

## **Findings and Solutions to Reduce Customer Churn for Telecommunications Company:**

### **Executive Summary**

This report analyzes customer data using logistic regression and clustering techniques to identify distinct customer segments to provide strategies to reduce churn. Each cluster will increase understanding of the characteristics of the customer segments, and tailored solutions will be provided to enhance customer satisfaction, loyalty, and retention.

### **Findings & Solutions**

The customer data was analyzed and segmented into three distinct clusters:

#### **Cluster 1: Loyal High-Value Customers**

- Age: 44.4
- Annual Income: \$61,318
- Monthly Charges: \$80.80
- Total Charges: \$5,722
- Tenure: 52.8 months (about 4 and a half years)

This cluster comprises average age customers with higher annual incomes and long tenures. They also have the highest total and monthly charges. All these factors together indicate consumers who are loyal and provide high value to the company through their spending ability.

Solutions: Implement loyalty programs that reward customers with long tenure and provide discounts and benefits which will match well with their high monthly spending.

#### **Cluster 2: High-Potential New Customers**

- Age: 49.4
- Annual Income: \$58,791
- Monthly Charges: \$87.10
- Total Charges: \$2,910
- Tenure: 25 months (about 2 years)

These customers are relatively new due to low tenure but have high monthly spending. This indicated high potential given their current spending patterns.

Solutions: Since these are new customers continue to focus on onboarding processes to keep engagement strong. Use promotions that incentivize longer tenure to transition this customer segment to long term. Use upselling techniques to maximize higher monthly spending patterns.

#### Cluster 3: Cost-Sensitive Younger Customers

- Age: 37.5
- Annual Income: \$45,139
- Monthly Charges: \$56.90
- Total Charges: \$4,329
- Tenure: 32.3 months (about 2 and a half years)

These customers are younger and have lower annual incomes and monthly charges. The lower monthly charges and marginally longer tenure indicate that this cluster tends to be cost-sensitive and value-conscious.

Solutions: Offer more affordable plans or discounts that cater to these customers' spending constraints. Gradually introduce higher-value products to raise spending on monthly services as they age.

## Conclusion

By understanding that the customer base is segmented into distinct clusters, each with its behaviors and constraints, the company can implement targeted strategies to reduce customer churn. Focusing on engagement for new customers, upselling to match monthly spending habits, and tailored discounts to likely buyers, will ultimately increase customer satisfaction and contribute to sustained business growth and profitability.