

## Solving Customer Churn by Improving Delivery Performance in the FMCG Sector

### Executive Summary

This project focuses on solving customer churn at AtliQ Mart, a growing FMCG company, by improving delivery performance through data-driven analysis of supply chain service levels. AtliQ Mart has been facing customer retention challenges due to delays and incomplete deliveries of essential products, which has affected customer satisfaction and contract renewals.

To address this, key performance indicators such as **On-Time (OT)**, **In-Full (IF)**, and **On-Time In-Full (OTIF)** delivery percentages were analyzed using SQL and Power BI dashboards. The company-wide OTIF stood at a low **~48.96%**, far below expected standards.

Deep-dive analysis revealed:

- **Significant customer-level delivery gaps**, with accounts like Coolblue, Acclaimed Stores and Lotus Mart consistently recording OTIF below 30%, putting them at high risk of churn.
- **Product-Level Insight:** OTIF performance across all SKUs is consistently low (46–50%), highlighting the need for process-wide improvements in inventory, forecasting, and warehousing.
- **City-level service disparities**, particularly in *Vadodara*, which lagged behind others in OTIF performance, pointing to possible operational inefficiencies in regional execution.

To combat these challenges, a series of targeted actionables were recommended including the creation of **custom SLAs**, **product-level failure tracking**, **city-specific logistics audits**, and a **real-time monitoring system** for OTIF. The report also calls for **weekly cross-functional syncs** among supply chain, logistics, and sales teams to ensure alignment and swift corrective action.

By implementing these measures, AtliQ Mart can significantly improve its service levels, enhance customer satisfaction, and reduce churn, setting a strong foundation for future expansion into Tier-1 cities.

### Problem Statement

AtliQ Mart, a growing FMCG company in Gujarat, observed that key customers did not renew their annual contracts due to delivery-related service issues. Management suspects that essential products were either not delivered on time or not delivered in full, leading to poor customer satisfaction and ultimately customer churn. To address this, the supply chain analytics team was tasked with analyzing On-Time (OT), In-Full (IF), and On-Time In-Full (OTIF) service levels for all customer orders on a daily basis against the target service level set for each customer.

## Insights generated

1. **Low Overall OTIF%** : Company-wide OTIF average was ~48.96%, indicating serious delivery performance issues.
2. **Customer-Level Issues**
  - Customers like Coolblue, Acclaimed Stores and Lotus Mart had OTIF < 30%.
  - Top performers (e.g., Propel Mart) still below optimal target levels.
3. **Product-Level OTIF Failures:** The OTIF performance across all SKUs appears to be relatively uniform, with no significant outliers. All products have OTIF% in the range of 46-50%, which emphasises that focusing on their inventory, forecasting and warehousing.
4. **City-Level Disparities:** Surat performed best (50.54%), while Ahmedabad and Vadodara showed significantly lower OTIF rates with 48.33% and 45.22% respectively.
5. **Time-Based Inconsistencies:** Monthly variations observed — some months had spikes in OTIF while others dropped, indicating unstable supply chain execution.

## Key Actionables

1. **At Customer Level**
  - Create **custom SLAs** especially with customers having OTIF% less than 40% and track performance individually.
  - Set up **review meetings** with customers having OTIF% less than 40% to address recurring delivery failures (like Coolblue, Acclaimed Stores, Lotus Mart).
2. **At Product Level**
  - Prioritize stocking for all products as all products have **OTIF less than 50%**.
  - Implement **SKU-level scorecards** to track delivery consistency.
  - **Implement a Product Failure Scorecard:** Rate each SKU monthly based on OT, IF, and OTIF % and use it to decide stocking priority and promotions.
3. **At City Level**
  - Track transport delays, warehouse gaps, or staff shortages in underperforming cities like Vadodara.
  - Replicate Surat's successful operational practices in other cities.
4. **System & Process Improvements**
  - Build a **real-time OTIF monitoring dashboard** with alerts for performance drops like alerts for customers with OTIF < 50% weekly and notify supply chain leads.
  - Launch an **early warning system** for customers/products with repeated OTIF failures. If a customer/product has 3 consecutive low OTIF weeks, mark them on priority basis.
  - Schedule weekly cross-functional syncs with supply chain, logistics, and sales teams.