

Executive Summary — Customer Churn Analysis

Customer churn is primarily driven by internet-related services, not phone services. While churn among customers with PhoneService is ~26.7%, churn rises sharply within digital service categories. The highest churn is observed in customers with Fiber Optic internet, where 41.9% churn compared to only 19% for DSL and 7.4% for customers with no internet service — clearly showing dissatisfaction tied to digital service quality and pricing.

Security and support features have the strongest protective effect. Customers with OnlineSecurity churn at only 15.2%, while those without it churn at 33.8% — more than double. Similar patterns hold for OnlineBackup, DeviceProtection, and TechSupport, where churn consistently drops from 27–33% (No) to 15–20% (Yes). This indicates that lack of protection/services creates vulnerability, confusion, or dissatisfaction among customers.

Entertainment services do not reduce churn. In fact, users with StreamingTV churn at 30.1%, and StreamingMovies at 29.9%, compared to 33.6% for non-subscribers. The reduction is marginal, suggesting streaming features aren't meaningful retention levers. However, customers with no internet service show extremely low churn (7.4%), reinforcing that internet-service-related value perception drives most exits.

Across all service categories, customers marked “No internet service” have the lowest churn (about 7%), customers with basic services churn around 25–28%, and customers with Fiber Optic or multiple digital services without protection exhibit the highest churn, often >30%. The combination of Fiber Optic + No security/support represents the highest-risk customer persona.

Overall, churn is driven by digital service dissatisfaction, insufficient support layers, and gaps in protection features—not by core phone service. Improving service reliability, bundling security/support, and rebuilding perceived value in Fiber Optic offerings will deliver the highest impact on retention.

Business Recommendations Based on Churn Drivers

1. Fix Fiber Optic Experience (Highest Churn: 41.9%)

This is your **largest revenue leak**.

Actions:

- Audit **network performance**: speed, downtime, latency complaints.
- Rework Fiber Optic pricing or include more value-adds (security, tech support).
- Launch a “**Fiber VIP Support**” program for instant troubleshooting.
- Run NPS surveys specifically for Fiber customers.

Impact: Even a **5–10% churn reduction** in this segment massively boosts MRR.

2. Bundle Security + Support Services (Reduces churn from 34% → 15–20%)

Customers without Online Security, Backup, Device Protection, or Tech Support are **2x more likely to churn**.

Actions:

- Launch a **Protection Bundle**: OnlineSecurity + TechSupport at a discount.
- Offer **3 months free** of protection for new customers.
- Educate customers via email:
“Top 3 reasons customers with security features stay longer (data-backed).”

Impact: Converts the highest-risk segment into a stable, long-term one.

3. Targeted Retention Campaigns for “No” Customers

These customers churn at **33–35%**, the highest across all service categories.

Actions:

- Identify customers with **Fiber + No Security/Backup** and run automated retention paths.
- Use SMS/email nudges:
 - “Your account is missing protection features most long-term customers use.”
- Provide **1-click upsells** inside the customer portal.

Impact: Reduces churn in the most vulnerable persona.

4. Reposition Streaming Services (No real retention impact)

Streaming features do **not** reduce churn. They add cost but no loyalty.

Actions:

- Stop using streaming bundles as retention tools — they aren't working.
- Reposition streaming as **entertainment**, not retention.
- Instead, bundle streaming with support features to increase perceived value.

Impact: Avoids wasting marketing dollars on ineffective retention levers.

5. Protect “No Internet Service” Customers (Churn = 7.4%)

They are your **most stable**, low-maintenance group.

Actions:

- Cross-sell internet service carefully — don't push Fiber upgrades aggressively.
- Introduce **light-touch value adds** (paperless billing discounts, loyalty points).
- Use these users as **reference customers** or for high-NPS groups.

Impact: Keeps the most reliable segment stable and happy.

6. Redesign Month-to-Month Contracts (implied, not shown above but key)

Churn is typically highest in month-to-month customers in telecom (your charts likely confirmed this).

Actions:

- Offer **6–12 month contracts** with discounts.
- Provide **loyalty credits** or free add-ons for tenure > 12 months.

Impact: Converts short-term churners into predictable long-term subscribers.

7. Build a “High-Risk Customer Alert System”

Triggered when a customer:

- Uses Fiber Optic
- Lacks Security/Backup/TechSupport
- Shows payment issues
- Contacts support multiple times

Actions:

- Auto-assign retention agents.

- Provide targeted discounts or support upgrades.

Impact: Data-driven retention instead of manual firefighting.