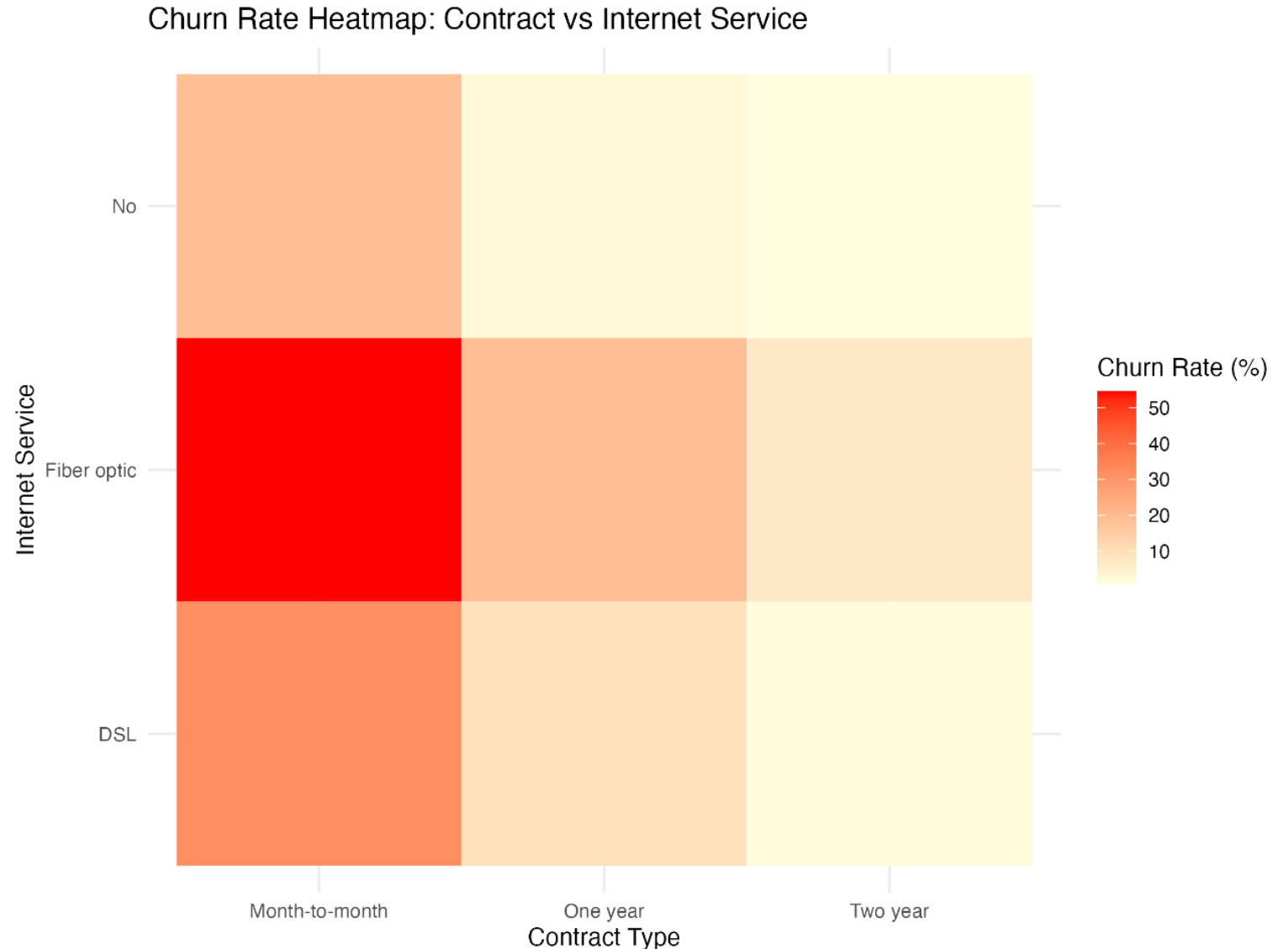


Drivers of Monthly Charges

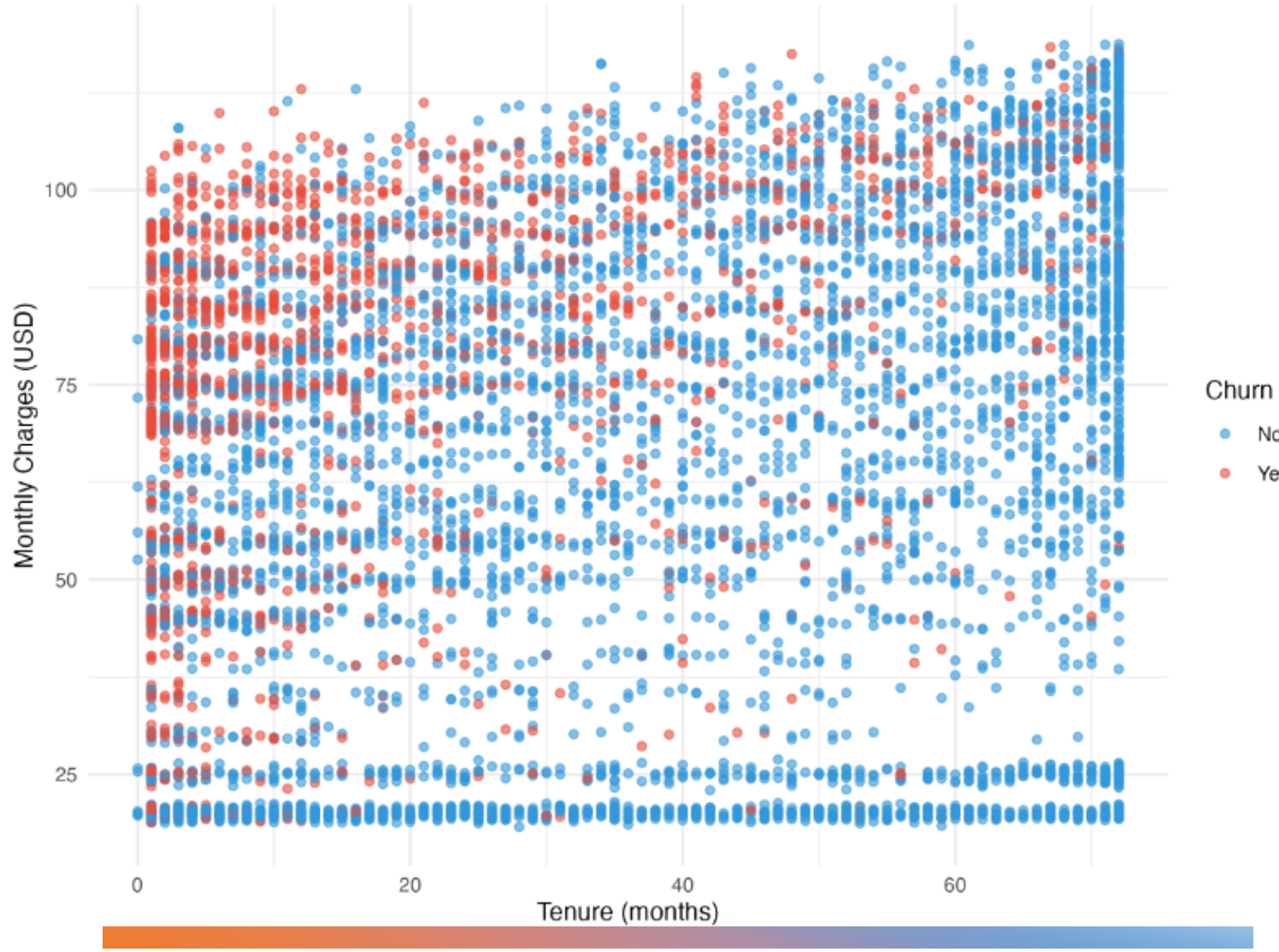
- Biggest cost drivers:
- Fiber optic internet
- Add-on services (StreamingTV, Tech Support)
- Month-to-month contracts
- Lower charges:
- No internet service
- Long-term contracts

Churn Rate by Contract Type and Internet Service

- Key Insight:** Fiber optic + month-to-month customers churn the most.
- DSL + long-term = most stable group.
- Strategy:** Offer contract incentives to fiber users or improve service quality.



Monthly Charges vs Tenure, by Churn Status



Churn By Tenure and Monthly Charges

- **Key Insight:** New, high-paying customers churn the most.
- Loyal customers = low churn, moderate charges.
- **Opportunity:** Support early high-spenders before they churn.

Summary



Contract type, tenure, monthly charges, and internet service are key churn drivers.



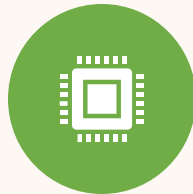
Month-to-month plans combined with high costs lead to the highest churn risk.



The **first few months** are the critical window for retention.



And customers with **fiber internet and expensive add-ons** deserve proactive attention.



By identifying these patterns, telecom providers can move from **reacting to churn** to **preventing it strategically**—all by using their data wisely.