Executive summary

Introduction

One of the most critical factors in Customer Relationship Management that can make or break a company's long-term profitability is churn. If a company can predict whether a customer is likely to churn, it can take a more targeted approach.

For BoBo churn prediction, we have mainly used classical data prediction techniques of logistic regression and random forest to obtain accuracy of 55% and AUC of 0.52.

Data Handling

We conducted an analysis of the behavior of Bobo's customer, focusing on identifying churning patterns and important variables for retaining clients. Our analysis is based on customers that subscribed at least once from January 2014 to February 2019.

Results

We found out that some parameters are key in the retaining/churning of customers. Those parameters are the pricing (and discount offered), the distance of delivery (via streetID) but also the seniority of the client (through number of meals delivered and the total number of day subscribed).

Clients that have been offered a high number of discount are more likely to stay subscribed and so are people that have been clients for a long time and/or have had a high number of meals delivered. Apparently the distance also plays a key role and delays in deliveries have a strong impact on churning pattern.

Recommendations

Since Kunstvoll competition will be based on lower prices and targeting the lower end of the market, the clients that are already sensible to price and discounts will be the most impacted.
The target of Bobo are employees who care about healthy, organic, and ethical food while the target of Kunstvoll are small companies that value cheap prices.
If Bobo wants to keep those small companies with a high budget constraint, they need to come up with a formula that can compete with Kuntsvoll in terms of costs.
If this can't be done, our main recommendation is to push the differentiation with Kuntsvoll. A difference in pricing can be justified by a healthy/organic/ethical offer, especially if Bobo succeed in reducing the problems linked to delivery problem.