

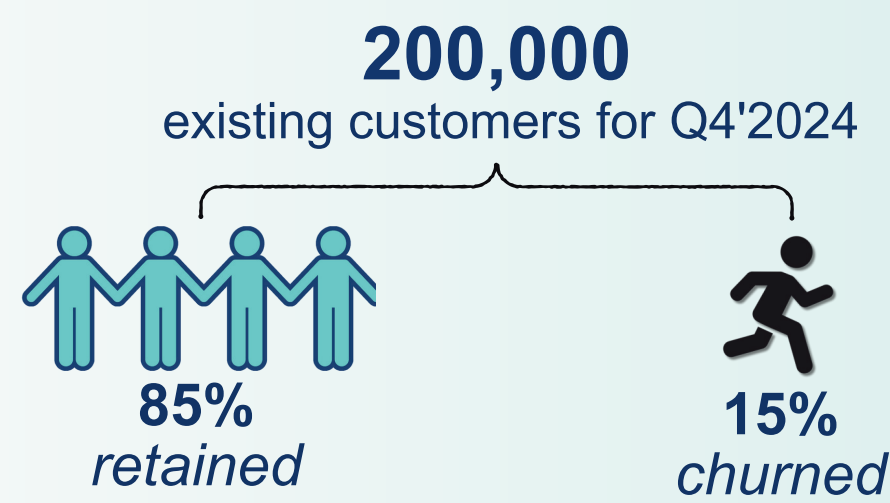
Subscription Performance and Churn Prediction

Ted & Poppy Pet Shop has expanded its pet food delivery service to an international subscription model and aims to **analyze churn drivers** to **recommend customer retention strategies**



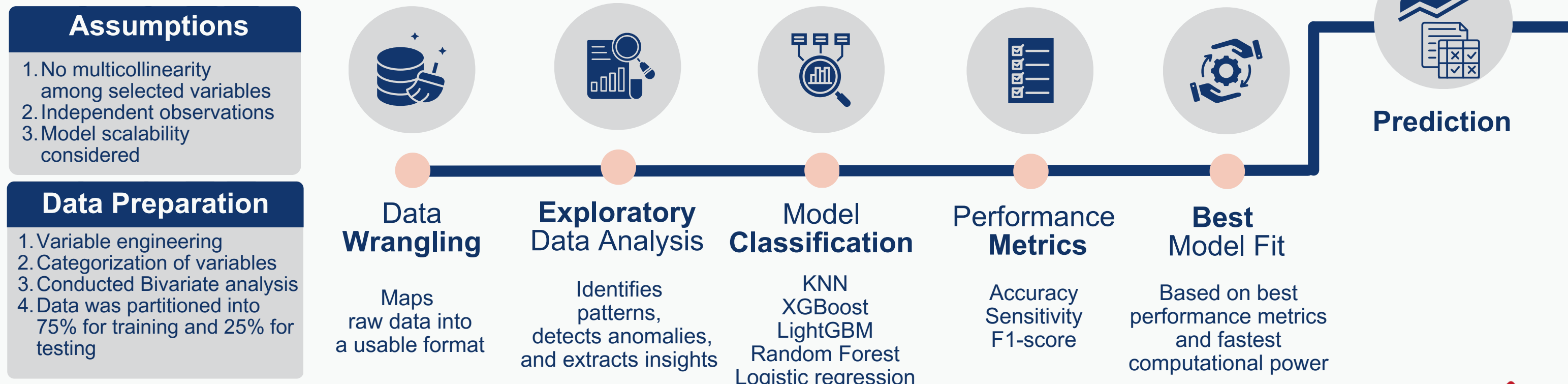
What do we want to know?

