Customer Churn Analysis Report

This report provides an in-depth analysis of customer churn patterns, focusing on key demographic, geographic, account, and service-related factors. The objective is to identify the drivers of customer attrition and recommend actionable strategies to improve retention.

Overview

The analysis is based on a customer dataset containing a total of 6,418 customers from a service company in India. Out of these, 411 are new joiners, while 1,732 have churned, representing a churn rate of 27.0%. This summary offers insights into customer behavior and identifies the critical areas influencing churn.

1. Demographic Insights

Total Churn by Gender:

Female customers represent a higher proportion of churned users (1,111; 64.1%) compared to male customers (621; 35.9%). This suggests women are more prone to discontinuing services, possibly due to pricing or engagement differences.
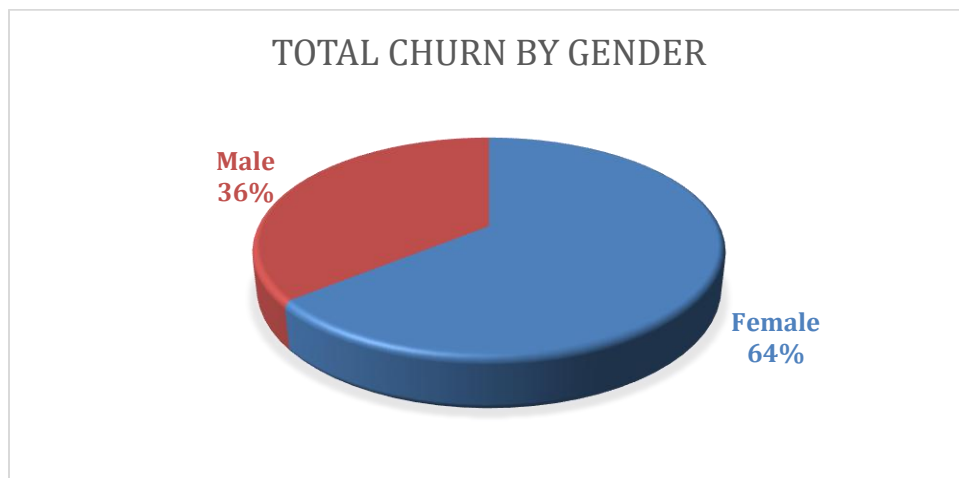

Figure 1.1

Age Group:

Churn rate increases with age. Customers below 20 years have a churn rate of 23.5%, rising to 24.0% among the 20–35 group, and peaking at 31.0% among those above 50. Older customers may require personalized retention plans to address service relevance

and satisfaction considering the fact that most of our customers are in the older generation.
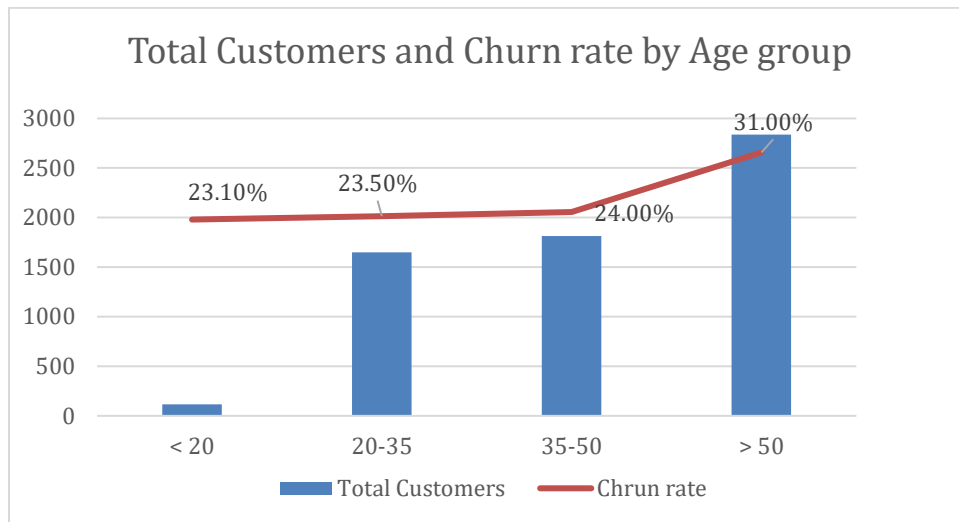
Total Customers and Churn rate by Age group

