

# **SUMMARY AND RECOMMENDATIONS**

**Objective:** This analysis investigates the factors influencing customer churn within a telecommunications company, highlighting service usage patterns, contract types, and customer behavior. Key insights reveal significant trends that impact retention rates.

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## **1. Service Utilization and Retention**

- **Phone Service:** Customers without phone service churn at **25%**, compared to **16%** for those with it. Additionally, **34% of customers without multiple lines** churn versus **20%** with multiple lines.
- **Internet Service:** Fiber optic users exhibit the highest churn rate at **42%**, compared to **28%** for DSL users, emphasizing the need for improvement in fiber optic offerings.

## **2. Contract Types and Impact on Churn**

- **Contract Duration:** Month-to-month contracts show a churn rate of **60%**, while one-year and two-year contracts have churn rates of **24%** and **13%**, respectively. Strategies to encourage longer commitments could significantly enhance retention.

## **3. Tenure Analysis**

- **Tenure Distribution:** Customers with shorter tenures (less than 1 year) exhibit a churn rate of **53%**, while those with a tenure of 1-2 years have a churn rate of **28%**. Long-term customers (over 2 years) churn at just **10%**.
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## **4. Value-Added Services**

- **Online Security:** Customers without Online Security have a churn rate of **45%**, compared to **21%** with the service. Similarly, **43% of those without Online Backup** churn, while only **23%** who have it do.
- **Tech Support:** Churn rates stand at **44%** for those without Tech Support and **21%** for those with it, indicating the importance of offering comprehensive support services.

## **5. Payment Methods**

- **Electronic Check:** Customers using electronic checks experience the highest churn rate at **45%**, compared to only **16%** for bank transfer users. Encouraging the use of more reliable payment methods could stabilize customer retention.

## **6. Streaming Services**

- **Streaming TV and Movies:** Customers who do not subscribe to these services have churn rates of **45%** and **43%**, respectively. Bundling streaming services may help lower these rates and enhance customer satisfaction.

## Key Recommendations:

1. **Encourage Longer Contracts:** Implement promotional strategies to convert month-to-month customers into one- or two-year contracts, potentially reducing churn rates significantly.
2. **Promote Value-Added Services:** Bundle services such as Online Security, Device Protection, and Tech Support to enhance customer loyalty and reduce churn by **20-30%**.
3. **Improve Fiber Optic Services:** Address customer concerns regarding fiber optic offerings to decrease the high churn rate associated with this service.
4. **Stabilize Payment Methods:** Provide incentives for customers to switch from electronic checks to more secure payment options, reducing churn rates.
5. **Enhance Streaming Service Packages:** Bundle entertainment services to attract and retain customers, particularly those inclined to churn.
6. **Target New Customers:** Develop onboarding programs aimed at customers with less than one year of tenure to improve satisfaction and reduce the **53%** churn rate in

## Conclusion

By addressing service gaps, promoting contract stability, and enhancing value-added offerings, the company can significantly reduce churn. Implementing these strategies could lower overall churn by **30-35%**, fostering long-term customer loyalty and driving sustainable business growth.