Churn instances are not very common in my field of interest. As described in chapter 2.10, churn is more likely to occur in case of membership agreements/licences between a customer and a provider.

In the field of drug discovery and pharmaceutical companies, churn is less evident compared to other critical sectors. It is a common experience that patients usually buy medicinal products for their active principle, chemical composition, and concentration as prescribed by doctors, rather than establishing a periodical membership with a specific pharmaceutical company. Patients and institutions may be influenced by the reputation of the pharmaceutical provider: big pharmaceutical companies (e.g., Novartis, Roche, GSK) can represent a more reliable provider as compared to smaller enterprises. However, this is not always the case. In this scenario, the main target is more focused on purchasing the compound that is actually needed, rather than purchasing a drug from a specific provider.

Herein, I would focus on a different field represented by image and video editing software. A possible case study could concern customer membership to one or more Adobe software. Adobe offers a wide range of applications, widely used for professional photo and video editing. The most famous applications are Photoshop, InDesign, and Illustrator. Despite different purposes, Adobe applications can easily be connected to each other, therefore helping to develop your personal portfolio more efficiently. The main critical aspect in this scenario is the cost: having the full license for all the different packages could be very expensive.

Herein, I analyze a decision tree aimed at finding alternative strategies to tackle customer churn.

The first important question could concern whether the customer is currently in a free monthly trial for the software license. A considerable percentage of customers in free monthly trials is likely to resign at the end of the period. This is because some customers may use the software just for the sake of editing few photos or videos, rather than having an extended license. In this case, it would be worth proposing a discount for the monthly license of the same software previously used by the customer.

If the customer is not on a free monthly trial, it is more likely that he/she is a professional who needs more time to complete the editing work. In that case, it could be worth investigating whether the customer has active licenses to one or more software packages (e.g., only Photoshop software or Photoshop + Illustrator).

If the case of a multiple license subscriber, the customer is probably a real professional who uses these software applications as the main source of his/her working activity. The customer does not seem likely to leave the Adobe license. [However, it might be worth it to check when he/she started the license (e.g., Has he/she been a customer for more than 2/5 years?)]. The case of a single license subscriber could be more critical. This could be represented by a user who needs to perform work greater than simply editing few images but still not to be considered as a full work activity. The membership could be strengthened by proposing a discounted license for another Adobe software. This would allow the customer to get more involved into the Adobe framework, therefore reducing the possibility of eventual churn.

Question: Rather than offering a discount on the monthly/yearly license, what would be an alternative valuable offer? Do you think a discount for a collaborating partner (e.g., discount on Spotify membership, given that Adobe and Spotify are collaborating company) could be a good choice?

No

Yes

Is it the customer on a free monthly trial ?

Critical situation for churn. Worth proposing discount for the software package already in use

Has the customer more than one license (e.g., Photoshop + Illustrator) ?

Propose discounted license for another Adobe software

Customer does not seem to be a possible churn event. However it may be wort it to check the duration of the license

No

Yes