

Telco Customer Churn Analysis

1 Overall Churn Landscape

- **Churn Rate:** Approximately **26–27%** of customers have churned, indicating a substantial customer retention challenge.
 - **Retention Rate:** Roughly **73–74%** of customers are retained.
 - The high churn rate emphasizes the need for retention strategies and service quality improvements.
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2 Contract Type & Billing Preferences

- **Contract Type Impact:**
 - **Month-to-Month:** Around **42–45%** churn rate — the **highest risk** group.
 - **One-Year:** About **11–12%** churn.
 - **Two-Year:** Lowest churn at **2–3%**, showing that **long-term commitments reduce churn by 85–90%** compared to monthly contracts.
 - **Payment Method:**
 - **Electronic Check:** Roughly **45%** churn, much higher than customers using credit cards, bank transfers, or mailed checks (**15–20%** churn).
 - This suggests **secure and automated payment options** improve retention.
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3 Service Adoption Patterns

- **Internet Service:** Fiber optic users churn at **~42%**, compared to **DSL (~19%)** or those without internet (**~8%**).

- **Value-Added Services:**
 - Customers **without OnlineSecurity** churn at nearly **41%**, versus **15–18%** for those with security.
 - **TechSupport absence** also shows a **40%** churn rate, while those with support churn less than **18%**.
 - **DeviceProtection** and **OnlineBackup** follow similar patterns (**~38–40%** churn when not subscribed, **<20%** when subscribed).
 - **Streaming Services:** StreamingTV and StreamingMovies show churn rates of **~30–33%** among users but are less critical compared to security and support services.
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Demographics & Tenure Insights

- **Senior Citizens:** Seniors churn at **41%**, significantly higher than non-seniors (**24%**).
 - **Tenure:** Customers with **<12 months tenure** account for **55–60% of total churn**, whereas **long-tenure customers (>24 months)** churn at **<10%**.
 - This suggests focusing on onboarding and early customer engagement to reduce first-year churn.
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Revenue Impact

- **Average Monthly Charges of Churned Customers:** Around **\$74**, compared to **\$61** for retained customers.
 - **Revenue at Risk:** With **~26% churn**, potentially **over a quarter of monthly revenue** is at risk if retention efforts aren't implemented.
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Key Performance Indicators (KPIs)

1. **Overall Churn Rate (%)** – Target: Reduce from **26–27%** to **<20%**.
 2. **Churn by Contract Type (%)** – Reduce **month-to-month churn (~42–45%)** by promoting longer-term contracts.
 3. **Churn by Service Adoption (%)** – Increase OnlineSecurity and TechSupport adoption to cut churn by **~20 percentage points**.
 4. **Average Tenure of Churned vs. Retained Customers** – Improve onboarding to reduce **<12 month churn share (55–60%)**.
 5. **Revenue at Risk (\$)** – Monitor monthly revenue attributable to at-risk customers (**~25–27%** of total).
 6. **Payment Method Churn (%)** – Migrate **electronic check users (~45% churn)** to automated/secure payment options.
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Strategic Recommendations

- **Promote Long-Term Contracts:** Offer discounts or perks for one- or two-year plans.
- **Bundle Value-Added Services:** Encourage OnlineSecurity, TechSupport, and DeviceProtection adoption.
- **Focus on Early Engagement:** Implement loyalty incentives and proactive support during the first 12 months.
- **Optimize Billing Methods:** Incentivize switching from electronic checks to auto-pay or bank transfers.
- **Target Senior Customers:** Develop tailored plans or support options for the senior segment to reduce their churn.