

# Summary and Recommendations

## Customer Churn Analysis Report

**Objective:** This analysis investigates factors influencing customer churn, with a focus on payment methods, contract types, and customer tenure. The goal is to identify key drivers of churn and provide actionable insights for improving customer retention.

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### Key Insights & Findings:

#### 1. Contract Type and Churn:

- **Month-to-month contracts:** Highest churn rate at **42%**.
- **One-year contracts:** Churn rate of **11%**.
- **Two-year contracts:** Churn rate of **3%**.
- *Implication:* Longer contract periods significantly reduce churn, indicating that longer commitments improve customer retention.

#### 2. Payment Methods and Churn:

- **Electronic checks:** Highest churn rate at **45%**.
- **Credit cards, bank transfers, mailed checks:** Churn rates range from **15-18%**.
- *Implication:* Electronic check users are more likely to churn, possibly due to convenience or trust issues with electronic payments. Encouraging customers to switch to more stable payment methods could help reduce churn.

#### 3. Churn by Tenure:

- **Less than 1 year:** Churn rate of **50%**.
- **1-3 years:** Churn rate decreases to **35%**.
- **More than 3 years:** Churn rate further drops to **15%**.
- *Implication:* The highest churn occurs within the first year. Early engagement strategies are crucial for retaining customers.

#### 4. Churn by Internet Service Type:

- **Fiber optic services:** Higher churn rate at **30%**.
- **DSL services:** Churn rate of **20%**.
- *Implication:* Fiber optic users may experience higher churn due to service dissatisfaction or competition. Understanding customer feedback on service quality can help improve retention in this segment.

## 5. Senior Citizens and Churn:

- **Senior citizens (65+):** Churn rate of **41%**.
  - **Non-senior citizens:** Churn rate of **26%**.
  - *Implication:* Senior citizens are more likely to churn. Targeted retention programs for this demographic could improve their retention.
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## Visualizations & Data Insights:

- **Churn by Payment Method:** Electronic check users have nearly three times higher churn than credit card or bank transfer users.
  - **Churn by Tenure:** The churn rate decreases significantly as tenure increases, highlighting the importance of early engagement.
  - **Churn by Contract Type:** Month-to-month contracts have the highest churn, while longer contract periods (1-2 years) show lower churn rates.
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## Recommendations:

1. **Promote Long-Term Contracts:** Offer incentives to customers for committing to one- or two-year contracts, which could reduce churn rates significantly.
  2. **Address Payment Method Concerns:** Encourage customers to switch from electronic checks to more reliable payment methods such as credit cards or bank transfers.
  3. **Enhance Early Customer Engagement:** Develop personalized onboarding and loyalty programs for customers within their first year to reduce early churn.
  4. **Implement Senior Citizen Retention Programs:** Design targeted offers and customer support programs for senior citizens to address their higher churn rates.
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**Conclusion:** By focusing on contract types, payment methods, and customer tenure, businesses can better understand churn drivers and implement strategies to improve retention. Special attention to senior citizens and promoting long-term contracts will be key in reducing overall churn rates.