



# The Challenge of Going from Freemium to Premium: **Targeting the Right Users**



# The Road to Effective Subscriber Targeting and Growth

## Introduction



XYZ is a music platform with a freemium model.

Converting free users to premium subscribers is crucial for revenue growth.

## Situation



40,000 users were targeted in the previous marketing campaign out of which close to 1,500 converted. This low conversion rate of **3.7%** shows a need for better targeting.

## Opportunity



There is an opportunity to optimize the process of targeting potential premium customers for the upcoming marketing campaign by making it more targeted and effective

## Direction



By analyzing the previous marketing campaign data, we built a model that helps identify customers with higher potential to take up premium subscription, enabling higher amount of conversion with cost - effective marketing strategy.



# Journey Map

Problem Identification



Model Building



Consumption



Data Exploration



Model Evaluation



Impact



## Before we go forward, shouldn't we see what's in the data?

- The XYZ music dataset was collected during the the previous promotional campaign and the premium adopter results were added within 6 months from the campaign.
- Using this data we will try and understand if there were patterns within the premium adopters and non-premium adopters that would help us bifurcate them and also predict the bifurcation accurately for future campaigns which would enable.

### Overview



Total Targeted users: 41,540

Premium Adopters: 1,540

Non-Premium Adopters: 40,000)

### User Attributes



Categories: Demographic, Social Features

### Engagement Attributes



Categories: Songs listened, loved tracks, shouts, playlists etc.

### Engagement Behavioral Changes



Categories: Time-based changes in features (e.g., delta\_songsListened, deltaLovedTracks)



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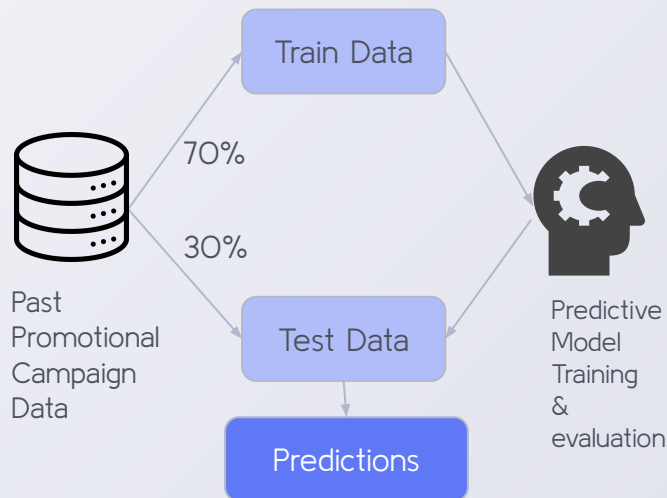
Impact





## From 3.7% to 7.1% : How Our Model Elevates Conversion Rates?

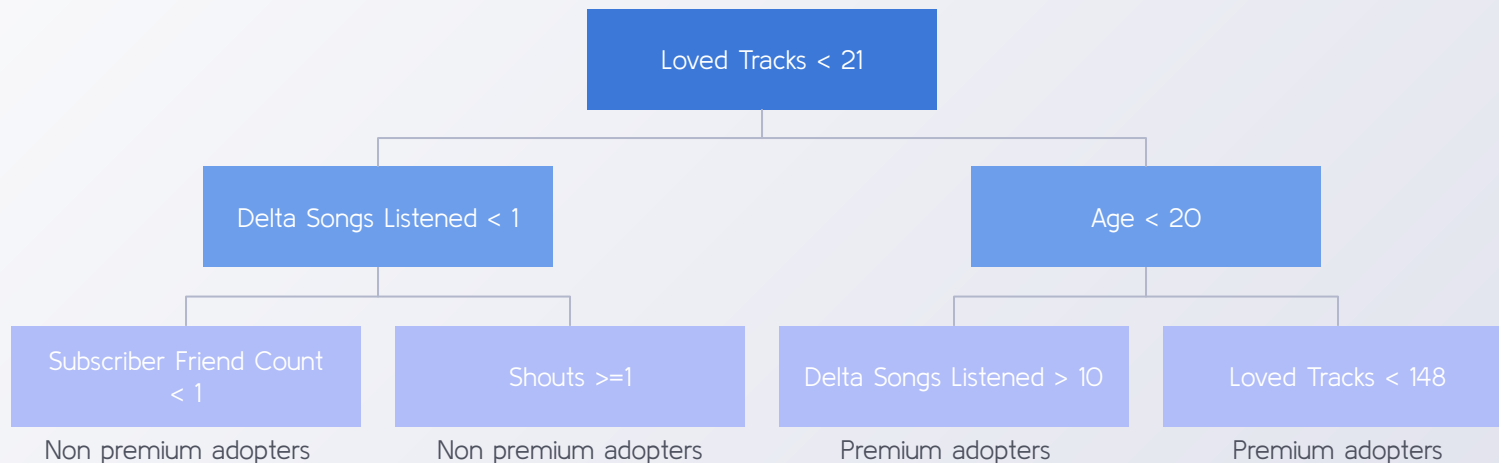
**7.1%** is the expected conversion rate after deploying our **best** predictive model which was developed by analyzing and building upon data from the previous promotional campaign.





## How does the analytical model make predictions ?

- The model uses the features of individuals targeted in the previous campaign to it's advantage
- The model chooses features and thresholds that provides the most distinction between your premium adopters and non-premium adopters until finally there is no more bifurcation is required





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# Prediction Matrix

- Our model successfully identified **85%** of the users who actually adopted the Premium subscription

- It is calculated by -

$$\frac{393}{393 + 69} = \mathbf{85\%}$$

Predicted	Actual	
	Users who did not adopt premium subscription	Users who adopted Premium subscription
Users predicted not to adopt to premium subscription	6,891	69
Users predicted to adopt to premium subscription	5,109	393



# Model Consumption Approach

- Our model sets thresholds to prioritize predicting potential premium customers, as missing them is costlier than targeting those unlikely to subscribe.
- Our model is customizable and can adjust weights based on leadership input to provide tailored predictive results.

**Predicted Adopters:** Use adopters based on the default threshold.

**Adjust Threshold:** Modify probability cutoff to fit business needs.

**Top 20%:** Target the top 20% of users for maximum lift.



More on this



# Targeting the Top 20% of users predicted

2X

More likely to reach potential premium subscribers compared to random targeting.

## Lift Curve

*Targeting the Top 20% for Maximum Impact*





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## Empowering XYZ towards Strategic Business Decisions with Predictive Modeling

*"Our predictive model can help improve targeting, enabling more efficient use of resources, smarter decision-making, and optimized team efforts"*

Cutting down on wasted resources saves operational costs



Data-driven decision-making enhances campaign tracking and refinement



Optimize team effort and time on users that matter



# Thanks!

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