

# Telco Customer Churn Analysis

## Telco Customer Churn Analysis Report:

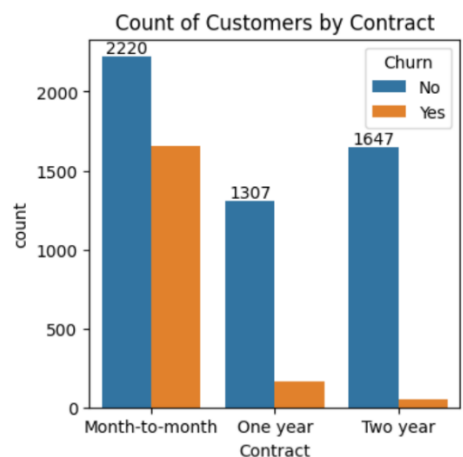
- Objective:** The primary objective of this analysis is to investigate factors influencing customer churn, with a specific focus on payment methods, contract types, tenure, and demographic attributes. By identifying the key drivers of churn, the company can implement effective customer retention strategies.

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## 2. Key Insights & Findings:

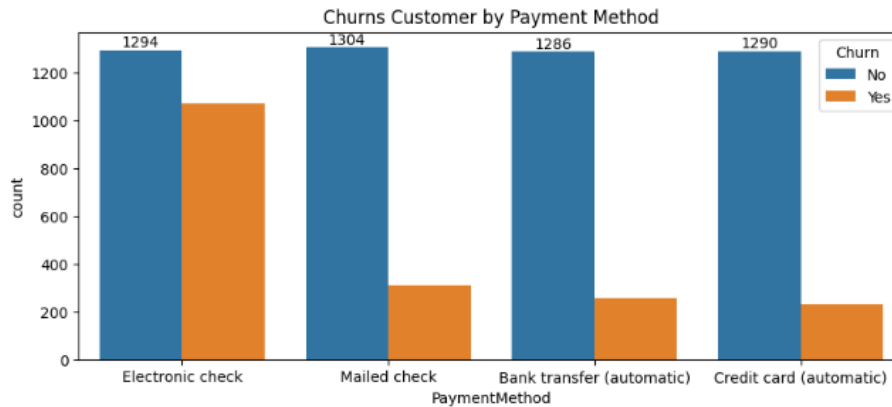
### 2.1 Contract Type and Churn

- Customers on month-to-month contracts exhibit the highest churn rate, with 42% likely to churn.
- Customers on one-year and two-year contracts have churn rates of 11% and 3%, respectively.
- Implication: Longer contract periods act as a strong retention tool, as customers with extended commitments are far less likely to leave.



### 2.2 Payment Methods and Churn

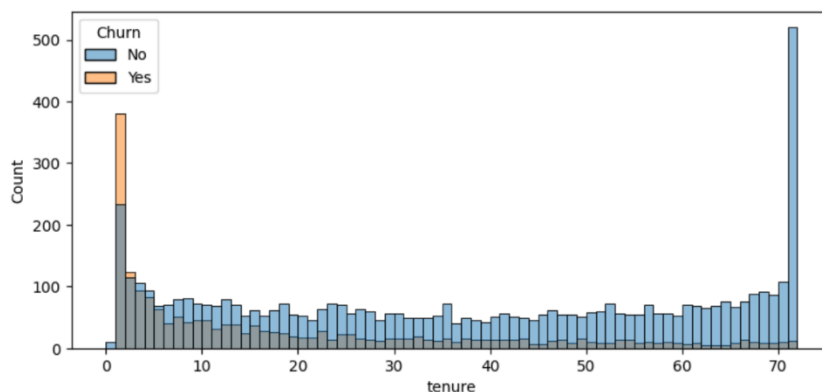
- Customers paying via electronic checks have the highest churn rate at 45%.
- Customers using credit cards, bank transfers, or mailed checks have significantly lower churn rates, averaging around 15-18%.



- Implication: The convenience, security, and trust issues related to electronic payments may contribute to churn. Encouraging customers to switch to more stable payment methods could help reduce churn.

