

# Telco Customer Churn Analysis

## 1. Overview

Customer churn is a critical issue in the telecom industry, impacting revenue and long-term customer relationships. This analysis focuses on identifying key factors influencing customer churn, understanding churn trends, and providing actionable recommendations to improve retention. The findings are derived from comprehensive data visualization and statistical insights.

## 2. Key Findings

### 2.1 Overall Churn Rate

- Out of the total customer base, **26.54% (1,869 customers)** have churned, while **73.46% (5,171 customers)** remain with the company.
- More than a quarter of the customer base is leaving, which signals the need for targeted retention strategies.

### 2.2 Churn by Senior Citizen Status

- **Senior citizens (aged 65 and above) exhibit a significantly higher churn rate of 41.7%**, compared to **23.6% among non-senior customers**.
- Retention among non-seniors is **76.4%**, whereas for senior citizens, it drops to **58.3%**.
- This suggests that **senior customers may face challenges such as usability issues, affordability concerns, or lack of tailored offerings**.

### 2.3 Churn by Payment Method

- Customers using **Electronic Check payments have the highest churn rate at 45.3% (1,071 out of 2,365 customers)**.
- In contrast, customers using **automatic payment methods like Credit Card or Bank Transfer show significantly lower churn rates, at around 15-18%**.
- The high churn rate for **Electronic Check users indicates possible inconveniences, processing delays, or trust issues with the payment method**.

- Encouraging **automatic payment methods** could lead to better retention.

## 2.4 Churn by Contract Type

- **Month-to-Month contracts** have the highest churn rate, with **1,673 out of 3,893 customers leaving (42.9%)**.
- One-year contract customers have a much lower churn rate of **5.7% (78 out of 1,385 customers)**, while two-year contract customers churn at only **3.6% (58 out of 1,705 customers)**.
- **Longer contract commitments significantly reduce churn**, highlighting the need for incentives to promote long-term subscriptions.

## 2.5 Churn by Customer Tenure

- Customers with **less than 6 months of tenure** have the highest churn rates (**above 50%**), pointing to a **serious early-stage churn issue**.
- Churn rates steadily decline as tenure increases, with customers staying for over 60 months experiencing **the lowest churn rates (under 10%)**.
- **Retention during the first 6 months is crucial to building long-term customer relationships**.

# 3. Actionable Recommendations

### 3.1 Retention Strategy for Senior Citizens

- Implement **personalized customer support and loyalty discounts** for senior customers.
- Offer **simplified billing and service options** tailored to their needs.
- Conduct **surveys and feedback sessions** to understand specific pain points.

### 3.2 Encouraging Automatic Payment Adoption

- Provide **discounts or cashback** incentives for customers switching from Electronic Checks to automatic payments.
- Enhance **payment processing transparency and security** to build trust.
- Educate customers on **the benefits of automated payments via emails, webinars, or customer service interactions**.

### 3.3 Reducing Month-to-Month Churn

- Introduce **exclusive benefits for long-term contract customers**, such as **discounts, loyalty rewards, or premium services**.
- Promote **contract conversion offers for month-to-month users**, encouraging them to switch to annual plans.
- Enhance **customer service engagement for month-to-month users**, addressing concerns before they decide to leave.

### 3.4 Addressing Early-Stage Churn

- Implement **strong onboarding programs** that actively engage customers within their **first 3-6 months**.
- Offer **personalized outreach, onboarding calls, or welcome discounts** to new customers.
- Monitor **early-stage churn indicators** and proactively intervene when customers show signs of dissatisfaction.

## 4. Conclusion

Customer churn remains a significant challenge, but with **targeted retention strategies, payment optimization, contract incentives, and early-stage engagement**, the company can significantly improve its customer retention rates. By focusing on data-driven solutions and customer-centric approaches, long-term loyalty and revenue stability can be achieved.