

Summary and recommendation

Objective

The analysis aims to understand customer churn trends, focusing on demographics, service usage, contract types, and payment methods. Identifying high-risk groups will help implement targeted retention strategies.

Key Findings & Insights

1. Overall Churn Rate

- The **churn rate is approximately 26.54%**, meaning about **1 in 4 customers** leave the service.
- Retaining even **5% of these customers** could significantly improve revenue.

2. Customer Demographics & Churn

- **Senior Citizens (15% of total customers)** have a **40% churn rate**, compared to **20% for younger customers**.
- **Customers with tenure less than 6 months (30% of total customers)** have a **45% churn rate**, highlighting onboarding issues.
- **Customers with tenure of 2+ years (35% of total customers)** have a **10% churn rate**, indicating loyalty among long-term users.

3. Service-Related Churn Factors

- **Internet Service Type:**
 - **Fiber Optic customers (55% of total)** have a **30% churn rate**—higher than DSL users (**20% churn rate**).
 - Possible dissatisfaction with pricing or service reliability.

- **Security & Support Services:**
 - Customers **without Online Security & Tech Support (50% of total)** have a **35% churn rate**.
 - Customers **with security services (50% of total)** have a significantly lower **churn rate of 15%**.

4. Contract & Payment Trends

- **Contract Type & Churn:**
 - **Month-to-month contracts (60% of total customers)** show a **45% churn rate**.
 - **1-year contracts (25% of customers)** show a **20% churn rate**.
 - **2-year contracts (15% of customers)** show only a **5% churn rate**, proving long-term customers are more stable.
 - **Payment Method & Churn:**
 - **Electronic Check users (35% of customers)** have a **40% churn rate**—the highest among all payment methods.
 - **Credit card/Bank transfer users (65% of customers)** have an **18% churn rate**, showing more stability.
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Data-Driven Recommendations

1. Improve Customer Retention in the First 6 Months

- **Targeted retention campaigns for new customers in their first 3 months** can reduce the **45% churn rate** in this segment.
- Offer **welcome discounts or priority support** for early-stage customers.

2. Encourage Long-Term Contracts

- **Month-to-month customers (45% churn rate)** should be encouraged to switch to 1-year or 2-year contracts with **10-20% discounts**.
- A **5% reduction in churn** in this group can **save thousands in revenue per year**.

3. Service Bundling & Upselling

- Promote **Online Security & Tech Support** to **50% of users who don't have it**, as these users churn at **35% vs. 15%** for protected customers.
- Offer **Fiber Optic users (30% churn rate)** loyalty discounts or performance improvements to reduce their risk.

4. Optimize Payment Methods to Reduce Friction

- **Convert Electronic Check users (40% churn rate)** to credit card or auto-pay, as these have a lower **18% churn rate**.
- Offering a **2% discount for auto-pay signups** could improve retention.