Customer retention strategy for video on demand company

Motivation: Our music streaming service, Napster 2.0, is interested in improving their customer retention metrics. Currently subscribers pay $10 for access to the service on a month to month basis. They prepay to get access to the service for the upcoming month. Napster 2.0 sends customers a bill 7 days prior to the start of the new payment period and asks customers to click a button to authorize the charge. Currently customers have an average lifetime of 1.75 months. Because our customers only renew their subscription once after initial purchase, marketing has hypothesized that reducing churn could be one of the most impactful methods for increasing customer lifetime value.

A junior analyst on the marketing team has developed a model of customer churn that generates various outputs. This analyst is having trouble translating code to actionable business insights, so they have asked you, a senior analyst on the team, for your assistance. At the end of the week you and the junior analyst have a meeting with the marketing team manager to give a recommendation on possible retention strategies.

Your manager wants to understand the following:

1. Could offering a discount to customers we have identified as potential churners improve our revenue metric? If so, by how much?
2. Who should we make the offer to? Everybody on our service or only those with a high likelihood of churn? How high should that threshold be?
3. If our offer is in the form of a discount to next month's bill, how much should that discount be?
4. How sensitive are our conclusions to the modeling assumptions the junior analyst made?

Submission

Submit 5-7 slides as a group to Assignment 4 responding to the analysis request above.

On your title slide be sure to include the names of group members. For this assignment the code has been completed for you, so no additional coding is needed on your part (and therefore there is no code submission). However, you will need to run the code to generate the outputs of the model and you will need to understand what the code is doing so that you can answer some of the questions. You can work in groups of up to 4 people. Fewer (or individual work) is ok; groups are for your convenience and learning.

Groups will present on Friday 20-NOV-2020. Submissions of presentation and code for all groups are due by Friday 20-NOV-2020 9am Shanghai time.