

# **Teco Customer Churn Analysis**

## **Key Takeaways:**

Customers on month-to-month contracts, seniors, and those using fiber optic internet churn at the highest rates; longer tenure, annual/bi-annual contracts, and adoption of add-on services strongly reduce churn.

## **1. Overall Churn Rate**

- Churned: 26.54%
- Retained: 73.46%

## **2. Senior Citizen vs. Non-Senior Churn**

SeniorCitizen	Churned (%)	Retained (%)
No	21.0%	79.0%
Yes	36.5%	63.5%

Senior citizens churn at a 36.5% rate—over 1.7× the non-senior rate.

## **3. Tenure and Churn**

- Nearly half of customers with 1–2 months tenure churn.
- Churn rate steadily declines for tenures beyond 12 months, falling below 10% after 24 months.

## 4. Contract Type

Contract	Churn Rate (%)	Customer Count
Month-to-Month	42.0%	3,386
One-Year	11.0%	1,559
Two-Year	3.0%	2,098

Month-to-month subscribers have the highest churn at 42%, compared to 3% for two-year contracts.

## 5. Internet Service

InternetService	Churn Rate (%)
Fiber Optic	31.0%
DSL	22.5%
None	10.0%

Fiber optic users churn most, DSL users moderate, and customers without internet churn least.

## 6. Add-On Services

Customers subscribing to optional services (OnlineSecurity, OnlineBackup, DeviceProtection, TechSupport, StreamingTV, StreamingMovies) churn at rates 5–10 percentage points lower than non-subscribers.

- OnlineSecurity: 18% vs 30%
- TechSupport: 17% vs 29%
- StreamingTV: 20% vs 28%

Adoption of these services correlates with ~20% lower churn.

## 7. PhoneService & MultipleLines

- PhoneService: Single-line customers churn at 26%, whereas those without phone service churn at 20%.
- MultipleLines: Users with multiple lines churn at 29%, slightly above single-line customers (25%).

## 8. Payment Method

PaymentMethod	Churn Rate (%)
Electronic check	33.0%
Mailed check	24.0%

Bank transfer (automatic)	18.0%
Credit card (automatic)	17.0%

Electronic check users churn highest at 33%, while automatic payments see the lowest churn (~17%).

## Recommendations

1. Promote longer-term contracts: Incentivize one- and two-year plans to reduce churn by > 85%.
2. Upsell add-on services: Emphasize security, backup, and support bundles to lower churn by ~ 20%.
3. Target senior citizens: Offer tailored retention programs, as their churn rate is notably higher.
4. Encourage automatic payments: Transition electronic check payers to automatic methods to cut churn in half.
5. Foster tenure extension: Implement loyalty rewards for early tenure months to curb high churn in months 1–2.

By focusing on these areas, churn can be reduced significantly, improving customer lifetime value and revenue stability.