



Executive Summary And Recommendations – Customer Churn Analysis

This analysis aims to identify key factors influencing customer churn and provide actionable insights to reduce customer attrition.

◆ Overall Churn Overview

- The overall **customer churn rate is 26.5%**, while **73.5% of customers are retained**.
 - This indicates that **nearly 1 in 4 customers leave the service**, highlighting a significant opportunity for retention improvement.
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◆ Contract Type Impact

- Customers on **Month-to-Month contracts show the highest churn at 42.7%**.
 - In contrast, churn drops sharply for:
 - **One-Year contracts: 11.3% churn**
 - **Two-Year contracts: only 2.8% churn**
 - 💡 **Insight:** Long-term contracts strongly improve customer retention and stability.
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◆ Internet Service & Churn

- **Fiber Optic users have the highest churn rate at 41.9%**
- **DSL customers churn at 19.0%**
- Customers with **no internet service show the lowest churn at 7.4%**
- 💡 **Insight:** Despite higher pricing, Fiber Optic users are more likely to churn—possibly due to service quality expectations or pricing sensitivity.

◆ Payment Method Analysis

- **Electronic Check users have the highest churn rate at 45.3%**
 - Lower churn is observed among automatic payment users:
 - **Credit Card (automatic): 15.2%**
 - **Bank Transfer (automatic): 16.7%**
 -  **Insight:** Customers using automatic payment methods are more loyal and less likely to churn.
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◆ Business Implications

- High churn is strongly associated with:
 - Month-to-Month contracts
 - Fiber Optic internet service
 - Manual payment methods (especially Electronic Check)
 - These customer segments should be **prioritized for retention campaigns.**
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◆ Key Recommendations

- Encourage customers to shift from **Month-to-Month to long-term contracts** through discounts or bundled offers.
 - Improve **service experience and pricing transparency** for Fiber Optic customers.
 - Promote **automatic payment methods** to increase customer stickiness and reduce churn risk.
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Conclusion

The analysis clearly shows that **contract duration, internet service type, and payment method** play a crucial role in customer churn. By targeting high-risk segments with tailored retention strategies, the company can significantly reduce churn and improve long-term revenue stability.