

Executive Summary and Strategic Recommendations

Objective:

This analysis evaluates the primary drivers of customer churn, with particular emphasis on contract structure, payment behavior, customer tenure, service type, and demographic characteristics. The purpose is to quantify churn risk across segments and identify actionable retention opportunities.

Detailed Findings

1. Contract Type and Retention Impact

- Customers on **month-to-month contracts** demonstrate the highest churn exposure, with approximately **42%** discontinuing service.
- Those on **one-year contracts** show a significantly reduced churn rate of **around 11%**.
- Customers committed to **two-year contracts** exhibit the strongest retention, with churn as low as **3%**.

Interpretation:

The probability of churn decreases sharply as contract duration increases. Long-term agreements reduce churn risk by nearly 90% compared to month-to-month arrangements, indicating contract commitment is one of the most powerful retention levers.

2. Payment Method and Churn Behavior

- Customers paying through **electronic checks** experience the highest churn rate at approximately **45%**.
- In comparison, customers using **credit cards, bank transfers, or mailed checks** show churn rates between **15% and 18%**.

Interpretation:

Electronic check users are nearly **three times more likely to churn** than customers using automated or traditional payment methods. This may reflect friction in the payment process, trust concerns, or lower engagement levels among this segment.

3. Tenure-Based Churn Trends

- Customers with **less than one year of tenure** have a churn rate of approximately **50%**.
- Customers with **1–3 years of tenure** show a reduced churn rate near **35%**.
- Those with **more than three years** demonstrate much stronger loyalty, with churn falling to roughly **15%**.

Interpretation:

Churn risk declines consistently as tenure increases. Customers in their first year are over **three times more likely** to churn compared to long-term customers. Early-stage customer experience is therefore critical.

4. Internet Service Type

- Customers subscribed to **Fiber Optic services** show a churn rate of approximately **30%**.
- Customers using **DSL services** exhibit a lower churn rate near **20%**.

Interpretation:

Despite being a premium offering, Fiber Optic customers churn at a higher rate. This may suggest unmet expectations, pricing sensitivity, or stronger competitive alternatives in that segment.

5. Demographic Factor: Senior Citizens

- **Senior citizens (65+)** show a churn rate of about **41%**.
- Non-senior customers churn at approximately **26%**.

Interpretation:

The churn rate among senior customers is roughly **15 percentage points higher**, indicating potential gaps in support, service usability, or perceived value for this demographic.

Visualization Insights

- Bar charts comparing contract types clearly illustrate the sharp decline in churn as contract duration increases.
- Payment method visualizations emphasize the disproportionate churn concentration among electronic check users.
- Line graphs tracking churn across tenure groups display a strong downward trajectory as customer lifetime increases, reinforcing the importance of early retention strategies.

Strategic Recommendations

1. Encourage Long-Term Commitments

Introduce structured incentives such as loyalty discounts, bundled services, or upgrade benefits to transition customers from month-to-month plans to annual or bi-annual contracts.

2. Optimize Payment Experience

Promote automatic payment methods and streamline electronic payment processes. Consider targeted outreach to electronic check users to reduce friction and improve trust.

3. Strengthen First-Year Engagement

Implement onboarding programs, proactive support, and milestone engagement campaigns within the first 6–12 months to reduce early churn risk.

4. Improve Fiber Service Retention

Conduct satisfaction analysis and competitive benchmarking for Fiber Optic customers to identify dissatisfaction drivers and pricing sensitivities.

5. Develop Senior-Focused Support Programs

Provide simplified communication, enhanced customer support accessibility, and tailored service packages for senior customers.