

INFOGRAPHIC

HOW TO: ADDRESS CHURN WITH PREDICTIVE ANALYTICS

Understand, Predict, and Minimize Customer Loss



It's simple: **churn (or attrition)** is when customers leave, and companies in nearly every industry have to address it because it has the power to plateau the growth of any businesses even if that business is gaining customers quickly. The most successful companies address it by building predictive models that accurately predict churn; then they take action by building targeted marketing campaigns around preventing it or by making product changes that combat churn.

TAKE ACTION

- Use uplift modeling to reach churners most likely to react to engagement.
- Build scalable marketing campaigns (short-term) and product improvements (long-term) to address churn.

DEFINE

- Define churn for your business:**
 - Which customers should be included in churn modeling?
 - At what point should they be considered churners?
- Agree on what exactly churn predictions will be used for to avoid wasted effort.

DEPLOY

- Ensure a continuous churn prevention strategy.
- Avoid addressing churn as a one-time project.

VISUALIZE

- Communicate with product/marketing teams to build insightful visualizations.
- Use visualizations to uncover additional insights to explore in the predictive phase.

IDENTIFY DATA

- At minimum:**
 - Customer ID + date/time of last interaction.
- Include as many other relevant datasets as possible - in general, the more good data sources, the better.

CLEAN & ENRICH

- Understand all variables.
- Ensure clean, homogenous data.

PREDICT

- Avoid the common churn modeling error of training your model on both past and future events.
- Train only on data that will be available to you when predictive model is actually running.
- Choose your evaluation method wisely; how you evaluate your model should correspond to your business need.

ITERATE

- Determine the effectiveness of the model; is it sufficiently generic?
- Ensure you've used training, validation, and testing sets that are not specific to a certain time or type of customer.

