

Report

Summary and Recommendations

Objective:

The analysis examines key factors influencing customer churn in a telecom dataset of **7,043 customers**, with emphasis on tenure, contract types, service usage patterns, and payment methods. The goal is to identify high-risk customer segments and understand drivers of churn to support targeted retention strategies.

Key Insights:

- **Overall Churn Rate:**
Approximately **26%** of customers have churned, meaning **1 in 4 customers** discontinue service.
- **Tenure:**
Customers with **short tenure (1–6 months)** exhibit the **highest churn**, especially those in the **1–2 month** range.
This indicates potential onboarding issues, unmet expectations, or poor early service experience.
- **Contract Type:**
Month-to-month customers have a **significantly higher churn rate** compared to those on **1-year or 2-year contracts**.
Longer contract commitments serve as a natural retention mechanism.
- **Payment Method:**
Customers paying via **Electronic Check** show the **highest likelihood of churn**.
Other payment methods (credit cards, bank transfers, and mailed checks) have **much lower churn percentages**.
- **Add-On Services & Internet Security:**
Churned customers have **lower adoption** of add-ons such as:
Online Security
Online Backup
Device Protection
Tech Support
Streaming Services
This suggests that customers using more services tend to remain with the brand longer due to increased value perception.
- **Internet Service Type:**
Fiber Optic customers churn at a noticeably higher rate than **DSL** or **No Internet Service** customers.
This may point to pricing issues or service stability concerns for fiber plans.
- **Demographics – Senior Citizens:**
Senior citizens have a **higher churn percentage** compared to non-seniors.
They may face difficulties with technology support or higher monthly charges.

- **Churn Rate by Tenure:**

Customers with very low tenure (<1 year) are at the highest risk.

Churn drops significantly as tenure increases, showing that long-term customers are more stable.

Recommendations:

- **Strengthen Early-Tenure Engagement:**

Focus on the first 60–90 days through onboarding calls, setup assistance, and proactive issue resolution.

- **Promote Long-Term Contracts:**

Offer discounts, loyalty benefits, or bundled services to shift customers away from month-to-month plans.

- **Encourage Secure, Auto-Pay Billing:**

Incentivize Electronic Check users to switch to credit card or bank auto-pay to reduce churn.

- **Bundle Add-Ons for Stickiness:**

Offer value packs combining security, backup, device protection, and streaming services to increase retention.

- **Investigate Fiber Optic Churn Drivers:**

Review customer complaints, service stability logs, and pricing models for fiber users.