

## Methodologies & Approach for Churn Analysis

### 1. Data Collection & Preparation

- Collect data from Sample\_Data\_Growth\_Analytics.xlsx
- The dataset consists of transaction records spanning the last five years.
- Data is loaded from an Excel file containing customer transactions, including transaction dates, amounts, and industry type.
- Date parsing is applied to ensure proper time-based analysis.

### 2. Defining Churn Criteria

- Churn is determined based on the absence of transactions for a specific period.
  - Churned users have been segmented based on how long ago they churned.

Segment	Time Since Last Transaction
Recent Churn	< 1 year
Dormant Churn	1-5 years
Historical Churn	> 5 years They are likely long gone and beyond recoverable (Exclude from analysis)

- Customers are considered "active" if they have made a transaction within the last 90 days prior to the latest recorded date which is 30th December 2022.
- The analysis filters customers who have been active within the last five years to focus on relevant data.

### 3. Feature Engineering

- Key features are extracted for each customer:
  - First Transaction Date: Indicates the customer's initial engagement.
  - Last Transaction Date: Used to determine churn status.
  - Number of Transactions: Captures purchase frequency.
  - Total Amount Spent: Measures customer value.
  - Average amount per transaction: Indicates typical transaction size.
  - Industry Type: Helps analyse trends across different industries.

### 4. Exploratory Data Analysis (EDA)

- Distribution of transaction frequency, revenue contribution, and churn patterns are analysed.
- Download preparing data and visualise on power BI
- Analyse Correlation between Features with Target Variable (Churn / Not Churn)
- Find Correlations between customer attributes and churn likelihood are examined.

## Insights and Patterns from Analysis

### 1. Churn Rate is Critically High

- 93.5% of customers have not transacted in the last 90 days prior to the most recent date in the dataset, indicating an extremely high churn rate.
- The level of churn significantly impacts customer lifetime value (CLV) and limits long-term revenue potential.
- Only 6.5% of customers are currently retained, underscoring the need for immediate focus on retention and reactivation strategies.

### 2. Churn Customers Exhibit Shorter Lifetimes

- The average customer lifetime for churned users is ~387 days, compared to ~559 days for retained users.
- Many churned users drop off early, often within just a few months of their first transaction, indicating a lack of sustained engagement beyond the initial usage phase.
- It is critical to activate and engage users early while also nurturing them through the mid-lifecycle phase to extend lifetime and reduce churn.

### 3. Transaction Frequency Strongly Correlates with Retention

- Retained customers completed an average of ~68 transactions, significantly higher than the ~52 transactions of churned users.
- The Difference in behaviour is not just in frequency but also in monetary contribution. Retained users delivered £4,700 more in lifetime value on average.
- Low transaction volume is a reliable indicator of churn risk. Strategies that build transaction habits are essential for increasing retention.

### 4. Customer Spend Distribution REflects Behavioural Segments

- Some churned users made very high-value one-off or infrequent high transactions, but did not return, suggesting that a single large payment does not equate to loyalty or high LTV.
- Retained users also have fewer high-value transactions, implying their behaviour is more predictable and habitual.
- In contrast, customers consistently transacting on the £100-£999 range showed stickier behaviour and better CLV outcomes.
- While large transactions can boost short-term revenue, frequent mid-range senders are more valuable long-term and should be prioritised for nurturing efforts.
- Retained users tend to behave like routine business customers making operational payments.

### 5. Churn Patterns Vary Significantly by Industry

- Industries such as Finance, Healthcare, and Sole Trader showed 100% churn with many making large one-time payments.
- Technology, Consulting, and Retail had higher lifetimes and average LTVs, but still exhibited churn rates above 90%.
- Crypto and Manufacturing showed better retention, but shorter lifetimes and lower spend.
- Churn is not purely a function of transaction size or frequency, Industry context plays a major role. Tailored engagement and retention strategies are required based on sector-specific behaviour and use cases.

## Marketing Strategies

### ➤ Retention

**Business Objective:** Boost long-term retention and repeat usage among business customers to increase LTV.

#### 1. Lifecycle-Driven Engagement

- **What it is:**  
Automated emails, in-app messages, and push notifications tailored to the user's stage in the customer journey from onboarding to first transfer, mid-lifecycle usage, or signs of inactivity.
- **Problem addressed:**  
Many users churn early or go inactive mid-lifecycle due to a lack of relevant, timely engagement.
- **How it helps:**  
By proactively guiding users through key milestones and preventing drop-off at critical stages, this approach sustains engagement and strengthens habit formation, increasing retention and customer lifetime value (CLV).

