

Teleco Customer Churn Analysis

Summary and Recommendations

This analysis of customer data identified several key factors and patterns driving customer churn, which accounts for **26.54%** of the entire customer base. The primary risk factors for attrition are concentrated in **new and shorter-term customers**, **senior citizens**, and those on **flexible contracts** utilizing specific payment methods.

Key Findings and Churn Drivers

1. Contract Type is the Most Significant Driver:

- **Month-to-month contracts** are the primary churn driver. The count of churned customers on this contract type is substantially higher than for others.
- This suggests that the lack of long-term commitment and flexibility offered by monthly billing strongly contributes to customer attrition.

2. Tenure and Early Churn:

- There is a clear trend of **higher churn among newer customers** with shorter tenure (e.g., 1-10 months).
- For customers with a tenure of only **1-2 months**, the percentage of churned customers (relative to non-churned) is at its peak.
- Conversely, customers with **long tenure** (e.g., 50+ months) show a significantly lower percentage of churn.

3. Senior Citizens:

- A comparatively **greater percentage of senior citizens have churned** when compared to non-senior citizens.
- The churn rate for **Senior Citizens** is significantly higher at **41.7%**, compared to **23.7%** for non-Senior Citizens. This indicates that this demographic is at a higher risk of leaving.

4. Service Subscriptions and Retention Value:

- Subscribed services generally correlate with lower churn, while customers **without these services are more likely to leave**.
- Services showing the most pronounced churn risk when absent are:
 - **Online Security:** Customers without this service have a much higher churn count.
 - **Tech Support:** Similar to Online Security, the lack of Tech Support is clearly associated with an increased number of churned customers.
 - **Multiple Lines, Online Backup, and Device Protection:** These services also show a clear pattern where the absence is correlated with higher churn volumes.
- This highlights the role of **comprehensive service packages** in enhancing customer retention.

5. Payment Method:

- The **Electronic check** payment method accounts for the largest number of churned customers.
 - This finding strongly suggests friction in the electronic check payment process or a general preference for automated billing (like automatic bank transfers or credit card payments) among retained customers.
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Strategic Recommendations

Based on these findings, the following areas should be prioritized for churn mitigation:

- **Incentivize Longer Contracts:** Develop targeted promotional campaigns to migrate **Month-to-month** customers to **One-year or Two-year contracts**. The stability of longer contracts is key to retaining customers.
- **Enhance Onboarding/Early Retention:** Focus retention efforts and special offers on customers in their **first year of service** to push them past the high-risk, low-tenure period.
- **Improve Service Adoption:** Aggressively promote the value of high-retention services, particularly **Online Security** and **Tech Support**, to encourage broader adoption across the customer base.
- **Investigate Payment Method Friction:** Analyze and address any potential issues with the **Electronic check** payment process, and implement campaigns to encourage migration to automatic, reliable payment options (Credit card or Bank transfer).
- **Target Senior Citizens:** Develop specific outreach or specialized support for this demographic to address their **41.7%** churn rate.