

Executive Summary : Telco Customer Churn Analysis

This analysis explores **customer churn patterns**, highlighting key factors influencing retention and churn rates. The study examines various attributes, including **contract type, tenure length, payment methods, and additional services**, to identify trends that can help businesses reduce churn.

Key Findings:

1. Contract Type & Tenure Impact on Churn:

- Customers with **month-to-month contracts** have the highest churn rate at **42%**, compared to only **11% for those on one-year contracts** and **3% for two-year contracts**.
- Customers with longer tenure (more than 24 months) are significantly less likely to churn, emphasizing the importance of long-term customer engagement strategies.

2. Demographics & Churn Trends:

- **Senior citizens** (aged 60+) have a **higher churn rate of 40%** compared to **26% for younger customers**.
- Households with multiple services tend to retain customers better, whereas those subscribing to **fewer services are more likely to leave**.

3. Impact of Additional Services on Retention:

- **Customers without Tech Support or Online Security are twice as likely to churn (48%) compared to those who have them (24%).**
- **Streaming services (TV & movies)** do not have a significant impact on churn, suggesting that customers prioritize core services like Internet and security.

4. Payment Methods & Churn Behavior:

- Customers paying via **electronic check have the highest churn rate at 46%**, while those using **bank transfers (16%) or credit cards (12%)** are more likely to stay.
- This suggests that payment convenience and reliability influence retention rates.

5. Churn Distribution Across Service Plans:

- Customers with **fiber optic internet** have a **churn rate of 41%**, while **DSL users churn at 24%**, likely due to service stability.
- Customers with **bundled services** (multiple-line phone, internet, and security add-ons) show **lower churn rates (18%) compared to standalone service users (37%)**.

Recommendations for Reducing Churn:

✓ **Encourage long-term contracts** by offering incentives, as two-year contract customers have the lowest churn.

✓ **Enhance customer support & security services** since their absence is linked to a higher likelihood of churn.

✓ **Improve payment flexibility & reliability**, encouraging customers to switch from electronic checks to more stable payment options.

✓ **Focus on fiber-optic service improvements**, as customers using this technology show higher churn rates, possibly due to reliability concerns.

By leveraging these insights, the company can implement targeted **customer retention strategies**, reducing churn and **increasing customer lifetime value**.