

# California Telco Customer churn Analysis

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# Summary

- Predictive analysis of the California Telco indicate with a balanced accuracy of 76% that the Telco could retain customers and increase revenue if they could:
- Move most of the month-to-Month contract customers to one year or more
- Incentivize or review the internet services offered to customers subscribed to the Fiber Optic category
- Reduce the cost of services for customers on month-to-Month



# Outline

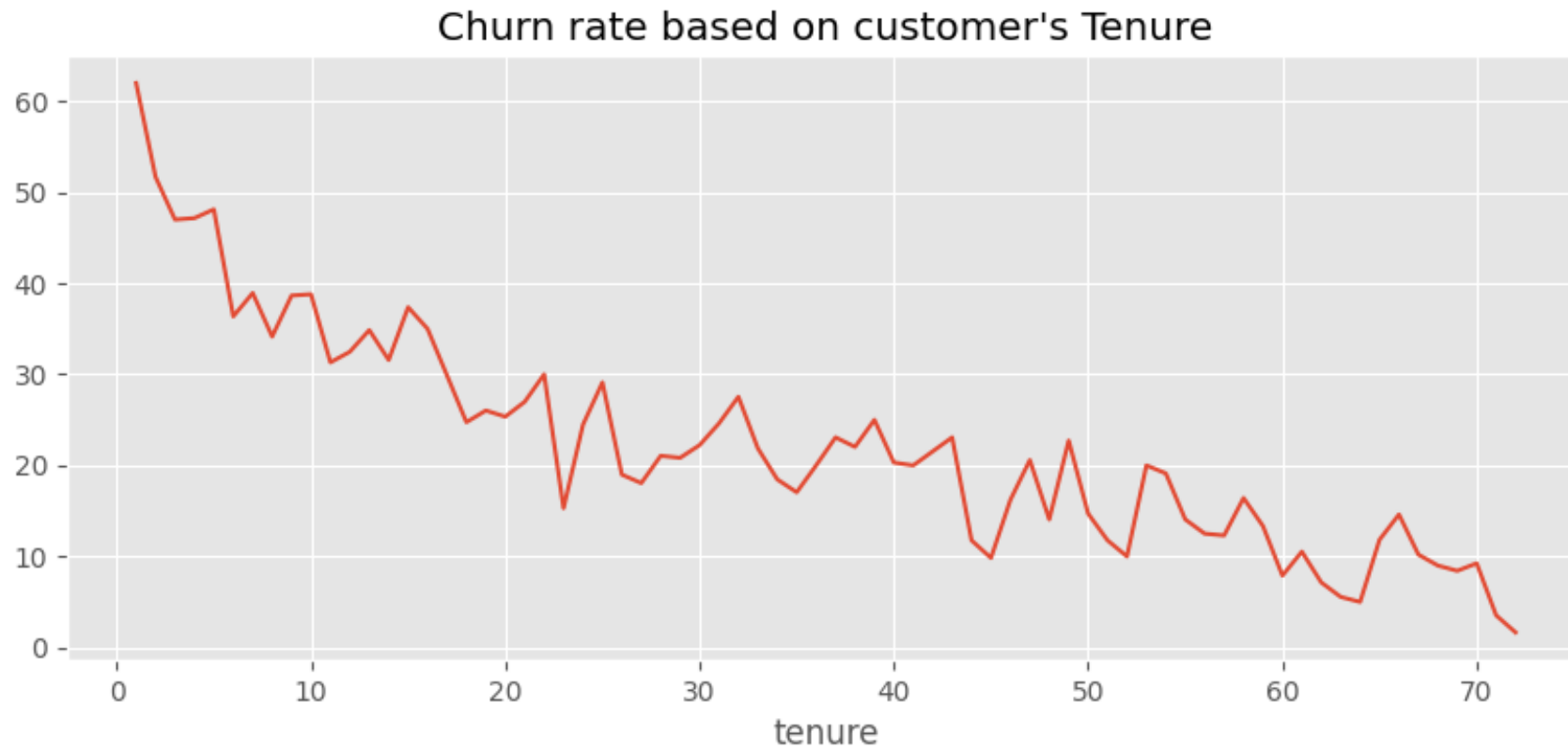
- Business Problem
- Data & Methods
- Modeling/Model evaluation
- Conclusion/Recommendations





