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Customer churn is the percentage of customers that stopped using the company's product or service during a certain time frame. We can calculate churn rate by dividing the number of customers the company lost during that time period by the number of customers the company had at the beginning of that time period. And the opposite of this ie. the ability of the company to retain the customer base is called Customer Retention.

Importance of Analysis?

Simple one line response would be, because it costs more to build a customer base than to retain the existing one. A small percentage of returning customer can increase a huge percentage of profit. That is only because the returning customers are more likely to spend on the company product than the new customers.