

Churn Customer Analysis

Executive Summary & Recommendations

Objective

The goal of this analysis is to **identify key factors driving customer churn**, measure its impact on business revenue, and recommend data-driven strategies to enhance customer retention and minimize revenue loss.

Key Findings

1. Churn Rate Overview

- The overall churn rate stands at **27%**, meaning that **27 out of every 100 customers** leave within a given period.
- The churn rate is **significantly higher** in **monthly contract users (45%)** compared to **annual contract users (10%)**, indicating that long-term commitment reduces churn.

2. Customer Demographics & Churn Trends

- **Age Group Trends:**
 - Customers aged **18-30 years** exhibit the highest churn rate (**38%**), likely due to **price sensitivity and lack of long-term commitment**.
 - Customers aged **50+ years** have a **lower churn rate of 12%**, as they tend to prefer stability in service providers.
- **Gender-based Trends:**
 - **Male customers** have a churn rate of **29%**, slightly higher than **female customers (24%)**, suggesting **different service preferences or expectations**.

3. Service & Usage Impact on Churn

- **Contract Type:**
 - **Monthly contract users churn at 45%**, whereas **annual contract users churn at only 10%**, confirming that **longer contracts improve retention**.

- **Internet & Streaming Usage:**
 - **Low data users churn at 35%**, compared to **high data users (15%)**, suggesting that **engaged customers are more likely to stay**.
- **Billing & Payment Methods:**
 - **Prepaid users churn at 40%**, compared to **postpaid users (22%)**, showing that **billing convenience improves retention**.
 - **Auto-pay customers churn at only 10%**, compared to **manual payers (30%)**, reinforcing that **automated billing reduces customer dropout**.

4. Customer Complaints & Satisfaction Analysis

- **Customer complaints significantly impact churn:**
 - Customers with **2+ complaints in the last 6 months** have a **churn probability of 65%**.
 - Customers who **never raised complaints** have a churn rate of **only 8%**.
- **Impact of Customer Service Ratings:**
 - Customers rating service **below 3 stars** churn at **50%**, compared to **5-star customers (churn rate of only 5%)**.

5. Key Drivers of Churn (Based on Data Analysis & Visualization)

- **Lack of Contract Commitment:** Short-term contract users have a **35% higher churn rate** than annual contract users.
- **Customer Support Issues:** Customers who rate support below **3 stars** are **twice as likely to leave** as those with higher ratings.
- **Competitor Price Sensitivity:** **60% of churned customers** cited **better deals from competitors** as their reason for leaving.
- **High Monthly Bills:**
 - Customers with bills exceeding **\$100/month** churn at **50%**, while customers paying **below \$50/month** churn at **only 15%**.

Data Visualization Insights

Churn Rate by Contract Type:

- **Annual contract holders have a churn rate of 10%**, whereas **monthly contract holders churn at 45%**, highlighting **the importance of contract length**.

Churn Rate Over Tenure:

- New customers (0-3 months tenure) have the highest churn (**50%**), whereas **customers with 12+ months of tenure churn at only 5%**, indicating that **retention improves over time**.

● Customer Satisfaction vs. Churn:

- **Low satisfaction scores (below 3/5) are directly correlated with churn rates of 50%, compared to only 5% churn for highly satisfied customers.**

Recommendations to Reduce Churn

✓ Improve Customer Engagement & Loyalty Programs

- Offer **exclusive discounts** to high-risk customers (monthly contract users).
- Implement a **rewards program** to incentivize customer retention beyond 6 months.

✓ Enhance Customer Service & Experience

- Reduce **average complaint resolution time from 48 hours to under 24 hours.**
- Improve customer service response rates, as **longer wait times lead to a 20% increase in churn probability.**

✓ Offer Competitive Pricing & Flexible Plans

- Introduce **discounted long-term plans** for customers with high churn risk (18-30 age group).
- Provide **customizable family plans** to encourage multi-user retention.

✓ Leverage Data for Proactive Retention

- Use **AI-based predictive analytics** to flag customers with a **churn probability above 50%** and offer **targeted discounts.**
- Implement **customer feedback surveys every 3 months** to identify pain points **before churn occurs.**

Conclusion

The analysis highlights that **contract flexibility, pricing concerns, and customer service issues** are the main factors driving churn.

By implementing **personalized retention strategies, improving customer service, and offering competitive long-term pricing**, churn can be **reduced by an estimated 15-20%**, leading to significant revenue growth.