Executive Summary – Telco Customer Churn Analysis

This report provides a **comprehensive analysis** of customer churn patterns in a telecom company, focusing on **demographics, service usage, financial factors, and behavioral trends**.

1. Key Findings & Insights

1.1 Customer Demographics & Services

- **Senior Citizens have a higher churn rate (41%)** compared to non-seniors (26%), indicating that older customers might be facing usability issues.
- **Fiber optic users** account for **70% of total churned customers**, whereas DSL and non-internet users have significantly lower churn rates.
- Customers who **subscribe to fewer additional services** (like **Online Security, Tech Support, and Streaming Services**) tend to **churn more frequently**.
  - **72% of customers without Tech Support churned**, compared to **15% of those who had it**.
  - **60% of customers without Online Security churned**, while only **12% of those with security features churned**.

1.2 Financial Insights

- **Monthly Charges Impact:**
  - Customers with a **higher average monthly charge ($75+)** have a **churn rate of 50%**, compared to **only 10% churn among customers paying less than $30**.
- **Total Charges & Tenure Relationship:**
  - Customers with **low total charges (below $1000)** have a **churn rate of 45%**, indicating that newer customers are more likely to leave.
  - Customers with **longer tenure (2+ years)** have a **churn rate below 10%**, reinforcing the need for retention efforts in the early months.

1.3 Behavioral Trends & Contract Preferences

- **Contract Type Strongly Affects Churn:**
  - **Month-to-month contract holders have a 60% churn rate**, significantly higher than those with **one-year (11%)** or **two-year contracts (3%)**.
  - This suggests that **long-term contracts reduce churn**, likely due to better pricing or perceived commitment.
- **Paperless Billing Correlation:**
  - **47% of paperless billing users churn**, while only **23% of those receiving paper bills churn**, indicating that digital payment users may need better engagement strategies.

2. Conclusion & Recommendations

Based on the above findings, the following strategies can be implemented to **reduce churn and improve customer retention**:

2.1 Customer Retention Strategies

✔ **Encourage Long-Term Contracts**

- Offer **discounts or incentives** to customers on month-to-month contracts to switch to yearly plans.
  ✔ **Improve Fiber Optic Service Quality**
- Since **70% of churned customers use fiber optic**, resolving service-related issues can reduce churn.
  ✔ **Promote Add-On Services for Engagement**
- Customers using **Tech Support & Online Security churn at much lower rates** – **bundling these services** can **increase retention**.

2.2 Financial & Pricing Adjustments

✔ **Lower Entry-Level Monthly Charges**

- High monthly fees ($75+) are correlated with higher churn. Offering **discounted pricing** for new customers can encourage longer tenure.
  ✔ **Target High-Risk Customers Early**
- Customers with **low total charges (under $1000)** should be **prioritized for retention efforts**, as they are **45% more likely to leave**.

2.3 Digital Experience Enhancement

✔ **Improve Paperless Billing User Experience**

- Since **paperless billing users churn at twice the rate (47%)** as traditional users, improving **customer engagement via digital channels** is essential.

Final Thoughts

This analysis provides **data-driven insights** to help the telecom company improve **customer satisfaction, reduce churn, and enhance revenue stability**.