Executive Summary & Recommendations

1. Objective

The primary objective of this churn analysis of an Online Retail Store is to **identify, understand, and interpret the factors driving customer reduction**, quantify the extent of churn, and draw actionable insights that can inform targeted strategies to **improve customer retention, increase lifetime value, and support sustainable business growth**.

2. Key Insights

- **High Overall Churn:** Approximately **52.6%** of customers have discontinued their relationship with the business — signaling substantial revenue loss risk and the need for focused retention initiatives.

- **No Gender Bias:** Churn rates are evenly distributed across genders, indicating that gender is not a meaningful churn predictor.

- **Age Segments at Risk:** The **18–28** and **58–68** age groups show the highest churn rates, suggesting distinct challenges for younger and older customer segments.

- **Tenure Impact:** Customers with less than **5 years of tenure** are more likely to churn, highlighting the critical importance of early engagement and loyalty building.

- **Income Sensitivity:** Customers with lower income levels have a higher tendency to churn, pointing to affordability and perceived value as key factors.

- **Satisfaction Paradox:** Churn rates are unexpectedly higher among customers reporting mid to high satisfaction scores (**3–4 out of 5**). This suggests that churn is influenced by additional factors such as competitive alternatives, pricing, or servicegaps that satisfaction surveys alone do not fully capture.

3. Strategic Recommendations

1. **Strengthen Early Engagement:**

   - Implement structured onboarding and loyalty programs to nurture new customers during the critical first few years.

   - Offer early tenure rewards, personalized communications, and retention incentives.

2. **Target Age-Specific Needs:**

- ○ **Young Adults (18–28):** Develop value-focused packages, flexible pricing options, or student-friendly discounts to increase stickiness.

  - ○ **Older Customers (58–68):** Offer tailored services, dedicated support, and trust-based loyalty benefits.

3. **Adjust Pricing Strategies:**

   - ○ Introduce affordable product tiers, discounts, or payment flexibility for lower-income customer groups to improve perceived value.

4. **Investigate Hidden Factors:**

   - ○ Conduct exit interviews, competitor benchmarking, and deeper analysis to uncover factors beyond satisfaction that are driving churn.

5. **Measure & Adapt:**

   - ○ Continuously monitor churn metrics by segment to assess the impact of interventions and adapt strategies as needed.

4. Conclusion

This analysis highlights that while over half of the customer base has churned, actionable insights exist to tackle the issue effectively. By focusing on **early tenure engagement, income-based affordability, age-specific needs, and deeper churn diagnostics**, the company can strengthen retention, protect recurring revenue, and build long-term customer loyalty.