# Business Problem

- Understand reasons behind customer churn
- Identify the segments of customers most likely to churn
- Develop strategies to reduce churn and improve customer retention

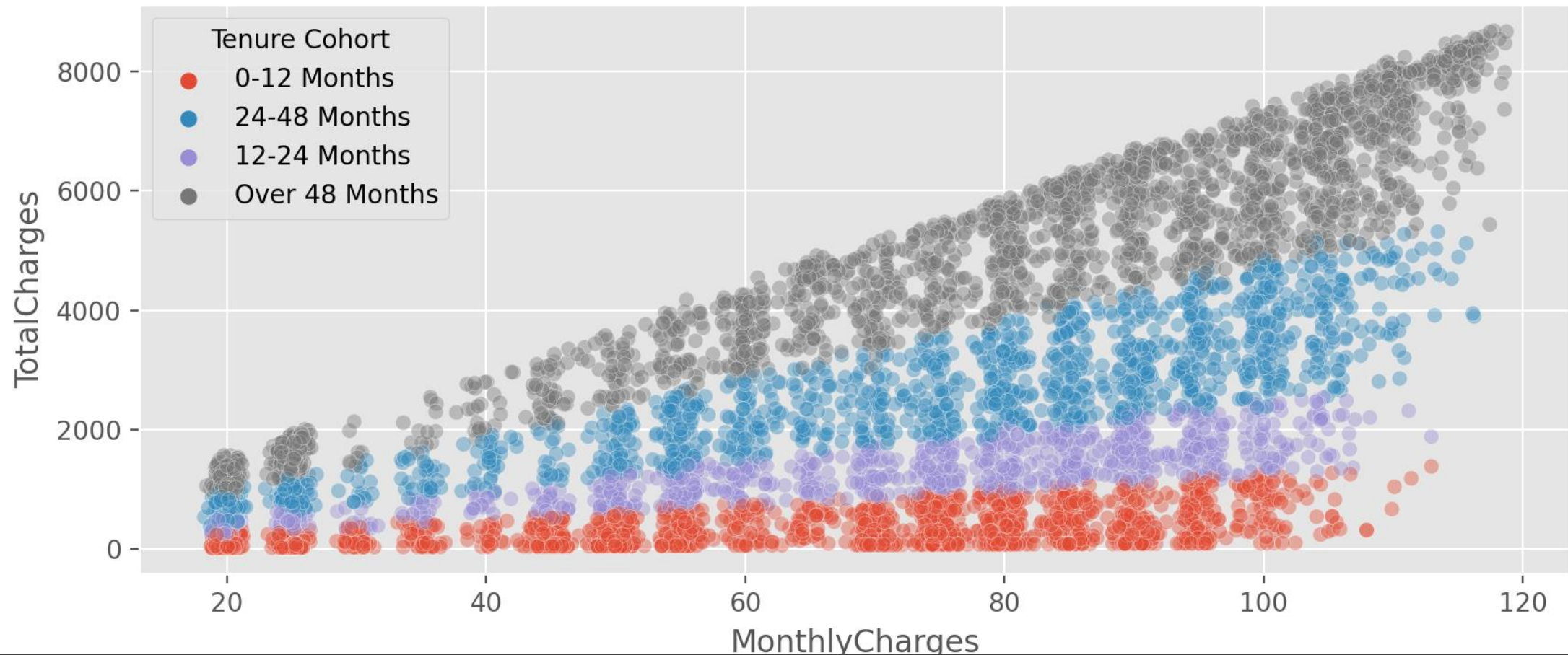


# Data and Methods

Customers who churn the telco have a shorter tenure as seen the graph above



Total Vs Monthly Charges for various Cohorts

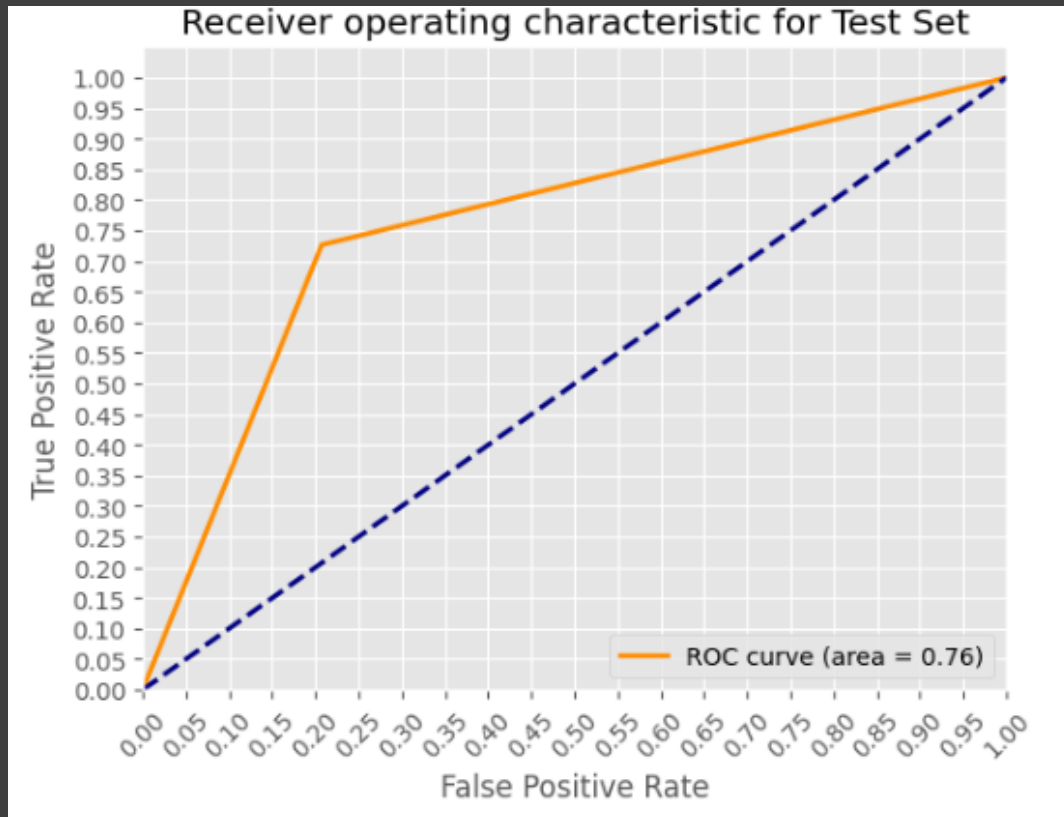


# Data and Methods cont..

Total charges increase with the longer a customer stays in the company. The company can get more revenue if they can device ways of encouraging customers stay longer

# Modeling(Random Forest)-Accuracy

Our Model can classify customers into those who are about to churn and those who stay with a balanced accuracy score of 76%. There is still room for improvement as we continue researching on ways of dealing with unbalanced data



# Conclusion

- Predictive analysis of the California Telco indicate with a balanced accuracy of 76% that the Telco could retain customers and increase revenue if they could:
- Move most of the month-to-Month contract customers to one year or more
- Incentivize or review the internet services offered to customers subscribed to the Fiber Optic category
- Reduce the cost of services for customers on month-to-Month contracts
- Interview senior citizens on what they enjoy as being customers of the company to inform on the strategy of how to attract more customers and retain new customers in the company using lessons learnt
- Do a market research to learn the services their competitors are offering and improve their service strategy



## Recommendations

- More attention should be given to customers who are on month-to-Month contract and have stayed with the company for long. This can help reduce the churn rate realized in this class of contract.
- customers on Month-to-Month contract don't bring more income to the company as evidenced in the in the plot above if encouraged to join the contracts more than a year. The company would gain more revenue.
- A high churn rate is also seen for customers who are subscribed to the Fibre optic internet service. Better services such as online security and Tech support could help retain customer base in this sector.



# Thank You!

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