- 1 Understand the **performance** of subscription-based service
- 2 Identify **key variables** influencing customer churn prediction

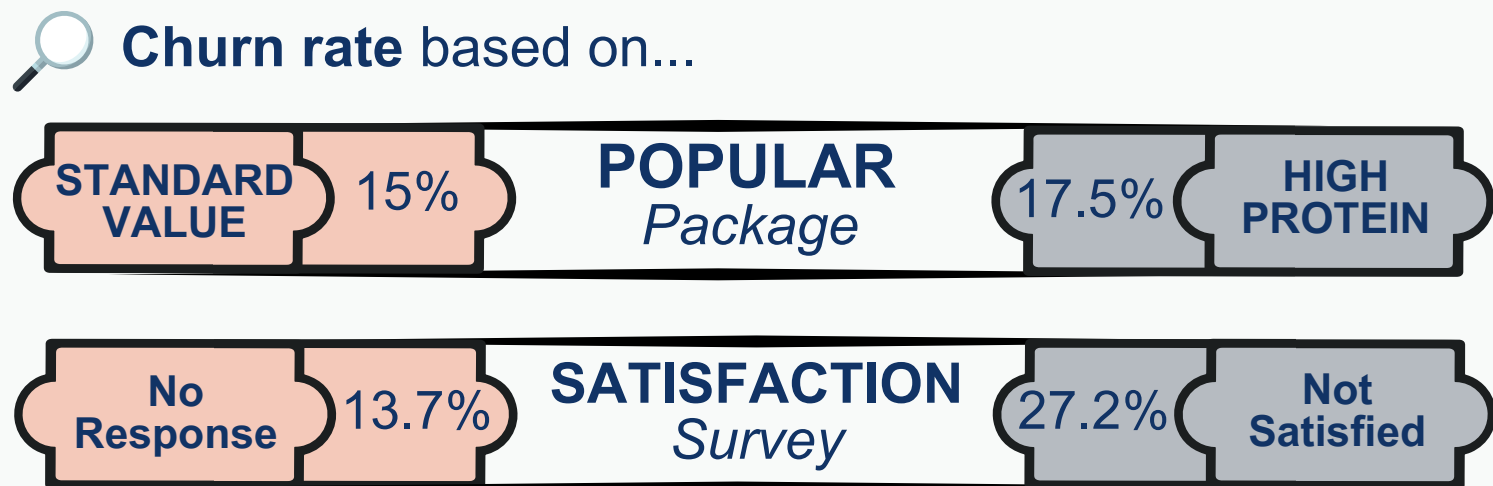


29 variables
categorized into demographics, purchase behavior, customer engagement and satisfaction