#### 2. Scheduled Transfer Nudges & Habit Building

- **What it is:**  
Allow users to set up recurring international transfers, and send reminders or nudges when it's time to repeat a payment.
- **Problem addressed:**  
Churned users average fewer transactions. Many fail to build a regular usage habit, leading to disengagement.
- **How it helps:**  
Promoting scheduled transfers reinforces behavioral consistency and positions the platform as a habitual part of the customer's financial workflow, increasing transaction frequency and long-term usage.

#### 3. Tailored Onboarding by Industry

- **What it is:**  
Custom onboarding flows with industry-relevant messaging, use cases, and setup recommendations
- **Problem addressed:**  
Churn patterns and use cases vary significantly by industry. Generic onboarding may miss the mark for specific customer needs.
- **How it helps:**  
Industry-specific onboarding ensures customers see value quickly and understand how the platform fits into their existing operations, reducing early drop-offs and improving retention among high-value verticals.

#### 4. Loyalty Rewards for Power Users

- **What it is:**  
Introduce a milestone-based rewards program (e.g., fee discounts after every 10 transfers, FX cashback after £X volume).
- **Problem addressed:**  
There's a risk that even loyal, high-usage customers churn over time if they don't feel appreciated or incentivised to stay.
- **How it helps:**  
This encourages consistent engagement and builds emotional loyalty. It also increases lifetime value by rewarding frequent use rather than just initial acquisition or high-value one-offs.

#### 5. Feature Discovery & Trust Building

- **What it is:**  
Use tooltips, tutorials, onboarding modals, and educational emails to help users discover features like batch transfers, rate lock, and multi-user access.
- **Problem addressed:**  
Many users, especially churned ones, may never fully explore the platform's value, leading to disengagement after a one-time use.
- **How it helps:**  
Educating users about advanced or underused features builds trust in the platform, supports long-term adoption, and increases switching costs over time.

#### ➤ Reactivation

**Business Objective:** Re-engage dormant users and drive renewed transfer activity

##### 1. Win-Back Campaigns for High-Value Users

- **What it is:**  
Personalised email campaigns targeting dormant but previously high-value users, highlighting how much they could save or benefit by returning.
- **Problem addressed:**  
Some customers made large one-time transfers and never returned, despite high potential LTV.
- **How it helps:**  
By reminding users of the economic value they're missing (e.g., lower FX rates, fee transparency), you re-engage valuable users who may have simply lapsed due to inattention, not dissatisfaction.

##### 2. Time-Limited FX Offers

- **What it is:**  
Create urgency through exclusive offers like waived fees or improved FX rates available for a limited time.
- **Problem addressed:**  
Lack of urgency and weak reactivation incentives can cause dormant users to ignore outreach efforts.
- **How it helps:**  
Scarcity-based promotions re-capture attention and encourage immediate action, especially among users who were previously cost-conscious.

### 3. Referral Incentives

- **What it is:**  
Offer FX credit or fee discounts for returning users who refer another business customer.
- **Problem addressed:**  
Churned users often need more than a reminder. They need a compelling reason to return.
- **How it helps:**  
Referral programs offer mutual benefit, encouraging reactivation while simultaneously acquiring new leads. It's especially powerful in B2B environments where networks are valuable.

### 4. Exit Survey & Retargeting

- **What it is:**  
Upon inactivity or closure, collect feedback through exit surveys and use the insights to create segmented reactivation campaigns.
- **Problem addressed:**  
Without knowing why users churned, re-engagement efforts are often too generic to be effective.
- **How it helps:**  
Understanding reasons behind churn (e.g., pricing, usability, service gaps) enables hyper-targeted reactivation messaging and tailored value propositions.

### 5. Frictionless Re-Entry Path

- **What it is:**  
Enable one-click logins, saved transfer history, and contextual nudges that make it easy to resume where they left off.
- **Problem addressed:**  
Returning users may be discouraged by friction such as forgotten passwords, unclear steps, or re-onboarding.
- **How it helps:**  
Minimising friction reduces psychological and practical barriers to re-engagement. The easier it is to “pick up where they left off,” the higher the likelihood of returning to active use.