

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.