CUSTOMER CHURN ANALYSIS

fitly Retention Strategy Report

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Purpose: Identify churn drivers and recommend retention actions
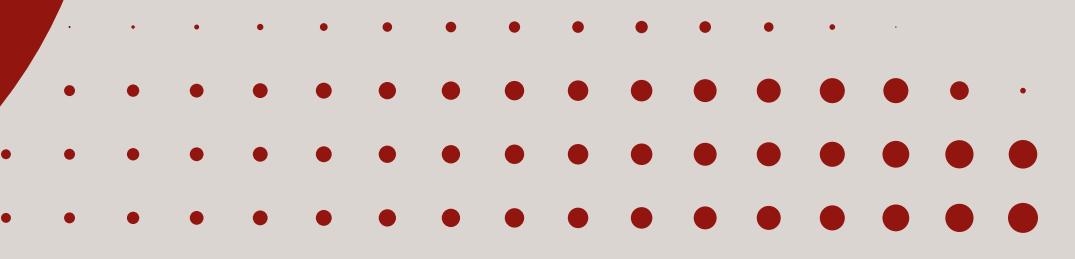
EXECUTIVE SUMMARY

Key Findings at a Glance		
Metric	**Value**	**Impact**
Overall Churn Rate	28.50%	Critical - 1 in 3 customers leave
Free Plan Churn	41%	Highest risk segment
Overall Churn Rate	22-26%	Industry average
Free Plan Churn	3x longer for churned users	Poor support = lost customers
Overall Churn Rate	75% lower for churned users	Inactive users leave

We have a retention crisis with clear, fixable causes

DATA OVERVIEW

| Datasets Analyzed		
Dataset	**Records**	**Key Information**
Account Information	400	Customer plans, pricing, churn status
Customer Support	918	Tickets, resolution times, topics
User Activity	445	Events, engagement patterns
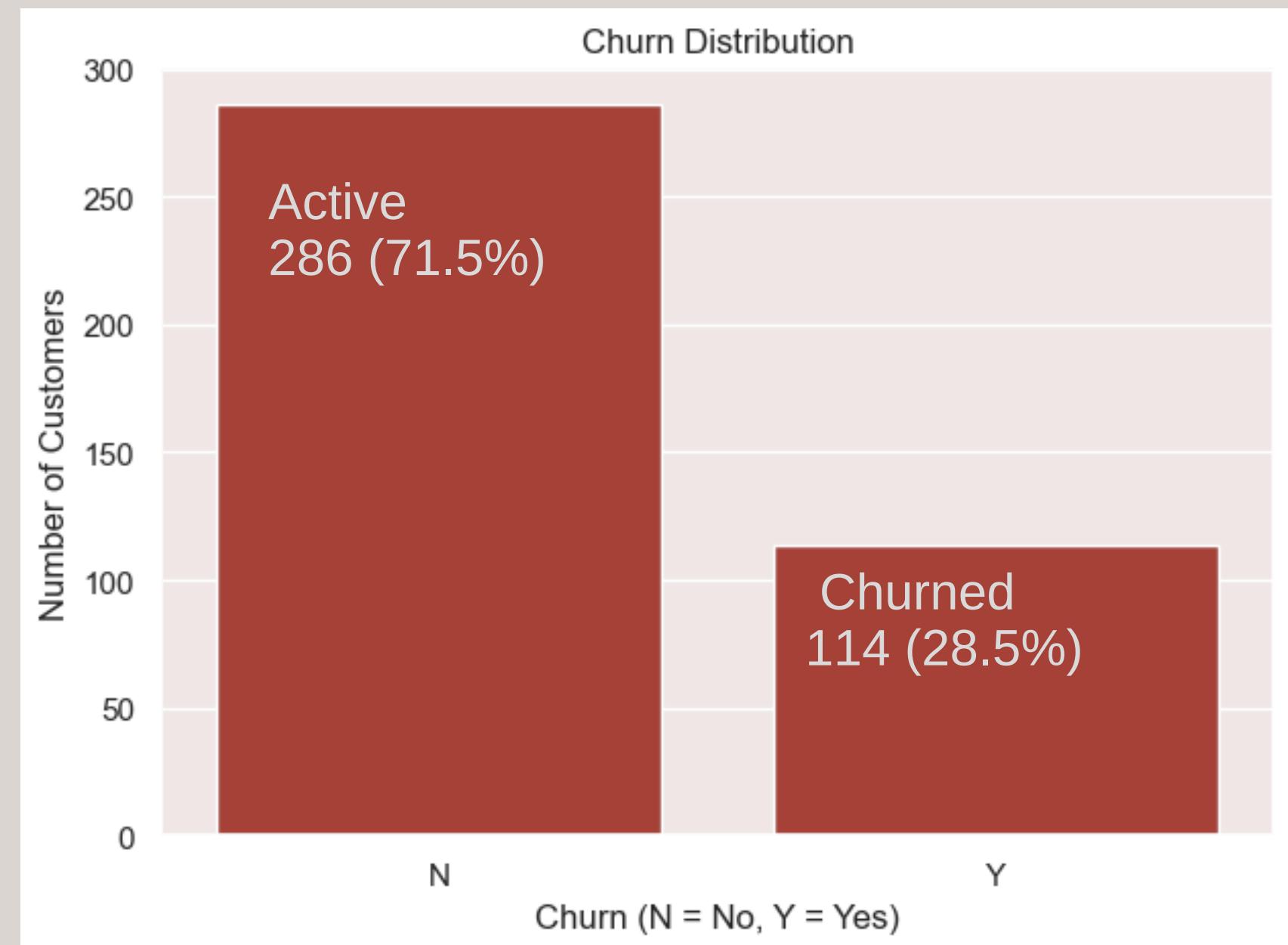
Analysis Approach:
- **Cleaned and validated all data**
- **Created customer-level features**
- **Applied statistical testing**
- **Identified actionable patterns**

