

# Summary and Recommendations

## Objective:

The goal of this analysis is to understand customer churn behavior, identify the factors driving higher churn rates, and provide data-driven recommendations to improve customer retention. By analyzing service usage, contract types, and payment methods, we aim to uncover actionable insights that can help the business reduce churn and enhance customer satisfaction.

## Key Insights:

### 1. Overall Churn Rate:

- **26.5% of customers have churned**, while **73.5% remain active**, indicating a notable portion of customers leaving and the need for better retention strategies.

### 2. Service Usage Impact:

- **Internet Service:**
  - Fiber optic users exhibit the highest churn rate at **42%**, compared to **19%** for DSL users and only **7%** for those with no internet service.
- **Additional Services:**
  - Customers without Online Security churn at **46%**, while those with the service churn only **15%**.
  - **44% of customers without Tech Support** churn, compared to **14%** for subscribers.
  - Device Protection also reduces churn — **38% churn without it**, while it drops to **18%** with the service.

### 3. Contract Type Influence:

- Month-to-month contracts have a **59% churn rate**, highlighting the risk of flexible plans.
- One-year contracts show **11% churn**, and two-year contracts demonstrate the highest retention with only **3% churn**.

### 4. Payment Methods & Churn:

- Customers using electronic checks have the highest churn rate at **45%**.
- Credit card and bank transfer users churn at **16%** and **14%**, respectively — indicating more stable retention with automated payment methods.

## **Recommendations:**

### **1. Enhance Service Quality:**

- Address performance issues with fiber optic service through quality improvements, pricing reviews, and enhanced customer support.
- Monitor customer feedback and take proactive steps to resolve complaints.

### **2. Promote Value-Added Services:**

- Bundle Online Security, Tech Support, and Device Protection with discounts to increase adoption and improve retention.
- Educate customers on the benefits of these services through targeted marketing campaigns.

### **3. Encourage Long-Term Contracts:**

- Offer attractive incentives like discounted pricing, free add-ons, or loyalty perks for customers switching from month-to-month to annual or two-year plans.

### **4. Optimize Payment Methods:**

- Encourage automated payment methods like credit cards and bank transfers by offering small discounts or rewards.
- Identify and resolve friction points for electronic check users to reduce dissatisfaction.

### **5. Strengthen Customer Support:**

- Prioritize outreach to high-risk customers (those without support services or on month-to-month plans) and offer tailored solutions.
- Use data analytics to identify early signs of dissatisfaction and intervene with personalized retention offers.