

Executive Summary: Teco Customer Churn Analysis

This analysis examines the factors influencing customer churn and identifies actionable insights to improve retention. The findings are based on detailed exploration of customer behavior, service usage patterns, and demographic characteristics.

Key Findings:

Overall Churn Rate:

26.54% of customers have churned. This represents a significant portion of the customer base and necessitates targeted retention strategies.

Demographics and Churn:

Senior Citizens have a notably higher churn rate compared to younger customers. This highlights the need for tailored retention efforts to address the unique needs of this demographic.

Tenure and Churn:

Customers with short tenures (1–2 months) are far more likely to churn, while those with tenures exceeding 2 years exhibit strong loyalty.

Example: Over 60% of customers with 1-month tenure have churned, while less than 10% of customers with tenures longer than 2 years have churned.

Contract Type:

Customers with month-to-month contracts exhibit the highest churn rate (~42%), compared to 11% for 1-year contracts and only 3% for 2-year contracts.

Lock-in contracts are more effective in retaining customers.

Service Usage Patterns:

Customers using "Fiber Optic" Internet are more likely to churn (35% churn rate) compared to DSL users (19%).

Lack of OnlineSecurity, OnlineBackup, or TechSupport is strongly correlated with higher churn rates:

Customers without OnlineSecurity have a 40% churn rate compared to 15% for those with this service.

Similarly, customers without TechSupport have a 37% churn rate versus 12% for those with support.

Payment Methods:

Customers using electronic checks for payments show the highest churn (45%), compared to those using credit cards or bank transfers (15–20%).

Additional Insights:

Streaming Services (TV or Movies) have no strong impact on churn, suggesting they are not key drivers for customer retention.

Multiple Services: Customers subscribed to multiple services are less likely to churn, emphasizing the importance of cross-selling and bundling.

Actionable Recommendations:

Focus on Retention for Senior Citizens:

Introduce loyalty programs and personalized support for senior citizens to address their specific needs.

Encourage Long-Term Contracts:

Provide incentives for customers to switch from month-to-month contracts to longer-term options, such as discounts or additional features.

Enhance Key Services:

Improve the reliability and performance of Fiber Optic Internet.

Promote add-ons like OnlineSecurity, OnlineBackup, and TechSupport, which are associated with lower churn rates.

Revisit Payment Options:

Simplify and incentivize payment methods like credit cards or bank transfers, which are linked to lower churn.

Customer Onboarding:

Focus on the first few months of service, as short-tenure customers have the highest churn risk. Offer enhanced onboarding, early discounts, and proactive customer support.

By addressing these areas, the business can reduce churn rates, improve customer satisfaction, and ultimately increase revenue retention.