What we did



What we have observed

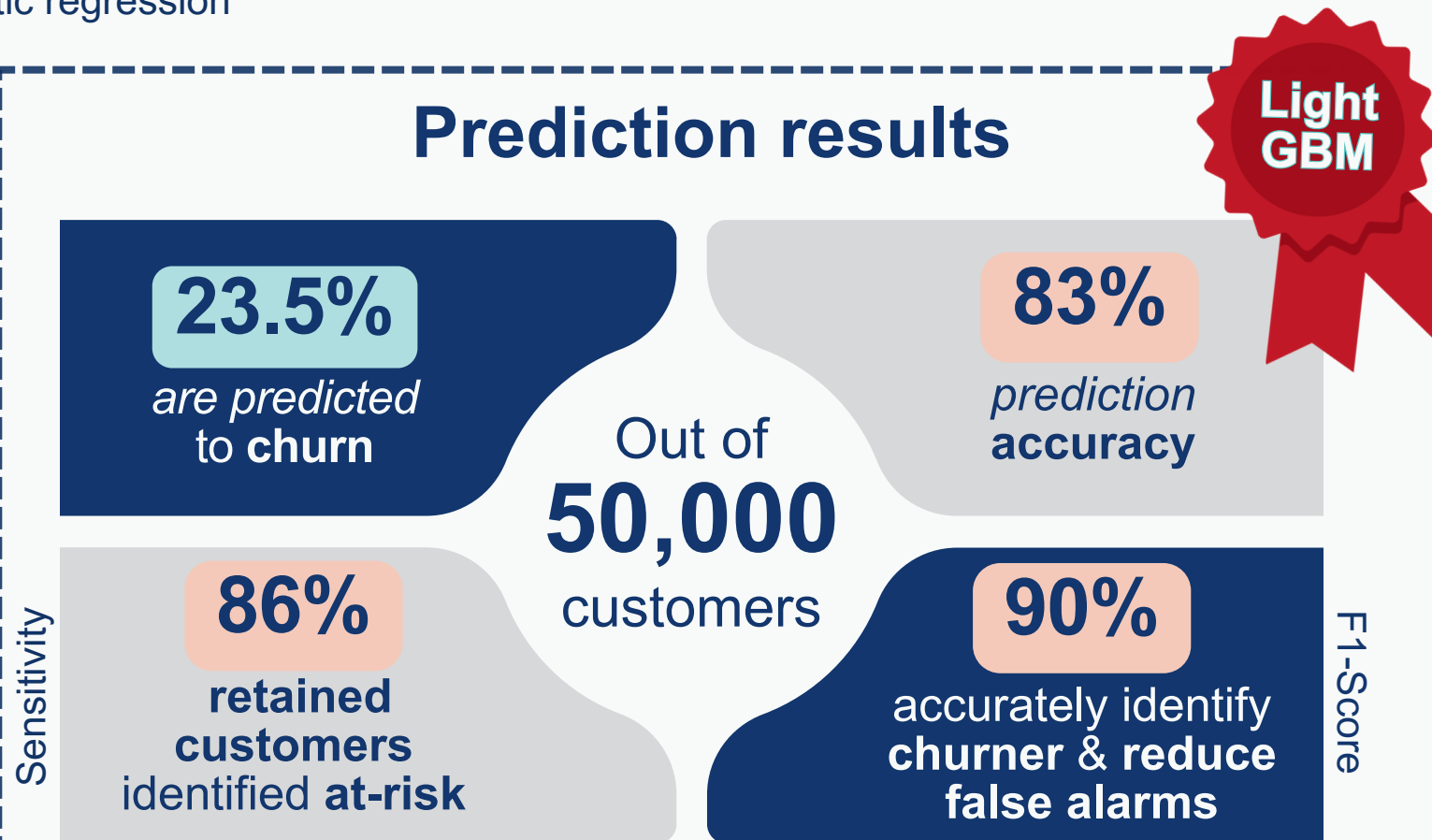


Opportunity Window

Key Findings
from support tickets raised in December 2024

- 44% of customers who **did not respond** to the satisfaction survey **churned** despite having **no payment issues**
- 33% of **satisfied customers** have **churned** without experiencing any **payment issues**

Prediction results



Top 3 influencing variables

- 1 Customer satisfaction
- 2 Customer issues
Payment and support ticket
- 3 Location

Confusion matrix

35,777 True Retain	2,453 False Retain
6,272 False Churn	5,499 True Churn

What to do next

Top Priority (short-term goal)

- Enhance **customer service quality** by implementing the key performance indicators^[1]
- Offer **adaptable subscription packages** to satisfied customers who are predicted to churn, with upgrades at no additional cost
- Introduce **incentivized based retention strategies** to re-engage **disengaged customers**

Long-term goal

- Switch to a **reliable payment network provider** and offer **payment options** based on customer's need
- Conduct **market research analysis** to identify and address churn in underperforming countries
- Implement recovery strategies to provide personalized support and **build goodwill and gain trust** ^[2]

References

[1] Pan, Jeh-Nan & Kuo, Tzu Chun. (2010). *Developing a new key performance index for measuring service quality*. Industrial Management and Data Systems. 110. 823-840. 10.1108/02635571011055072.
[2] Wirtz, Jochen. (2018). *Winning in Service Markets Series, Vol. 11: Designing Complaint Handling and Service Recovery Strategies*.

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