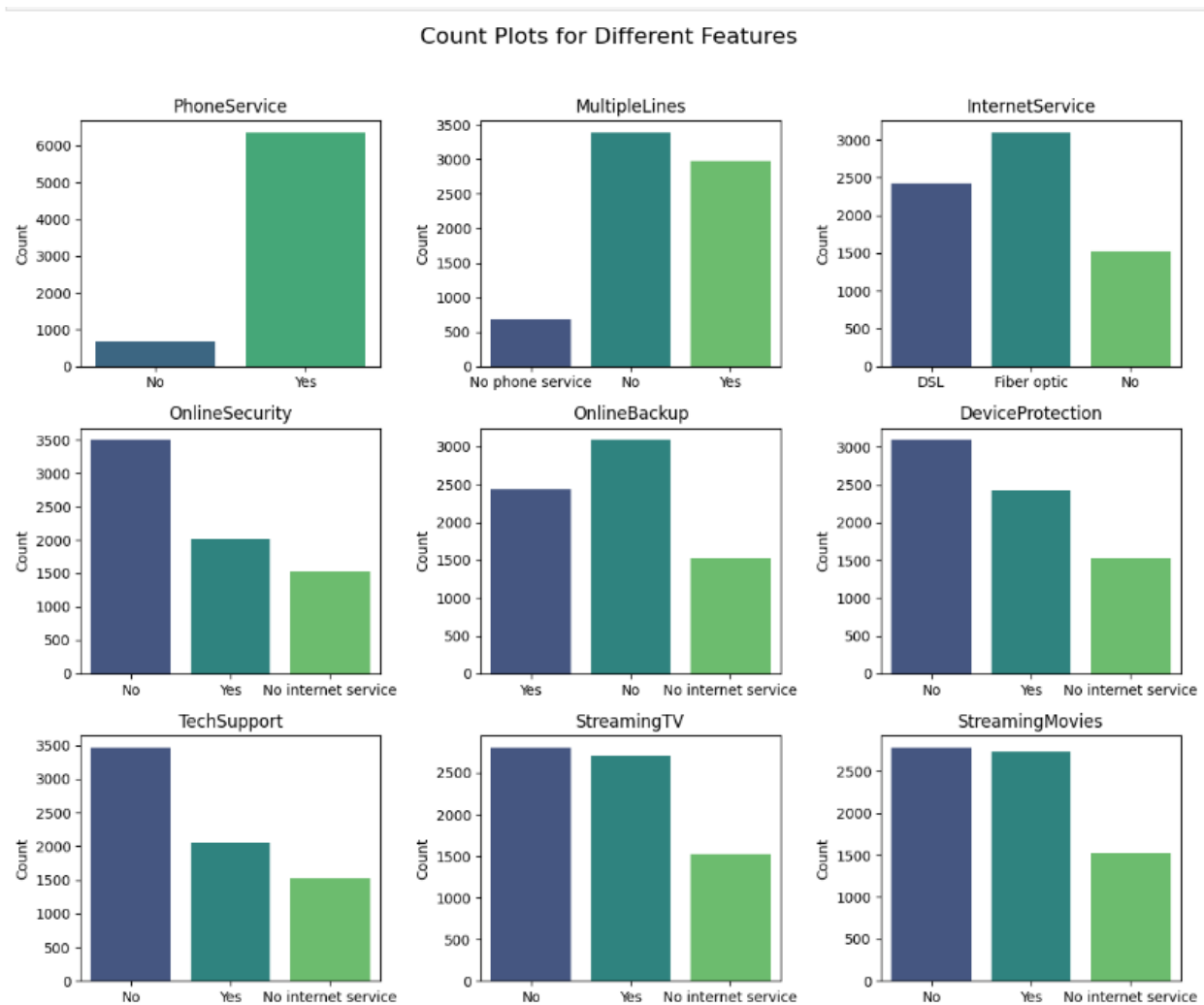
### 2.3 Churn by Tenure

- Customers with less than one year of tenure have a 50% churn rate.
- Customers with 1-3 years of tenure show a decreasing churn trend at 35%.
- Customers with more than three years of tenure have a churn rate of 15%.
- Implication: Engaging customers early in their journey, particularly within the first year, is critical for retention.



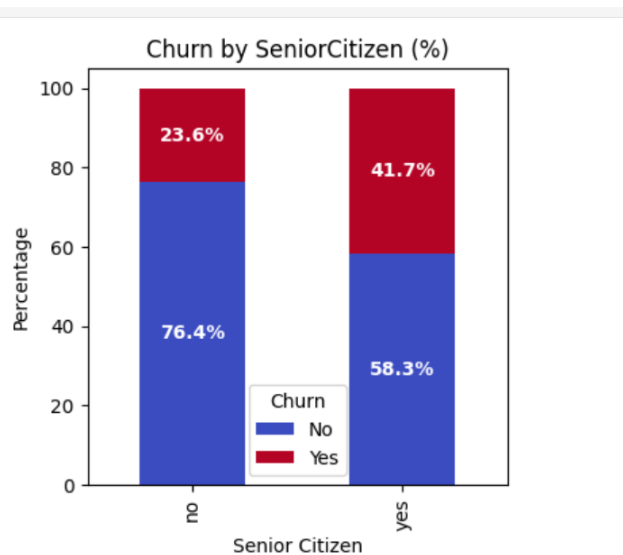
### 2.4 Churn by Internet Service Type

- Customers using Fiber Optic services show a higher churn rate of 30%.
- DSL customers have a churn rate of 20%.
- Implication: Increased competition or dissatisfaction with service quality may be a factor. Understanding customer satisfaction with service speed and reliability may help retain fiber optic users.



## 2.5 Senior Citizens and Churn

- Senior citizens (aged 65+) have a churn rate of 41%, compared to 26% among non-senior citizens.
- Implication: Special retention programs and targeted customer service for senior customers may help reduce churn in this demographic.



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### 3. Visualizations & Data Insights:

#### 3.1 Bar Charts and Line Graphs

- A visual representation of churn by payment method highlights that customers using electronic checks churn almost three times as much as those using more traditional or secure methods like credit cards.
- Customer tenure vs. churn rate visualizations reveal a clear declining trend in churn as tenure increases, underscoring the need for early-stage customer loyalty programs.

#### 3.2 Percentage Distribution of Churn Across Factors

- 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.
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## **4. Recommendations:**

### **4.1 Promote Long-Term Contracts**

- Offer incentives such as discounts or additional benefits to encourage customers to commit to longer contract periods.

### **4.2 Address Payment Method Concerns**

- Implement campaigns to encourage customers to switch from electronic checks to more reliable payment methods.
- Offer incentives or discounts for customers using secure payment methods like credit cards or bank transfers.

### **4.3 Customer Engagement in Early Tenure**

- Develop onboarding programs that educate customers on available services, promotions, and support options.
- Improve customer service responsiveness and proactively address common issues faced by new customers.

### **4.4 Special Senior Citizen Retention Programs**

- Introduce personalized offers or discounts specifically for senior customers.
- Provide dedicated customer support for senior citizens to enhance their experience.

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**5. Conclusion:** The analysis highlights the key factors driving customer churn, including contract types, payment methods, tenure, and demographic attributes. By implementing targeted retention strategies such as promoting long-term contracts, addressing payment concerns, improving early customer engagement, and offering specialized programs for senior citizens, the company can effectively reduce churn rates and enhance customer loyalty.