

Here's a concise **summary of key factors influencing churn in retail**:

Main Drivers of Churn

1. **Purchase behavior (RFM)** – Recency, frequency, and monetary value strongly predict churn.
2. **Customer experience (CX)** – Poor in-store or digital experience, slow delivery, or difficult returns increase churn.
3. **Price sensitivity & competition** – Customers switch for lower prices or better promotions.
4. **Product fit & availability** – Limited assortment or frequent stockouts push customers away.
5. **Service quality** – Bad fulfillment, refund issues, or poor support reduce loyalty.
6. **Engagement & personalization** – Irrelevant communication and lack of tailored offers reduce repeat purchases.
7. **Returns & product quality** – High return rates often signal dissatisfaction and churn.
8. **Onboarding & early lifecycle** – Many customers churn in the first few purchases if not engaged properly.
9. **External factors** – Economic shifts, seasonality, and competitor activity affect churn.

Key Metrics to Track

- RFM scores, CLV, AOV
- NPS/CSAT, support resolution time
- Cart abandonment rate, conversion rates
- On-time delivery %, returns rate
- Cohort churn (30/60/90-day)

In short: **churn in retail is mainly driven by purchase behavior, experience quality, price/assortment competitiveness, and customer engagement.**

Example: Fashion Retailer (Clothing & Accessories)

Scenario:

A mid-sized fashion retailer notices its **churn rate has risen from 18% to 25%** in the last year.

Key churn drivers (with data signals):

1. **Recency/Frequency** – Many customers only buy once during seasonal sales and don't return (e.g., only shop in Diwali/Black Friday).
2. **Customer Experience** – Website checkout takes too long; cart abandonment is at **70%**.

3. **Price Sensitivity** – Competitors offer deeper discounts on similar apparel; 40% of churned customers last bought during a competitor's sale.
4. **Product Availability** – Popular sizes (M, L) are frequently out of stock → frustration and churn.
5. **Returns & Quality** – High return rate (15%) due to incorrect sizing and poor product images.

How they tackled it:

- Implemented **personalized recommendations** and **win-back emails** for one-time shoppers.
- Optimized **checkout flow**, reducing steps and enabling UPI/Wallet payments.
- Improved **stock forecasting** to avoid size shortages.
- Enhanced product pages with **size guides and AR try-on features** to cut returns.
- Launched a **loyalty program** offering points for repeat purchases, not just discounts.

Result (after 6 months):

- Churn dropped to **19%**.
- Repeat purchase rate improved by **12%**.
- Customer Lifetime Value (CLV) increased by **8%**.