

Executive Summary – Telco Customer Churn Analysis

Project Objective

- Analyze telecom customer data to identify the key factors driving customer churn.
 - Use exploratory data analysis and visualizations to uncover patterns that impact customer retention.
 - Translate data insights into business-focused recommendations.
-

Key Findings

- **Contract Type**
 - Customers on **month-to-month contracts** account for the majority of churn.
 - In contrast, **1-year and 2-year contract customers contribute only a small percentage of churn**, indicating strong loyalty.
 - Month-to-month customers are **several times more likely to churn** than long-term contract customers.
- **Tenure**
 - **New customers (low tenure)** show the highest churn concentration.
 - Customers with **longer tenure represent a large share of the total base but a much smaller percentage of churn**, proving that loyalty increases over time.
- **Service Usage**
 - Over **60–70% of churn** comes from customers who **do not use value-added services** such as:
 - Online Security
 - Tech Support
 - Device Protection

- Online Backup
 - Customers who subscribe to these services have **significantly lower churn rates**, showing that service bundling improves retention.
- Internet Service
 - **Fiber-optic users show a higher percentage of churn compared to DSL users.**
 - This suggests **pricing sensitivity or higher service expectations** in the premium internet segment.
- Streaming Services
 - Customers who use **Streaming TV and Streaming Movies** are **more likely to stay**.
 - Churn is **more concentrated among customers without streaming services**, indicating that higher engagement reduces attrition.

Business Impact

- **Long-term contracts + bundled services = lower churn**
- **Short-term contracts + fewer services = higher churn risk**
- Improving **early customer experience** and **upselling value-added services** can significantly increase customer lifetime value.

Here are **practical, revenue-focused business recommendations** based on your churn analysis, written in a professional Data Analyst tone:

Business Recommendations for Reducing Churn & Increasing Profitability

1. Convert Month-to-Month Customers into Long-Term Contracts

- Since **month-to-month customers contribute the highest percentage of churn**, offer:
 - Discounted **1-year or 2-year contract upgrades**
 - Loyalty rewards (free installation, bill discounts, or bonus data)

- This will **stabilize revenue** and significantly **reduce customer acquisition costs**.
-

2. Bundle Value-Added Services to Increase Retention

- Customers without **Online Security, Tech Support, Device Protection, and Online Backup** show **60–70% higher churn contribution**.
 - Introduce **service bundles** at a discounted price:
 - “Security + Support Pack”
 - “Complete Protection Pack”
 - Bundling increases **customer dependency** and **switching costs**, improving retention.
-

3. Focus on Early-Tenure Customers (First 3–6 Months)

- Churn is **highest among new customers**.
 - Implement:
 - Welcome offers
 - Proactive customer support
 - Early satisfaction check-ins
 - Improving the first-month experience can **dramatically lower long-term churn**.
-

4. Re-evaluate Fiber-Optic Pricing & Experience

- Fiber customers have a **higher churn share** despite being a **high-revenue segment**.
 - Actions:
 - Improve service reliability
 - Offer loyalty discounts
 - Provide premium support for fiber users

This protects **high-value customers** and prevents revenue loss.
-

5. Promote Streaming Services as Engagement Tools

- Streaming TV & Movies reduce churn by increasing **platform engagement**.
 - Offer:
 - Free trial months
 - Bundled entertainment packages

This improves **customer stickiness** while increasing **average revenue per user (ARPU)**.
-

6. Use Churn Prediction for Targeted Retention

- Build a churn prediction model using:
 - Tenure
 - Contract type
 - Service usage
 - Focus retention offers on **high-risk customers**, which is far more **cost-effective than acquiring new ones.**
-

Final Business Value

By converting short-term customers into long-term users, bundling high-retention services, and improving early-stage engagement, the company can **reduce churn, increase lifetime value, and maximize revenue with minimal additional marketing cost** 