Summary & Recommendations

Objective:

This analysis delves into the key drivers behind customer churn, focusing on contract types, payment methods, tenure, and demographics. The goal is to uncover actionable insights that can inform strategies to enhance customer retention.

Key Insights & Findings:

1. **Contract Type and Churn:**
   - **Insight:** Customers with month-to-month contracts have the highest churn rate, with **42%** of them likely to leave. In contrast, those on **one-year** contracts have an **11%** churn rate, while customers on **two-year contracts** churn at just **3%**.
   - **Recommendation:** Encouraging longer-term contracts appears to be a powerful retention tool, as longer commitments foster customer loyalty and reduce churn significantly.
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2. **Payment Methods and Churn:**
   - **Insight:** Customers paying via **electronic checks** exhibit the highest churn rate, at **45%**, compared to an average of **15-18%** for those using credit cards, bank transfers, or mailed checks.
   - **Recommendation:** Consider offering incentives for customers to switch from electronic checks to more reliable payment methods, potentially improving retention through increased convenience and trust.
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3. **Churn by Tenure:**
   - **Insight:** Churn is most pronounced among customers with **less than one year** of tenure, at **50%**. This rate decreases significantly as tenure increases, dropping to **35%** for customers with **1-3 years** of tenure, and to just **15%** for those with more than **three years**.
   - **Recommendation:** Focus on the customer experience in the first year—this is a critical period for retention. Early-stage engagement programs can help solidify loyalty and prevent churn.
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4. **Churn by Internet Service Type:**
   - **Insight:** Customers using **Fiber Optic** services have a **30%** churn rate, which is notably higher than the **20%** churn rate for **DSL** customers.
   - **Recommendation:** Investigate the potential reasons behind this disparity, such as service satisfaction or competition. Addressing customer concerns

regarding service speed and reliability could help lower churn rates for Fiber Optic users.
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5. **Senior Citizens and Churn:**
    - **Insight:** Senior citizens (aged **65+**) are more likely to churn, with a **41%** churn rate, compared to **26%** for non-senior customers.
    - **Recommendation:** Consider tailored retention programs for senior citizens, offering personalized support and targeted services to reduce churn in this demographic.

Visualizations & Data Insights:

- **Bar Charts and Line Graphs:**
    - These visualizations starkly highlight that customers using **electronic checks** churn at nearly **three times** the rate of those using more traditional or secure methods like credit cards or bank transfers.
    - The **tenure vs. churn rate** graph reveals a clear downward trend, emphasizing the importance of loyalty programs and engagement efforts, especially within the first year of service.
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- **Percentage Distribution of Churn by Key Factors:**
    - **Payment Methods: 45%** churn for electronic check users, **15-18%** for credit card or bank transfer users.
    - **Contract Types: 42%** churn for month-to-month contracts, **11%** for yearly contracts, and only **3%** for two-year contracts.
    - **Tenure: 50%** churn in the first year, reducing to **15%** for customers with over three years of tenure.

Recommendations for Reducing Churn:

1. **Promote Long-Term Contracts:**
   Offering discounts or other incentives for customers to commit to **longer-term contracts** can significantly reduce churn rates.

2. **Address Payment Method Concerns:**
   Implement targeted campaigns encouraging customers to transition from **electronic checks** to more reliable payment methods, improving both convenience and retention.

3. **Enhance Early Engagement:**
   Prioritize customer engagement during the **first year**, offering personalized onboarding experiences and support to foster long-term loyalty.

4. **Targeted Programs for Seniors:**
   Develop special retention strategies for **senior citizens**, such as personalized offers, loyalty rewards, or tailored customer service to improve satisfaction and reduce churn in this demographic.