Churn Analysis Documentation: Insights, Recommendations, and Retention Strategies

Overview

This documentation summarizes key insights from churn analysis across customer segments, provides actionable recommendations to reduce churn, and outlines personalized retention strategies for high-risk segments. The presentation is designed for Tableau with static visuals for clarity and simplicity.

Key Insights

Churn Rates Across Segments

- **Highest-Risk Segment**: High Usage, High Spending, Short-Term customers churn at 73.68%, driven by short tenure, high usage expectations, and high spending dissatisfaction.
- **Other High-Risk Segments**:

  - Paperless Billing Customers: 49.77% churn due to billing confusion.
  - Electronic Check Users: 47.77% churn due to billing friction.
  - Month-to-Month Contract Customers: 42.71% churn due to lack of commitment.
  - High Monthly Charges ($90–$100): 42.86% churn due to perceived lack of value.

- **Usage Levels**: Medium Usage customers churn at 37.38% (highest among usage levels), indicating unmet needs, compared to High Usage (23.58%) and Low Usage (10.92%).
- **Tenure Stages**:

- ○ Onboarding (0–1 month): 61.99% churn.
- ○ Early Engagement (2–20 months): Peaks at 38.93% (month 5).
- ○ Retention (21–40 months): Peaks at 24.62% (month 37).
- ○ Loyalty (41+ months): 40.91% retention.

- **Billing and Payment**:

  - ○ Paperless billing: 49.77% churn vs. 32.74% without.
  - ○ Electronic check: 47.77% churn vs. 19.05% for credit card (automatic).

- **Service Factors**:

  - ○ No protection services: 52.55% churn vs. 24.03% with.
  - ○ No tech support: 41.64% churn vs. 15.17% with.
  - ○ High spenders: 33.98% churn vs. 15.70% for low spenders.

Key Drivers of Churn

- Early tenure: Highest churn in the first month (61.99%), dropping to 38.93% by month 5.
- Billing issues: Manual payment methods (electronic check) and paperless billing increase churn.
- Service reliability: Lack of protection and tech support significantly increases churn for high usage customers.
- Value perception: High spenders and high monthly charge customers churn due to perceived lack of value.
- Contract type: Month-to-month contracts churn at 42.71% vs. 2.83% for two-year contracts.

Actionable Recommendations

1. **Focus on Early Engagement**:

   - ○ Implement structured onboarding (welcome calls, tutorials, free add-ons for 3 months) to retain customers in the first 5 months.
   - ○ Why: Churn drops from 61.99% to 38.93% in 5 months naturally; proactive onboarding can accelerate this.

2. **Promote Autopay**:

   ○ Offer discounts to switch electronic check users to automatic payments (credit card).
   ○ Why: Electronic check users churn at 47.77% vs. 19.05% for credit card users.

3.
   Encourage Protection/Tech Support:

   ○ Provide a 3-month free trial of protection and tech support services.
   ○ Why: No protection churn is 52.55% vs. 24.03% with; no tech support churn is 41.64% vs. 15.17% with.

4. **Address High Spenders/Value Perception**:

   ○ Offer value add-ons (free streaming) for high spenders and customers with monthly charges above $90.
   ○ Why: High spenders churn at 33.98%; $90–$100 monthly charges churn at 42.86%.

Personalized Retention Strategies for Top 5 Segments

Segment	Churn Rate	Strategies	Goal
High Usage, High Spending, Short-Term	73.68%	- VIP onboarding - Free add-ons for 6 months	Reduce to 41.79%
Paperless Billing Customers	49.77%	- Simplified portal - Hybrid billing for 6 months	Reduce to 32.74%
Electronic Check Users	47.77%	- Autopay discount - Billing support	Reduce to 19.05%

Month-to-Month Contract Customers	42.71%	- Contract switch incentive - Loyalty rewards	Reduce to 2.83%
Customers with High Monthly Charges ($90–$100)	42.86%	- Value add-ons - Price adjustment	Reduce to 14.12%

Next Steps

- Implementation Timeline: Start with onboarding improvements and autopay promotion by Q1 2025.
- Monitoring: Track churn rates monthly to measure impact, aiming for a 15% overall reduction.
- Focus Areas: Prioritize early engagement (first 5 months) and billing improvements for electronic check users.

This concise presentation in Tableau, using static visuals, communicates the churn problem, key drivers, recommendations, and retention strategies, ensuring a clear and actionable plan to reduce churn.