

Summary and Key Findings

Objective:

This analysis focuses on identifying the key factors influencing customer churn, with an emphasis on payment methods, contract types, customer tenure, and demographics. The goal is to use these insights to improve customer retention strategies.

Key Insights

1. Contract Type:

- Customers on month-to-month contracts have the highest churn rate at 42%.
- One-year and two-year contract holders show significantly lower churn rates (11% and 3% respectively).
- **Insight:** Longer contract durations are associated with improved customer retention.

2. Payment Methods:

- Electronic check users have the highest churn rate at 45%.
- Other methods such as credit cards, bank transfers, and mailed checks show much lower churn (around 15–18%).
- **Insight:** Electronic checks may present trust or convenience issues that lead to higher churn.

3. Tenure and Churn:

- Churn is highest among customers with less than one year of tenure (50%).
- It decreases to 35% in years 1–3 and drops to 15% after three years.
- **Insight:** Engaging customers early in their journey is essential to reduce churn.

4. Internet Service Type:

- Fiber optic users experience a higher churn rate (30%) compared to DSL users (20%).
- **Insight:** There may be service quality concerns or strong competition affecting fiber optic users.

5. Senior Citizen Segment:

- Customers aged 65 and above have a churn rate of 41%, compared to 26% for younger users.
- **Insight:** This demographic may benefit from personalized support and retention initiatives.

Visual Highlights

- Bar charts clearly demonstrate that electronic check users churn significantly more than others.
- Line graphs show a steady decline in churn as customer tenure increases.
- Visual comparisons of contract types and payment methods support the findings.

Recommendations

1. Promote Long-Term Contracts

Offer incentives to encourage customers to choose one- or two-year contracts to reduce churn.

2. Address Payment Method Concerns

Launch campaigns or offer small benefits to encourage users to switch from electronic checks to more stable methods like credit cards or bank transfers.

3. Enhance Early Engagement

Focus on improving customer experience during the first year through welcome offers, onboarding assistance, and personalized communication.

4. Support Senior Customers

Develop dedicated retention strategies for senior citizens, such as simplified service options or exclusive support programs.