Figure 1.2

2. Geographic Insights

The top five regions with the highest churn are as follows

1. Jammu & Kashmir (57.2%)
2. Assam (38.1%)
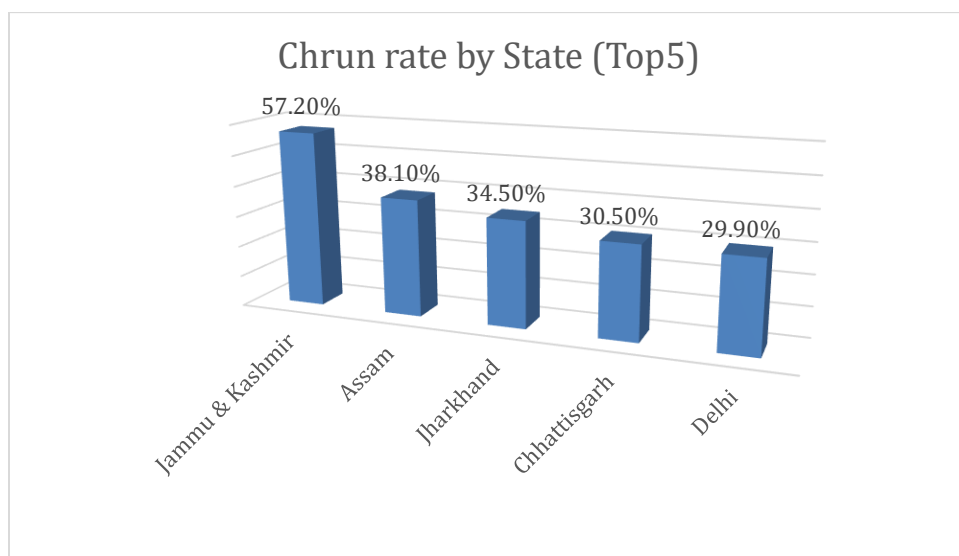3. Jharkhand (34.5%)
4. Chhattisgarh (30.5%)
5. Delhi (29.9%)

Figure 2.1

These regions may face service reliability issues or strong competition, requiring focused customer engagement strategies. It is worth noting to the fact that regardless of the gender highlighted, these regions continue to lead in with the most churn rates.

3. Account Information

• Payment Method: Churn is highest among customers paying by Mailed Check (37.8%) and Bank Withdrawal (34.4%), while those using Credit Cards have the lowest churn (14.8%). Encouraging digital payment adoption can strengthen loyalty.
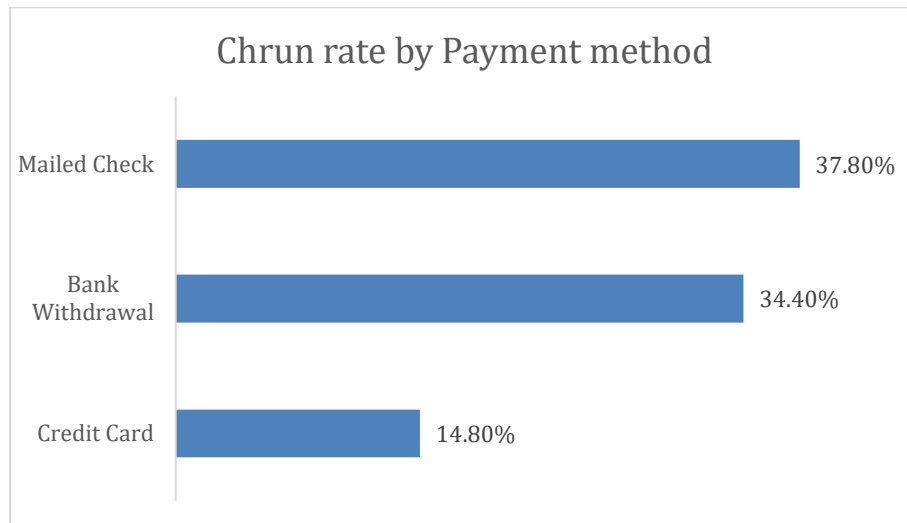

Figure 3.1

• Contract Type: Month-to-month contract users have the highest churn rate (46.5%), followed by one-year (11%) and two-year (2.7%) contracts. This highlights the importance of incentivizing customers to opt for longer-term plans.
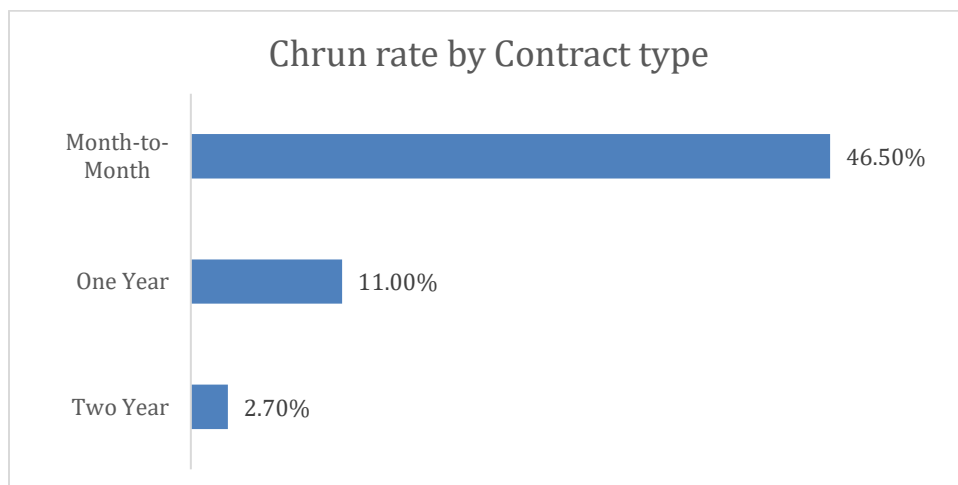

