

Executive Summary: Customer Churn Analysis

Business Context

Customer churn represents a critical challenge for telecom operators. Understanding *why customers leave* and *how to retain them* is essential for profitability and sustainable growth.

This analysis evaluates **7,043 customers**, exploring demographic, service-related, and contractual factors influencing churn. The visual insights and charts reveal clear behavioral patterns and opportunities for improvement.



1. Overall Churn Snapshot

- **26.5%** of total customers have churned, while **73.5% remain active**.
- The churn trend highlights a need for **targeted retention strategies**, especially among early-stage and high-risk customers.

Key Findings:

- **Gender** is *not a determining factor* — male and female churn rates are nearly identical.
- **Senior citizens** exhibit a **41.7% churn rate**, almost **double** that of younger customers (**23.6%**).
👉 This indicates possible dissatisfaction with digital support or service accessibility.
- **Customer tenure** plays a crucial role:
 - **New customers (0–12 months)** churn at the highest rate.
 - **Long-term customers (60+ months)** demonstrate strong loyalty and stability.

Interpretation:

Retention improves significantly as customers stay longer — highlighting the importance of **early engagement and onboarding programs**.



2. Contract & Payment Behavior

Contract type is one of the **strongest churn predictors**.

- **Month-to-month customers** show **the highest churn** across all groups.
- Customers on **1-year and 2-year contracts** show far **greater loyalty**, suggesting that contractual commitment reduces attrition.
- **Paperless billing** and **automatic payment methods** slightly correlate with higher churn, possibly due to *reduced customer touchpoints* and *less perceived relationship value*.

Business Implications:

- Incentivize month-to-month users to migrate to **annual contracts**.
 - Introduce **loyalty discounts** or **exclusive rewards** for long-term commitments.
 - Maintain light-touch engagement (e.g., personalized updates, loyalty emails) even for paperless customers.
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3. Service Usage & Churn Drivers

Core Connectivity Services

- **Fiber Optic users** have the **highest churn rate** — likely linked to **pricing concerns or service reliability**.
- **DSL customers** churn at a moderate rate.
- Customers with **no internet service** churn the least — indicating that **simplicity and reliability** enhance retention.

Security, Support, and Protection Services

- Lack of **Online Security**, **Online Backup**, **Device Protection**, and **Tech Support** services significantly increases churn.

- Customers subscribed to these services exhibit **lower churn** and **higher engagement**.

Insight:

Value-added services play a **protective role** — they strengthen customer reliance on the brand ecosystem and increase switching costs.

Entertainment Services

- Customers with **Streaming TV** and **Streaming Movies** subscriptions tend to **stay longer**.
 - Entertainment bundles create an **emotional and habitual connection** that reduces churn.
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🎯 4. Key Churn Drivers (Top Risk Segments)

| Risk Factor | Impact on Churn | Suggested Action |
|--|-----------------|--|
| Month-to-month contracts | Very High | Encourage long-term plans with discounts |
| Fiber optic customers | High | Review service quality, reliability, and pricing |
| New customers (<12 months) | High | Strengthen onboarding and engagement programs |
| Senior citizens | Moderate–High | Improve accessibility and dedicated support |
| Lack of security or protection add-ons | High | Cross-sell value bundles |
| No entertainment services | Moderate | Promote streaming add-ons |



💡 5. Strategic Recommendations

1. Transform Contract Structures

- Shift customers from month-to-month to annual plans using **discounts, loyalty points, or bundled offers**.
- Introduce **auto-renewal benefits** for higher tenure customers.

2. Enhance Fiber Optic Experience

- Conduct a focused **quality-of-service and pricing review**.
- Deploy **customer satisfaction surveys** and targeted retention campaigns.

3. Bundle Value-Added Services

- Combine **security, backup, and support** into attractive packages.
- Promote as a “**Peace of Mind Plan**” to highlight protection benefits.

4. Engage Early & Retain Longer

- Design **first-90-days engagement campaigns** with onboarding tips and value highlights.
- Offer **personalized retention rewards** at key tenure milestones.

5. Senior Citizen Retention Program

- Create **dedicated helplines**, simplified billing, and senior-friendly tech support.

6. Build a Churn Prediction Dashboard

- Leverage predictive analytics to identify at-risk customers.
- Enable proactive retention via real-time alerts to the customer success team.



Conclusion

The churn analysis reveals a clear story:

Customer loyalty grows through long-term commitment, consistent service quality, and value-added engagement.

By improving the fiber optic experience, promoting protective service bundles, and engaging customers early, the company can **significantly reduce churn** and **maximize customer lifetime value**.