

SUMMARY AND RECOMMENDATIONS

Executive Summary

This analysis examines customer churn behavior, revealing key insights about the factors influencing churn and opportunities to improve retention. Key findings include:

1. **Customer Tenure:** Churn is highest (around 55%) among customers with less than one year of tenure, indicating that newer customers are more likely to leave. As tenure increases, churn rates drop significantly.
2. **Contract Type:** Over 75% of customers with month-to-month contracts churn, compared to only 11% for one-year contracts and 4% for two-year contracts. Long-term contracts have a much lower churn rate.
3. **Payment Method:** Customers using electronic checks have the highest churn rate (42%), while those using credit cards or bank transfers have lower churn rates (around 10-12%).
4. **Service Usage:** Customers subscribing to additional services such as online security or tech support have a much lower churn rate (8%) compared to those without add-ons (30%).
5. **Demographics:** Older customers (aged 55 and above) and those with dependents have lower churn rates (10-12%) compared to younger customers and those without dependents (24-25%).
6. **Internet Service Type:** Customers using fiber optic services exhibit a higher churn rate (30%) compared to DSL users (15%).

Recommendations

1. **Target New Customers:** Focus on retention efforts for customers with short tenures by offering welcome benefits, personalized engagement, and loyalty incentives early in the customer journey.
2. **Promote Long-Term Contracts:** Incentivize customers to shift from month-to-month contracts to longer-term contracts by offering discounts or exclusive perks, reducing the risk of churn.
3. **Improve Payment Experience:** Encourage customers using electronic checks to switch to more stable payment methods (like credit card auto-pay) through special offers or convenience incentives.

4. **Service Bundling:** Promote service bundles that include add-ons like online security, tech support, or device protection to reduce churn and increase customer stickiness.
5. **Target Younger Customers:** Develop targeted marketing and engagement strategies for younger customers, offering services and plans that appeal to their needs and preferences.
6. **Enhance Fiber Optic Services:** Improve service quality for fiber optic customers to increase satisfaction and reduce churn. Consider offering better support or performance enhancements to retain this segment.