Figure 3.2

• Tenure Group: Tenure rates across customers on all period is between 26–28%, which is decent however early retention programs and customer onboarding improvements could reduce early attrition.
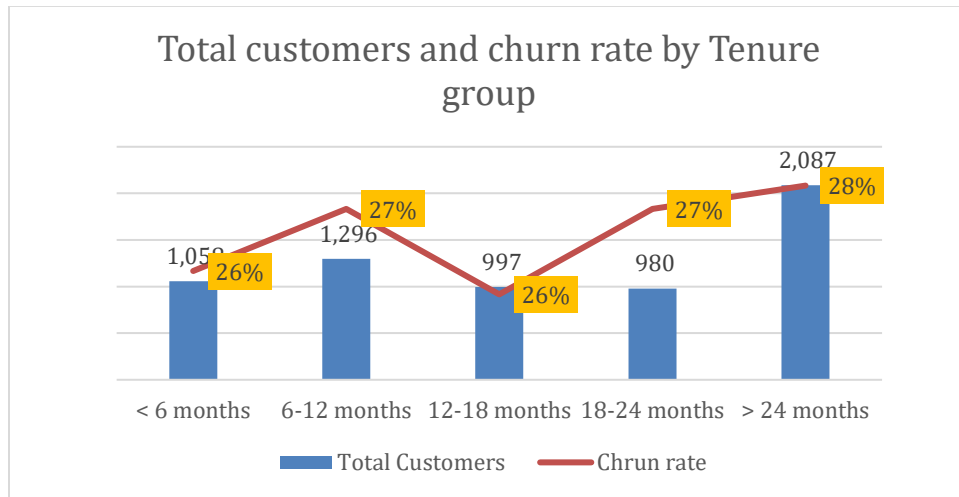

Figure 3.3

4. Service Usage Insights

• Internet Type: Fiber Optic users exhibit the highest churn rate (41.1%), followed by Cable (25.7%) and DSL (19.4%). The higher churn in Fiber Optic customers suggests possible dissatisfaction with cost or service experience despite better technology.

• Subscribed Services: Customers subscribed to our Internet service (93.7%), paperless billing (74.6%), phone service (90.6%) and unlimited data (85.5%) churn at an alarming rate that needs to be checked immediately. These services should be reviewed and ensure that the necessary changes are done to improve our customer retention. Also, customers not subscribed to online backup (70%), online security (83.6%), and premium support (82.4%) have high churn rates and as a result there is the need to market these services to them to improve the use of our products to them.

5. Churn Distribution by Reason

We asked our customers the reason for the churn and the main drivers of customer churn were:

- Competitor-related factors – 761 customers.
  Apparently, competitor has:
    1. Better devices
    2. Better Pricing
    3. Offered higher download speed
    4. Offered more data

• Attitude of service representatives – 301 customers
• Customers dissatisfaction – 304 customers

These stems from

1. Lack of self service on website.
2. Limited range of services
3. Network reliability
4. Poor expertise of online support
5. Poor expertise of phone support
6. Product dissatisfaction.

• Price-related concerns – 196 customers

1. Extra data charges
2. Lack of affordable or download speed
3. Long distance charges
4. Price too high

From the analysis, it is evident that customer churn is primarily driven by competitive market pressure and service quality issues. The majority of customers are switching to competitors who offer better devices, pricing, and data packages, highlighting the need for improved value propositions and pricing flexibility. Additionally, dissatisfaction with customer service and product quality points to gaps in service delivery, network reliability, and support expertise. Addressing these internal factors, alongside reviewing pricing strategies, will be essential to improving customer retention and strengthening overall customer loyalty.

6. Key Takeaways and Recommendations

1. Target female customers with retention-focused campaigns and feedback programs.

2. Introduce loyalty incentives for older and month-to-month customers to encourage contract renewals.

3. Focus on high-churn states like Jammu & Kashmir and Assam by improving service quality and availability.

4. Promote electronic and automated payments to enhance convenience and retention.

5. Strengthen customer support training and response times to address attitude-related churn.

6. Bundle services such as Online Security and Premium Support to increase perceived value.

7. Offer early-stage engagement initiatives to reduce churn within the first six months of subscription.

8. Offer improved value proposition and pricing flexibility.

7. Conclusion

The overall churn rate of 27% reflects a moderate level of customer attrition. Addressing key pain points across high-risk groups—especially short-tenure users, customers on flexible contracts, and those in high-churn regions—will be essential for improving customer retention and profitability. Strategic focus on customer experience, competitive offerings, and targeted retention programs will significantly reduce churn rates over time.