CHURN DISTRIBUTION

OVERALL CHURN RATE: 28.5%

What this means:
- 114 customers lost from our base of 400
- Industry benchmark: 20-25% is typical
- We're above average = urgent action needed

Churn Distribution

Active
286 (71.5%)

Churned
114 (28.5%)

Number of Customers

Churn (N = No, Y = Yes)

SUPPORT TICKET PATTERNS

DISTRIBUTION OF SUPPORT TICKETS

KEY INSIGHT: MOST CUSTOMERS HAVE 1-4 TICKETS, BUT A HIGH-TICKET SEGMENT EXISTS

TICKETS PER CUSTOMER:
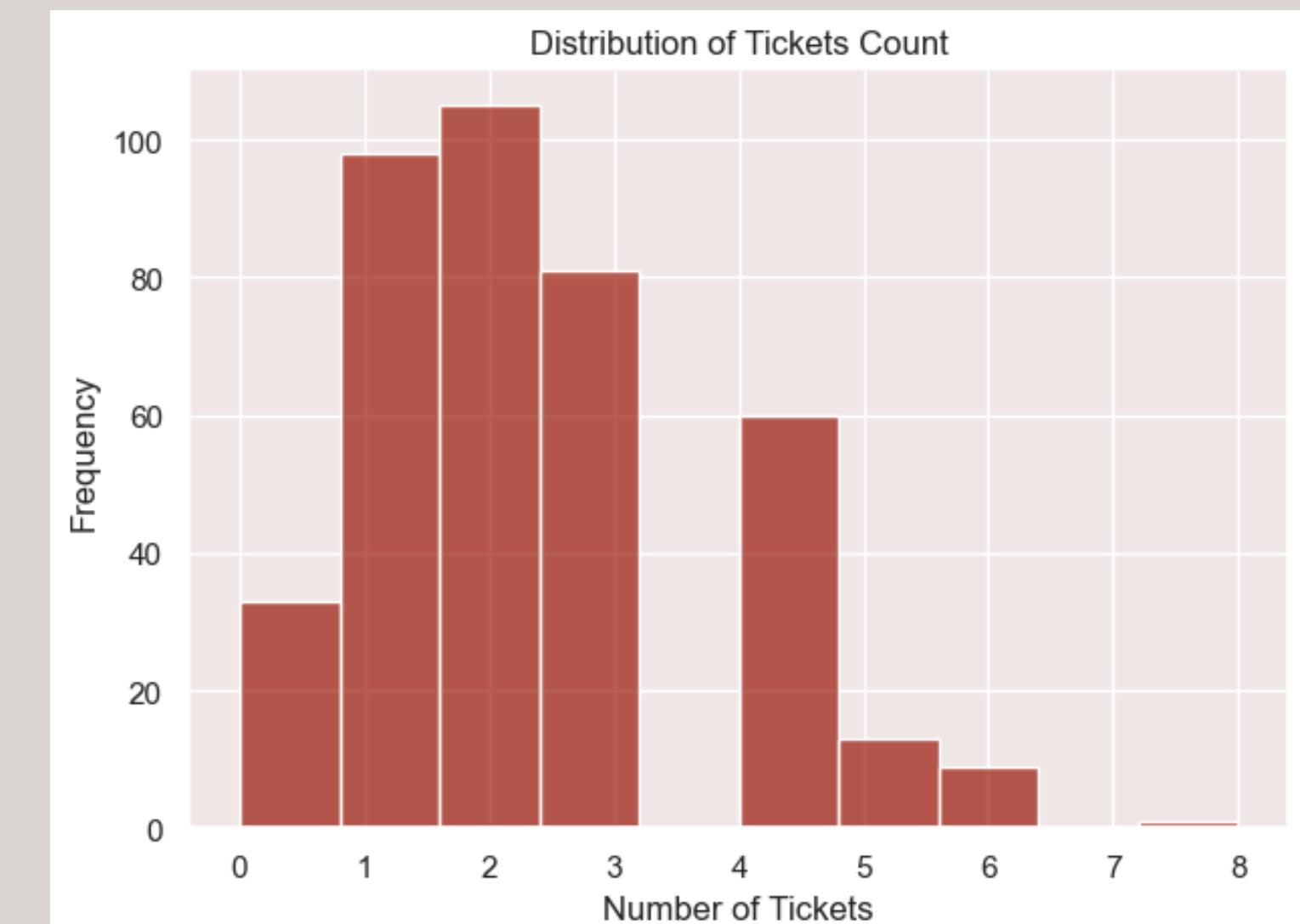
0-2 TICKETS: 65% OF USERS

