

Executive Summary

Overview

The customer churn analysis reveals critical factors contributing to customer retention and attrition. The study identifies trends related to tenure, contract type, service usage, and payment methods, providing actionable insights to reduce churn.

Key Findings

1. Churn Rate

- The overall churn rate is **26.54%**, indicating that nearly **one in four** customers discontinue services.
- Identifying key drivers of churn is essential to improving customer retention strategies.

2. Demographic & Tenure Insights

- **Senior Citizens:** The churn rate among senior citizens is **significantly higher** than younger customers. This suggests that elderly users may face usability challenges or lack engagement with the services.
- **Tenure Impact:**
 - Customers who have been with the company for **less than 2 months** have a **high churn rate (~45%)**, indicating dissatisfaction in the initial phase.
 - In contrast, those with **longer tenure (>2 years)** show a **retention rate of nearly 80%**, highlighting that loyal customers tend to stay.

3. Contract Type & Its Influence on Churn

- **Month-to-Month Contract Customers:**
 - These customers exhibit the **highest churn rate (over 50%)**.
 - They are **2x more likely** to churn than customers with **one-year** or **two-year contracts**.
- **1-Year and 2-Year Contracts:**
 - Customers with longer contracts show **significantly lower churn rates (~11% for 2-year contracts)**, indicating the effectiveness of commitment-based plans.
- **Key Takeaway:** Encouraging long-term contracts through discounts or incentives can reduce churn.

4. Service Usage & Churn Trends

- **Service Categories:**
 - Customers subscribed to **PhoneService**, **InternetService**, and **StreamingTV** form the majority.
 - Churn is **higher among customers who lack TechSupport, OnlineSecurity, and DeviceProtection**.
- **Internet Type & Churn:**
 - **Fiber Optic Internet users** have a **higher churn rate (~31%)** than **DSL users (~20%)**.
 - This could be due to **higher costs or service reliability issues** associated with Fiber Optic.

5. Payment Methods & Churn Probability

- Customers using **Electronic Check as a payment method** have the **highest churn rate (~40%)**, suggesting dissatisfaction or trust issues with this mode.
- Customers paying via **Credit Card or Auto Payment** show significantly lower churn rates (**<15%**).
- **Key Takeaway:** Encouraging auto-payment methods through offers or rewards may improve retention.

Actionable Recommendations

1. **Improve Early Engagement:**
 - Address onboarding issues to reduce churn within the **first 2 months**.
 - Provide a personalized experience and proactive customer support.
2. **Promote Long-Term Contracts:**
 - Offer discounts or additional perks for **1-year and 2-year contracts** to reduce month-to-month customer churn.
3. **Enhance Service Offerings:**
 - Provide bundled security services (TechSupport, OnlineSecurity, DeviceProtection) at a **discount** to encourage adoption and improve retention.
4. **Improve Payment Experience:**
 - Encourage secure payment methods like **Credit Card or Auto-Pay** by offering incentives.
 - Investigate potential issues with **Electronic Check payments** to address customer concerns.
5. **Address Fiber Optic Churn:**
 - Conduct customer surveys to determine **Fiber Optic service issues** and optimize pricing or reliability.

Conclusion

This analysis highlights key areas affecting customer retention. By addressing **early churn, contract structure, service offerings, and payment methods**, the company can **reduce churn by at least 10-15%** while improving overall customer satisfaction.