

Summary: Customer Churn Analysis

Overview

This report analyzes customer churn at Teco, focusing on key factors influencing customer retention.

The study primarily examines payment methods, contract types, and customer tenure to identify patterns and suggest effective retention strategies.

Key Findings

1 Impact of Contract Type

- Month-to-month contracts have the highest churn rate at 42%.
- One-year contracts show a churn rate of 11%.
- Two-year contracts have the lowest churn at 3%.
- Solution: Provide discounts or exclusive benefits for customers opting for long-term contracts.

2 Influence of Payment Methods

- Customers paying via electronic checks have the highest churn rate (45%).
- Customers using credit cards, bank transfers, or mailed checks have lower churn rates (around 15-18%).
- Solution: Introduce incentives or rewards for customers switching to secure and stable payment methods.

3 Churn Rate by Tenure

- Customers with tenure of less than one year have the highest churn rate (50%).
- Customers with 1-3 years of tenure show a decreasing churn trend at 35%.
- Customers who have been with Teco for more than three years have a churn rate of just 15%.
- Solution: Implement personalized engagement strategies, such as onboarding offers and customer loyalty programs, to improve early-stage retention.

4 Internet Service Type and Churn

- Fiber Optic customers experience a higher churn rate (30%) compared to DSL customers (20%).
- Solution: Enhance fiber optic service quality by addressing speed, reliability, and customer complaints proactively.

5 Senior Citizens and Churn

- Customers aged 65+ years have a churn rate of 41%, while younger customers churn at 26%.
- Solution: Create specialized support services and tailored discount plans to cater to senior customers.

Recommendations

- Encourage Long-Term Contracts: Offer discounts or benefits to customers who commit to annual or multi-year plans.
- Promote Secure Payment Methods: Incentivize customers to switch from electronic checks to more stable payment options.
- Improve Early Customer Engagement: Implement loyalty programs and personalized outreach strategies for new customers.
- Enhance Fiber Optic Service Quality: Address customer complaints regarding speed and reliability to retain subscribers.
- Develop Senior Citizen Retention Strategies: Provide specialized support and offers tailored to senior customers.