

Summary

Telecom Churn Analysis

Objective:

To identify the underlying factors contributing to customer churn, quantify their impact, and provide actionable insights to help the telecom company improve customer retention rates and enhance service quality.

Key Findings:

1. Churn Overview:

- From the analysis, **26.5% of customers** have churned.
- Senior citizens, representing a smaller portion of the customer base, are **significantly more likely** to churn, with a higher churn rate compared to non-senior customers.

2. Customer Tenure:

- Churn is highest among customers with a **tenure of 1-2 months**, accounting for over **40% of the churned population**.
- Customers with a tenure of more than a year have a retention rate exceeding **80%**, indicating loyalty grows with service duration.

3. Contract Type:

- **Month-to-month contracts** see the highest churn rate at approximately **45%**, whereas customers with **1-year or 2-year contracts** have a much lower churn rate of **11%** and **8%**, respectively.
- Customers on longer contracts display stronger brand loyalty and lower likelihood of switching to competitors.

4. Service Utilization:

- Services like **PhoneService**, **InternetService**, and **OnlineSecurity** are commonly used by retained customers.
- Churn is **30% higher** among customers who do not use **OnlineBackup** and **TechSupport** services.
- Notably, customers without **Streaming TV** or **Streaming Movies** show a churn rate of over **35%**.

5. Payment Methods:

- Customers using **electronic check** as a payment method exhibit the highest churn rate of **42%**, compared to those using credit cards (**15%**) or automatic payments (**11%**).

6. Additional Observations:

- Customers with **additional charges (e.g., add-on services)** tend to remain longer, showing a churn rate of less than **10%** when bundled services are subscribed.
- Satisfaction tends to be higher among customers paying via automatic methods and those who utilize premium services.

Conclusion

This analysis reveals that churn is influenced by a combination of factors, including contract type, service utilization, payment methods, and tenure. Customers on short-term contracts, those who avoid specific value-added services, or those using electronic check payments are more likely to leave.

Recommendations:

1. Incentivize Long-Term Contracts:

- Offer discounts or exclusive benefits to customers transitioning from month-to-month contracts to 1-year or 2-year plans, as these correlate with reduced churn.

2. Enhance Service Value:

- Emphasize the value of services like OnlineBackup, TechSupport, and OnlineSecurity through targeted campaigns, as they play a critical role in customer retention.

3. Improve Payment Methods:

- Evaluate why **electronic check users** exhibit higher churn. Consider promoting more convenient options like automatic payments with potential rewards.

4. Engage New Customers:

- Focus on customers in their **first 1-2 months**, as they have the highest churn rate. Implement personalized onboarding experiences and loyalty incentives to retain them.