

Executive Summary

Objective:

The primary goal was to identify the drivers that are causing VPN users to churn and provide actions to improve user retention

Primary Finding: Monthly Subscriber Segment

The analysis shows that the VPN churn problem is mainly found within the monthly subscriber segment. Monthly users churn at a rate of 61% which is 5 times higher than the churn rate of annual subscribers (11.7%).

Key Indicators of Churn

There are a few factors that we found in our analysis:

1. Bad value for money is a strong indicator

This is measured by a newly created feature `cost_per_hour`, that is the amount the users are paying for every hour they used. The analysis shows that the users are paying a higher price per hour of usage is more likely to churn.

2. Churn happens at the initial phase of the customer journey

Over 51% of all monthly churn occurs within the first 4 months, and over 15% within the 1st month.

3. Acquisition source predicts user retention quality

Some real world events that trigger a user to sign up are good indicator to user retention. Users acquired during months with major political or regulatory events tend to have a lower churn rate (35%). This shows that these users have a more essential and lasting need for the VPN service.

Recommendations for Actions:

- Prioritise subscription conversion from “monthly” to “annual”

A impactful retention strategy here is to create incentives to target and encourage monthly subscribers to upgrade to an annual plan. These incentives can be discounts, feature unlocks to boost user motivation to go for the yearly plan.

- Implement a “Risk Score” engagement system

Use a developed risk score to flag users with a high probability of churning. Slicing users into multiple segment will allow us to concentrate our nudge to users efficiently. For instance, we engage users with high risk score (i.e. a combination of monthly plan, high `cost_per_hour`, low countries connection) via in-app notification instead of email campaigns to highlight product features.