



Codeflix Video Streaming

Analysis of the new video streaming company concerning churn rates



Codeflix Company Information

The streaming video company, Codeflix, began operations in December 2016. They offer a monthly subscription to customers requiring a minimum subscription of one month. After 1 month, customers can cancel at any time. The marketing department of Codeflix is interested in studying the current churn rates they have experienced with customers thus far.



Segments

The company has provided data for two segments they are particularly interested in studying. Those segments are 30 and 87. The data provided for each segment spans from December 2016 through March 2017.



Churn Rate Calculation

From the data provided, the churn rate can be calculated for the months of January, February, and March of 2017. The churn rate for the first month of operation, December 2016, cannot be calculated due to the fact that they require a minimum of one month subscription. Because of this, there is no cancellation data for December 2016. Churn rate is found by dividing in month cancellations by active users at the start of the month.



Churn Rate Data

With the data provided from Codeflix, their churn rate was as follows:

January 2017 - 33.12%

February 2017 - 40.19%

March 2017 - 41.67%



Segment 30 Churn Rates

Segment 30 has experienced the following churn rates:

January 2017 - 30.58%

February 2017 - 24.90%

March 2017 - 20.11%



Segment 87 Churn Rates

Segment 87 has experienced the following churn rates:

January 2017 - 34.05%

February 2017 - 49.15%

March 2017 - 61.66%



Segment 30 Analysis

Segment 30 appears to be building a loyal customer base as the churn rates have improved each month. The overall improvement from January 2017 to March 2017 went from 30.58% to 20.11%, an overall decrease of 10.47%.



Segment 87 Analysis

Segment 87 has seen a significant rise in churn rate over the 3 months. The initial churn rate for January 2017 was 34.05%, which is similar to segment 30. However, the churn rate increased from there up to 61.66% in March 2017, an overall increase of 27.61%.



Overall Analysis

Codeflix saw an overall increase in churn rate for the first 3 months of 2017. The rate rose from 33.12% to 41.67%. They experienced a huge increase in churn rate in segment 87 while they saw a steady decline in churn rate in segment 30. A potential reason for the difference would be if there was a promotion involving a free trial for segment 87.



Recommendation

Codeflix should continue its processes for segment 30 as they have seen a declining churn rate in that segment. They should consider discontinuing or augmenting their process for segment 87 as it has seen an alarming increase in churn rate.