

Executive Summary: Customer Churn Analysis

Our analysis reveals that 26.54% of customers have churned, and several key factors contribute to this behavior. Below, we explore churn patterns based on customer demographics, tenure, contract types, payment methods, and service usage.

1. Customer Demographics & Tenure

- Senior citizens are more likely to churn than younger customers. The churn rate for senior citizens is 41.6%, compared to 23.6% for non-senior citizens.
- Tenure plays a crucial role in churn behavior.
 - Customers who have been with the company for less than 2 months have a churn rate of 61%, while
 - Customers with more than 2 years of tenure have a churn rate of only 10%.

2. Contract Type & Payment Method

- Month-to-month contract holders have the highest churn rate (43%), while
 - Customers with one-year contracts churn at 11%, and
 - Two-year contract holders have the lowest churn rate at just 3%.
- Payment method impacts churn significantly:
 - Electronic check users churn at a rate of 45%, which is the highest among all payment methods.
 - Customers using credit cards (16%) or bank transfers (15%) have much lower churn rates.

3. Service Usage & Churn Trends

- Customers who subscribe to Phone Service, DSL Internet, and Online Security have lower churn rates (below 20%).
- Lack of additional services increases churn:
 - 56% of customers without Tech Support have churned.
 - 50% of customers without Online Backup have churned.
 - Streaming TV users churn at a lower rate (22%) compared to non-streamers (34%).

Key Takeaways & Recommendations

- Encourage long-term contracts: Offering discounts for annual or bi-annual contracts can reduce churn rates.
- Improve customer retention in the first few months: Since churn is highest in the early months, onboarding strategies, better engagement, and loyalty rewards can be beneficial.
- Target electronic check users: Offering alternative payment options with incentives can lower churn.
- Promote value-added services: Encouraging Online Security, Tech Support, and Streaming Services subscriptions may help improve customer retention.

By implementing these strategies, the company can significantly reduce churn and improve customer lifetime value.