

Teco Customer Churn Analysis - Executive Summary

Objective

This analysis investigates key factors driving customer churn for Teco, with a focus on contract types, payment methods, tenure, internet service type, and demographic indicators such as age. The aim is to uncover actionable insights to improve customer retention strategies.

Contract Type and Churn

Churn Rate by Contract Type:

- Month-to-Month: 42%
- One-Year: 11%
- Two-Year: 3%

Insight: Short-term contract holders are over 13 times more likely to churn than two-year contract holders.

Recommendation: Provide incentives such as discounts or added benefits to promote long-term contracts.

Payment Method and Churn

Churn Rate by Payment Method:

- Electronic Check: 45%
- Credit Card: 16%
- Bank Transfer: 17%
- Mailed Check: 15%

Insight: Customers using electronic checks are nearly 3x more likely to churn than those using mailed checks or credit cards.

Recommendation: Launch awareness and transition campaigns promoting secure, reliable payment methods.

Customer Tenure and Churn

Churn Rate by Tenure:

- <1 year: 50%
- 1-3 years: 35%
- >3 years: 15%

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Insight: Half of the customers churn within their first year. Tenure is inversely proportional to churn.

Recommendation: Prioritize early engagement strategies like onboarding calls, personalized offers, and loyalty rewards.

Internet Service Type

Churn Rate by Internet Type:

- Fiber Optic: 30%
- DSL: 20%

Insight: Higher churn among fiber optic users might reflect higher expectations or service dissatisfaction.

Recommendation: Conduct customer satisfaction surveys and monitor service quality metrics, especially for fiber optic users.

Demographic Insight: Senior Citizens

Churn Rate:

- Senior Citizens (65+): 41%
- Others: 26%

Insight: Senior citizens are 1.6x more likely to churn.

Recommendation: Develop dedicated support programs for senior users-perhaps with simplified service plans and assisted support.

Recommendations Summary

Contract Duration: Incentivize annual/two-year commitments

Payment Methods: Educate users on secure alternatives to electronic checks

Tenure Strategy: Strengthen customer interaction within the first year

Senior Retention: Introduce tailored plans and accessible customer support

Service Satisfaction: Investigate churn drivers for Fiber Optic users