Customer Churn Analysis

Objective : This analysis focuses on understanding the factors contributing to customer churn in a telecom company. With a churn rate of **26.5%**, the goal is to identify **who is churning**, **why**, and **what can be done** to reduce it.

Overall Churn Overview

- The analysis shows that **26.5%** of the customers have churned.
- This indicates that roughly **1 in every 4 customers** has opted out of the company's services.
- Such a high churn rate suggests an **urgent need for retention strategies** focused on specific customer segments.

Demographic Analysis

- **Senior Citizens** show a notably higher churn rate.
- While they make up a smaller portion of the customer base, **more than 40% of senior citizens** have churned compared to **under 25%** for non-senior citizens.
- This suggests a need for more support or value-driven offerings for older customers.

Recommendations

- Design simplified plans and offer **senior-friendly onboarding and tech support**.
- Provide dedicated customer service or discounts for senior customers to build long-term relationships.

Tenure (Customer Lifetime)

- Customers with a tenure of **0–2 months show a churn rate of over 60%**.
- Tenure between **3 to 12 months** shows an improved retention, but churn still remains around **30–40%**.
- **Long-term customers (2+ years)** have a significantly **lower churn rate of just 5–8%**, demonstrating loyalty and product satisfaction over time.

Recommendations

- Focus on improving the **first 3-month experience** through welcome offers, follow-ups, and onboarding tutorials.
- Introduce a **"First 90 Days Loyalty" program** to reduce early dropouts.

Contract Type

- Month-to-month customers show the **highest churn at ~45.5%**.
- 1-year contract customers churned at **~11.2%**, while 2-year contracts had the **lowest churn at just 2.9%**.
- This implies that **long-term commitment correlates with satisfaction** or reduced effort to switch.

Recommendations

- Promote longer-term contracts via **discounted pricing, exclusive benefits, or bundling**.
- Use targeted offers to convert month-to-month users to annual plans.

Internet Service Type

- Customers using **Fiber Optic** internet churn at **~36%**, significantly more than those on **DSL (~15%)**.
- Customers with **no internet service** have very low churn (~5%), but they form a small segment.

Recommendations

- Investigate **customer complaints or performance issues** related to Fiber service.
- Offer **personalized support or discounts** to Fiber users who contact customer service frequently.
- Run a survey to identify dissatisfaction areas with the Fiber plan.

Conclusion

The churn analysis reveals that customers are more likely to leave when:

- They are new and not engaged early on,
- They're on month-to-month plans,
- They are senior citizens without added support,
- They haven't subscribed to optional value-added services,
- Or they're using Fiber Optic internet without perceived reliability.

Actionable Recommendations Summary

1. **Enhance early customer experience** with loyalty programs and proactive support.

2. **Convert short-term plans into longer contracts** via exclusive benefits.

3. **Introduce tailored plans and support for senior citizens**.

4. **Promote adoption of optional services** using free trials and bundles.

5. **Evaluate Fiber Optic service quality** and improve customer experience.

6. **Use churn prediction models** to identify and retain high-risk customers before they leave.