Customer Churn & Retention

Identifying where customer disengagement occurs, which signals matter, and where retention action can create value.

THE BUSINESS PROBLEM

Customer loss is rarely a single event. It is usually preceded by changes in usage, purchasing, service interactions or engagement. Churn analysis helps define the problem clearly, identify meaningful risk signals and focus retention effort where intervention is both relevant and economically sensible.

Three questions guide the analysis

01

Where is churn happening?

Define churn consistently and understand which customers, cohorts or journeys are most affected.

02

What changes before churn?

Compare behavioural, product, service and engagement signals before customers leave.

03

Where should we intervene?

Prioritise retention actions based on risk, customer value, likely responsiveness and cost.

What evidence could we use?

Customer	Tenure	Last activity	Usage change	Tickets
C101	26 mo	8 days	-4%	0
C204	14 mo	47 days	-38%	2
C355	31 mo	96 days	-61%	4

Illustrative data only. The exact variables, definitions and observation windows should be determined by the business decision and available evidence.

How the analysis works

1

Define churn

What event or inactivity threshold represents churn?

2

Build the timeline

What did the customer experience before leaving?

3

Find risk signals

Which behaviours differ for churned customers?

4

Prioritise

Which risks are actionable and commercially relevant?

5

Test retention

Does intervention reduce incremental churn?

Possible analytical approaches

Cohort analysis	Compare retention across acquisition periods or customer groups.
Behavioural signals	Track changes in activity, usage, frequency or product engagement.
Survival / time-to-event	Understand when churn risk changes over the customer lifecycle.
Predictive modelling	Rank customers by estimated churn probability when justified.

From Analysis to Business Action

The analytical output is only useful when it changes a decision, can be interpreted responsibly and has a measurable outcome.

WORKED EXAMPLE

The example below is illustrative rather than a claim about a real dataset. It shows how analytical output can be translated into business interpretation and action.

Illustrative risk profiles

PROFILE	OBSERVED SIGNALS	POTENTIAL ACTION
Stable	Regular usage; no material decline	Maintain experience; avoid unnecessary intervention.
Early decline	Usage down 20%; longer gaps	Trigger relevant engagement or service check-in.
High risk	Sharp usage decline; repeated service issues	Prioritise targeted retention based on value and cause.
Dormant	No meaningful activity for extended period	Assess win-back potential versus cost.

Illustrative results only. Definitions, thresholds and recommendations should be validated in the context of the organisation, decision and available data.

Potential business applications

EARLY WARNING
Surface meaningful changes before formal churn.

RETENTION
Match intervention to likely churn driver.

SERVICE
Address avoidable friction and recurring issues.

WIN-BACK
Prioritise former customers with realistic return potential.

How success should be measured

Retention / churn rate	Did the intervention change customer retention versus an appropriate comparison?
Incremental value	Was retained value greater than intervention cost?
Customer experience	Did the action improve outcomes without creating unwanted contact?

DELIVERABLES
Analysis framework · Business interpretation · Prioritised actions · Measurement approach

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