3-5 TICKETS: 25% OF USERS

6+ TICKETS: 10% OF USERS   HIGH-RISK GROUP

FINDING: TICKET VOLUME ALONE DOESN'T PREDICT CHURN
- CHURNED: **2.45** AVG TICKETS
- ACTIVE: **2.23** AVG TICKETS
- DIFFERENCE: ONLY **0.22** TICKETS

Distribution of Tickets Count
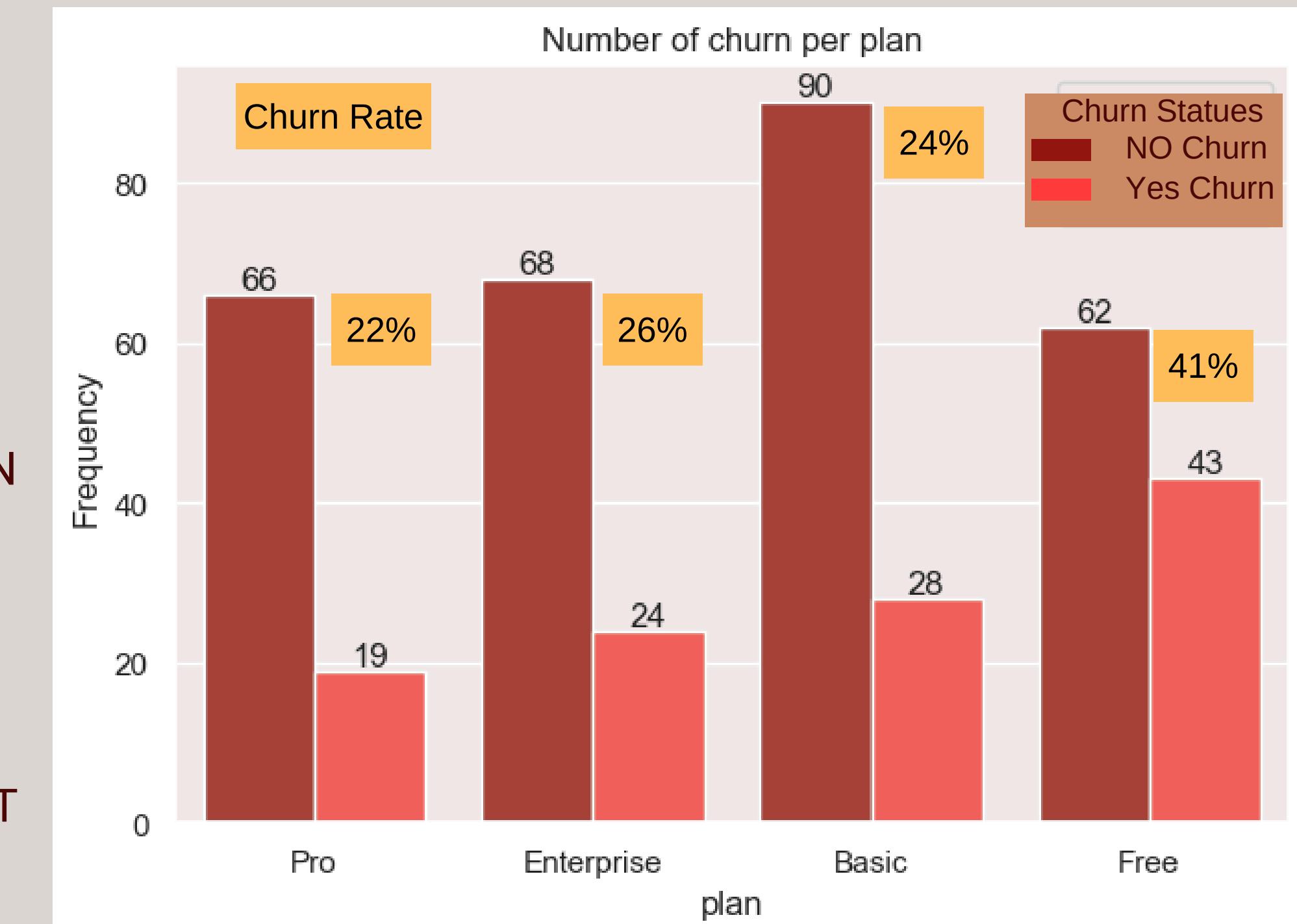
CHURN BY PLAN TYPE - THE BIG REVEAL

