

Telecom Churn Analysis Report Summary

Executive Summary: Customer Churn Analysis

Objective:

The analysis explores customer churn patterns, focusing on factors such as payment methods, contract types, tenure, and demographic attributes. The goal is to identify which factors are most strongly associated with higher churn rates to guide customer retention strategies.

Key Insights & Findings:

- Contract Type and Churn:

- Customers on month-to-month contracts exhibit the highest churn rate at 42%, compared to 11% for one-year contracts and 3% for two-year contracts.
- Implication: Longer contract periods serve as a strong retention tool, significantly reducing churn rates.

- Payment Methods and Churn:

- Customers paying via electronic checks show the highest churn rate at 45%, while those using credit cards, bank transfers, or mailed checks have churn rates around 15-18%.
- Implication: Addressing concerns around electronic payments and encouraging more stable payment methods could reduce churn.

- Churn by Tenure:

- Customers with less than one year of tenure have a 50% churn rate, dropping to 35% for 1-3 years, and 15% for those with over three years of tenure.
- Implication: Engaging customers early, especially within the first year, is critical for improving

retention.

- Churn by Internet Service Type:

- Fiber optic service users show a higher churn rate (30%) compared to DSL users (20%).
- Implication: Investigating customer satisfaction with fiber optic services can help identify areas for improvement.

- Senior Citizens and Churn:

- Senior citizens (aged 65+) have a churn rate of 41%, compared to 26% for non-senior citizens.
- Implication: Special retention programs targeting senior customers may help reduce churn.

Visualizations & Data Insights:

- Bar Charts and Line Graphs:

- Visualizations show electronic check users churn almost three times as much as credit card users.
- Tenure vs. churn rate visualizations reveal a declining churn trend with increased customer tenure.

- Percentage Distribution:

- Payment Methods: 45% churn for electronic check users, 15% for credit card users.
- Contract Types: 42% churn for month-to-month contracts, 11% for yearly contracts, 3% for two-year contracts.
- Tenure: 50% churn in the first year, dropping to 15% after three years.

Recommendations:

- Promote Long-Term Contracts: Offer incentives for customers to commit to longer contracts to reduce churn.

- Address Payment Method Concerns: Implement campaigns encouraging customers to switch from electronic checks to more reliable payment methods.
- Customer Engagement in Early Tenure: Focus on enhancing the customer experience during the first year, as churn is highest in this period.
- Special Senior Citizen Retention Programs: Create personalized offers or assistance programs tailored to senior citizens.

This analysis provides a clear roadmap for targeted interventions to reduce churn and enhance customer retention strategies.