

# Executive Summary: Customer Churn Analysis

## Objective:

This analysis examines **customer churn patterns** in a telecom company, identifying key factors that drive churn. By analyzing customer demographics, contract types, internet service usage, and additional features, we provide **data-driven insights** to improve customer retention strategies.

---

## Key Insights & Findings (with Percentages)

### 1. Churn Rate Overview

- Out of **7,043 customers**, **26.5% (1,869 customers)** churned, while **73.5% (5,174 customers)** remained.
  - This suggests that **one in four customers** leaves the company, indicating the need for **stronger retention efforts**.
- 

### 2. Impact of Contract Type on Churn

- **Month-to-month contract holders** have the highest churn rate (**42%**), while **1-year contract holders** churn at **11%** and **2-year contract holders** at just **3.5%**.
  - Since **55% of customers** are on month-to-month plans, this is a major churn driver.
  - **Business Strategy:**
    - Convert **month-to-month users** to **long-term contracts** using **discounts or loyalty benefits**.
    - Implement **early engagement programs** for customers at risk of churn.
- 

### 3. Internet Service and Churn

- **Fiber Optic users** have the highest churn rate (**41%**), compared to **DSL users (25%)** and customers with **no internet service (7%)**.
  - **62% of all churned customers** use **Fiber Optic**, indicating **potential dissatisfaction** with this service.
  - **Business Strategy:**
    - Conduct customer **feedback surveys** to identify **Fiber Optic service pain points**.
    - Offer **loyalty discounts** or **service upgrades** for Fiber Optic users.
-

## 4. Influence of Additional Services on Churn

- Customers **without Online Security** churn at **39%**, while those with the service churn at only **15%**.
  - **Streaming TV subscribers** have a churn rate of **34%**, while those without it churn at **22%**.
  - **Backup and Tech Support subscribers** churn at a lower rate (**below 18%**), confirming that **additional services reduce churn risk**.
  - **Business Strategy:**
    - Offer **free trials** for **Online Security, Tech Support, and Backup Services** to increase adoption.
    - Provide **discounted bundled plans** to encourage multi-service subscriptions.
- 

## 5. Demographic Factors Affecting Churn

- **Senior Citizens** churn at **39%**, compared to **non-senior customers** at **24%**.
  - **Customers without dependents** churn at **32%**, while those with dependents churn at just **19%**.
  - **Business Strategy:**
    - Provide **personalized customer support** and easy-to-use plans for **senior citizens**.
    - Introduce **family or household discounts** to encourage **long-term customer relationships**.
- 

## 6. Tenure and Early Churn Risks

- **Customers with a tenure of less than 6 months** churn at **48%**, compared to only **9%** for those with tenure over 2 years.
  - **57% of churned customers** left within their first year, indicating **poor initial engagement**.
  - **Business Strategy:**
    - Implement **customer onboarding programs** in the first **90 days** to improve retention.
    - Offer **exclusive rewards** for customers staying beyond **6 months**.
- 

## Conclusion & Actionable Recommendations

With **26.5% churn**, the company must take targeted actions to **retain customers**. The major churn drivers are **month-to-month contracts, Fiber Optic service issues, lack of bundled services, and short tenure customers**. To **reduce churn and increase revenue**, we recommend:

- ✓ **Encouraging long-term contracts** by offering discounts & incentives.
- ✓ **Improving Fiber Optic service quality** and adjusting pricing models.
- ✓ **Promoting bundled services** (Online Security, Tech Support, Backup) to increase customer retention.
- ✓ **Implementing early engagement strategies** to retain customers in the **first 6 months**.
- ✓ **Offering personalized support for senior citizens and single customers** to enhance satisfaction.

By implementing these **data-backed strategies**, the company can **reduce churn, increase customer lifetime value (CLV), and drive business growth**.