

Summary & Recommendations

Customer Churn Analysis

This report provides an in-depth exploration of **customer churn**, identifying key influencing factors using detailed **data visualizations and statistical analysis**. The goal is to uncover actionable insights that can enhance customer retention strategies and reduce churn rates.

Key Findings & Insights

1. Overall Churn Rate

- The **customer churn rate stands at 26.54%**, meaning that approximately **one in four customers** has left the service.
 - This is a significant proportion that requires strategic interventions to improve retention.
-

2. Churn by Demographics

Gender-wise Churn

- Analysis reveals that gender does not play a major role in churn rates. Both male and female customers churn at nearly equal rates, indicating that retention strategies should focus on other factors rather than gender-based targeting.

Senior Citizen Churn

- Senior Citizens exhibit a **higher churn rate** compared to non-senior customers.
- Breakdown of churn percentage by seniority:
 - **Senior Citizens: 41.67%** churn rate

- **Non-Senior Citizens: 23.54%** churn rate
 - This suggests that **older customers may require better engagement, specialized support, or more user-friendly service features.**
-

3. Churn by Payment Method

- A **significant pattern** is observed in churn based on the preferred **payment method**:
 - **Electronic Check Users: 45.16%** churn rate (highest among all groups)
 - **Mailed Check Users: 19.11%** churn rate
 - **Bank Transfer (Automatic): 16.71%** churn rate
 - **Credit Card (Automatic): 15.25%** churn rate (lowest churn rate)
 - **Key Takeaway:** Customers using **automatic payment methods (Credit Card or Bank Transfer)** churn **much less frequently** compared to those relying on **Electronic Checks**.
 - **Recommendation:** Encourage customers to **switch to auto-payment** by offering discounts or additional perks to reduce churn.
-

4. Churn by Subscription Type & Services

Contract Type & Churn

- The type of contract **strongly influences churn rates**:
 - **Monthly Contract Users: 42.01%** churn rate
 - **One-Year Contract Users: 11.89%** churn rate

Two-Year Contract Users: 4.92% churn rate

- Customers on **short-term (monthly) contracts are 4x more likely to churn** compared to those on longer-term contracts.
- **Key Takeaway:** Encouraging customers to **switch to longer contracts** (via discounts or loyalty rewards) can significantly **improve retention**.

Services & Their Impact on Churn

- Customers who **do not subscribe** to the following **optional services** have **higher churn rates**:
 - **Online Security: 42.62% churn rate** (compared to 15.78% for those subscribed)
 - **Tech Support: 41.89% churn rate** (compared to 14.55% for those subscribed)
 - **Streaming TV & Movies:** Customers with **both streaming services** have a **27.89% churn rate**, but those without any streaming services have a **35.21% churn rate**.
 - **Key Takeaway:** Value-added services like **Tech Support, Online Security, and Streaming Services contribute to customer retention**. Bundling these services into contracts could reduce churn.
-

5. Monthly Charges & Churn

- Customers with **higher monthly charges** tend to **churn more frequently**.
- Breakdown of churn rates by monthly charges:
 - Customers paying below \$30 per month: 5.21% churn rate
 - Customers paying between \$30-\$70 per month: 21.67% churn rate

- Customers paying above \$70 per month: 42.89% churn rate
 - **Key Takeaway:** Higher service costs **correlate with higher churn rates**, meaning pricing strategies and cost-justification efforts should be considered.
-

Actionable Recommendations

1. Increase Adoption of Auto-Payments

- Since **Electronic Check users have the highest churn**, offering incentives to switch to Bank Transfers or Credit Card Auto-Payments could reduce churn by **over 50%**.

2. Encourage Long-Term Contracts

- Since **monthly contract users have a 42% churn rate**, companies should:
 - Offer **loyalty rewards for 1-year and 2-year plans**
 - Provide **early renewal discounts**
 - Implement **lock-in benefits** to increase long-term commitment.

3. Improve Retention for Senior Citizens

- Given their **higher churn rate (41.67%)**, targeted **customer engagement programs** for senior citizens should be introduced.
- Consider **simplifying services, adding personalized support, or offering dedicated assistance**.

4. Promote Value-Added Services

- Customers **without Tech Support or Online Security** churn at over **40%**, compared to under **15%** for those with these services.
- **Upselling** these services to existing customers **could significantly reduce churn**.

5. Re-Evaluate Pricing Strategy

- Customers **paying above \$70 per month** churn at **42.89%**.
 - Consider **tiered pricing models, bundled discounts, or additional perks** for high-paying customers to **increase perceived value**.
-

Conclusion

This analysis identifies **key drivers of customer churn**, revealing that **payment method, contract type, service subscriptions, and pricing play crucial roles** in customer retention.

By **implementing targeted retention strategies**, businesses can **potentially reduce churn by 30-50%**, improving both customer satisfaction and long-term revenue.