Summery and Recommendation

This Customer Churn Analysis aims to identify the primary factors contributing to customer attrition and provide insights to improve retention. The dataset includes 7,043 customer records, analyzing demographic, service usage, financial details, and contract types. The findings highlight key trends in churn behavior and potential intervention strategies.

Key Findings:

1. Churn Rate & Customer Profiles

The overall churn rate is 26.5% (1,869 out of 7,043 customers).

Demographics:

Senior citizens (16% of customers) have a significantly higher churn rate (41%) compared to non-senior citizens (24%).

Customers with dependents have a lower churn rate (15%), while those without dependents are more likely to leave (32% churn rate).

Contract Type Influence:

Month-to-month customers have the highest churn rate at 43%.

Customers on one-year contracts churn at 11%, while those on two-year contracts have the lowest churn at 3%.

2. Service & Feature Impact on Churn

Internet Service Type:

Customers using Fiber Optic internet (44% of total customers) have a churn rate of 42%, significantly higher than DSL users (19%) and those without internet service (10%).

Additional Services:

Customers without Online Security churn at 43%, while those with the service churn at only 15%.

Tech Support availability reduces churn from 42% (without support) to 14% (with support).

Customers without streaming services have a lower churn rate (18%), suggesting that entertainment service bundling alone may not significantly influence retention.

3. Financial Insights

Monthly Charges:

The average monthly charge for churned customers is $74.40, compared to $61.20 for retained customers, indicating pricing concerns.

Customers paying more than $80 per month churn at 50%, while those paying less than $50 per month churn at only 10%.

Payment Methods & Billing Preferences:

Electronic check users (35% of customers) have the highest churn rate at 46%, while bank transfer (5% churn) and credit card automatic payments (6% churn) are associated with greater retention.

Customers using paperless billing churn at 30%, while those receiving physical bills churn at 18%, suggesting that proactive communication in billing might help retain users.

Customer Retention Strategies:

1. Contract-Based Incentives

Encouraging customers to switch from month-to-month plans to longer contracts through discounts and promotions.

2. Feature Upselling

Bundling Online Security and Tech Support with internet services to improve retention, as these services correlate with lower churn.

3. Pricing Adjustments

Introducing tiered pricing for customers in high-churn segments (e.g., those paying over $80/month).

4. Payment Method Optimization

Encouraging automatic payments via bank transfer or credit card by offering small discounts to reduce churn.

5. Targeted Senior Citizen Retention Plans

Personalized engagement strategies for senior citizens, possibly with dedicated customer support and simplified service plans.