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FREE PLAN USERS CHURN AT DOUBLE THE RATE

STATISTICAL SIGNIFICANCE:

- ALPHA = 0.05
- CHI-SQUARE TEST: **P-VALUE = 0.011**
- THIS IS NOT RANDOM - IT'S A REAL PATTERN

QUESTION FOR DISCUSSION: WHAT'S DIFFERENT ABOUT OUR FREE PLAN EXPERIENCE?

Number of churn per plan

Churn Rate

Churn Statues
- NO Churn
- Yes Churn

90

24%

66   68

22%   26%

62

41%

43

28

24

19

THE RESOLUTION TIME PROBLEM

SUPPORT EXPERIENCE DRIVES CHURN

AVERAGE RESOLUTION TIME:

Active Customers : 6 Hours

Churned Customers: 18 Hours

3x longer!

STATISTICAL VALIDATION:

- ALPHA = 0.05

- T-TEST: P-VALUE < 0.0001

- HIGHLY SIGNIFICANT DIFFERENCE

THE STORY:

- CHURNED CUSTOMERS WAIT 3X LONGER FOR HELP

- THEY GET FRUSTRATED → THEY LEAVE

- THIS IS WITHIN OUR CONTROL TO FIX

ENGAGEMENT GAP

LOW ENGAGEMENT = HIGH CHURN RISK

AVERAGE EVENTS PER USER(AEPU):

Active Users: 1.41 events

Churned Users: 0.36 events

75% lower!

WHAT THIS MEANS:

- CHURNED USERS BARELY USE THE APP BEFORE LEAVING
- THEY DON'T SEE VALUE → THEY DON'T ENGAGE → THEY CHURN
- ESPECIALLY CRITICAL FOR FREE PLAN USERS

KEY QUESTION:

ARE WE EFFECTIVELY ONBOARDING NEW USERS?

IS THERE LIMITATION FOR THE FREE PLAN?

ACTION PLAN - 90 DAYS

SHORT-TERM RECOMMENDATIONS:

Priority	Action	Owner	Success Metric
HIGH	Free Plan Engagement Program	Product	**+15%** events count
HIGH	Support SLAs & Prioritization	Support	**20%** faster resolution
MEDIUM	Early Warning System	Data Team	Flag at-risk users
MEDIUM	Retention Campaign	Marketing	Re-engage inactive

IMMEDIATE WINS:

- **PRIORITIZE TICKETS FOR HIGH-VALUE/FREE USERS**
- **ADD IN-APP ONBOARDING FOR NEW FREE USERS**
- **FLAG USERS WITH 0 EVENTS IN 14 DAYS**

SUCCESS METRICS & TIMELINE

6-MONTH TARGETS:

Metric	Current	Target	Gap
Overall Churn	28.50%	< 22%	↓ 6.5%
Free Plan Churn	41%	< 30%	↓ 11%
Resolution Time (Churned)	18 hrs	< 12 hrs	↓ 6 hrs
Free User Engagement	TBD	15%	↑

FINANCIAL IMPACT:

- REDUCING CHURN FROM 28.5% TO 22% = ~26 CUSTOMERS RETAINED

- ESTIMATED REVENUE PRESERVED (PER CUSTOMER): 50$

KEY TAKEAWAYS

WHAT WE LEARNED
1. FREE PLAN IS OUR BIGGEST CHURN RISK - 41% LEAVE
2. SLOW SUPPORT DRIVES CUSTOMERS AWAY - 3X LONGER WAIT TIMES
3. LOW ENGAGEMENT PRECEDES CHURN - 75% FEWER EVENTS
4. THESE FACTORS ARE STATISTICALLY SIGNIFICANT - NOT RANDOM

Focus Area	Action
Free Plan	Improve onboarding & demonstrate value
Support	Reduce resolution times, prioritize at-risk
Engagement	Build early warning system
Monitoring	Track churn rate monthly by segment