

Executive Summary – Churn Analysis

The churn analysis investigates customer attrition patterns, revealing that **26.54% of customers have churned**, while **73.46% remain active**. The study examines various factors influencing customer retention and churn behavior.

Key Findings & Insights

1. Contract Type & Churn Rate

- Customers with **month-to-month contracts** show the highest churn rate at **42%**.
- Customers with **one-year contracts** have a churn rate of **11%**, while those with **two-year contracts** have the lowest churn rate at **3.9%**.
- Longer contract commitments correlate with increased customer retention.

2. Billing Method & Churn Rate

- Customers using **paperless billing** have a churn rate of **33.7%**, whereas those using traditional billing have a lower churn rate of **18.9%**.
- This indicates that customers preferring paperless billing may require additional engagement strategies to enhance retention.

3. Phone Service Impact

- The presence or absence of **phone service does not significantly impact churn rates**, suggesting that **other factors like internet service or contract type play a more dominant role** in customer retention.

4. Payment Methods & Churn Trends

- Customers paying via **electronic checks** have the highest churn rate at **45%**, suggesting possible dissatisfaction with this payment method.
- Those using **credit cards or bank transfers** show much lower churn rates of around **16% and 15%**, respectively.

Implications & Recommendations

1. **Encourage Long-Term Contracts:** Providing **discounts or loyalty incentives** for one- and two-year contracts could significantly reduce churn.
2. **Enhance Paperless Billing Experience:** Improved **communication, reminders, or incentives** for paperless billing users could enhance retention.
3. **Analyze Payment Method Preferences:** Since **electronic check users have the highest churn rate**, investigating reasons behind this dissatisfaction could help optimize billing strategies.

Overall, the analysis highlights that **contract type, billing preferences, and payment methods play a critical role in churn rates**, with month-to-month contracts and electronic check users being at the highest risk of leaving. Addressing these areas could significantly improve customer retention.