Code Academy
Learn SQL from Scratch Capstone:
Option 2 Churn Rates with Codeflix

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Codeflix Background

- Codeflix is a SaaS based streaming video startup. Since this service is sold via a subscription customers signup, auto-renew or cancel service each month.

- The purpose of this project is to find out the percentage of customers that cancel every month. This is known as the churn rate and is a industry metric of the health of a SaaS business.

1. Get familiar with the company

- How many months has the company been operating? Which months do you have enough information to calculate a churn rate?
  - Codeflix has been operating for 4 months. Since a customer can't signup for shorter than 1 month of service we will not be able to calculate churn for the first month. Churn rate will be calculated for 3 months; Jan, Feb and March.
- What segments of users exist?
  - The customers are broken up into two different segments; 30 and 87

2. What is the overall churn trend since the company started?

- Churn Rate = canceled / active

- Churn Rate by Month:
  - Jan: Cancelled / 92 Active 569   16%
  - Feb: Cancelled / 186 Active 980   19%
  - March: Cancelled / 154 Active 1,247   12%

- Churn Rate Overall:
  - Cancelled 432 / Active 2,796   15%

3. Compare the churn rates between user segments.

- Which segment of users should the company focus on expanding?
  - Churn Rate = canceled / active
  - Churn Rate for Segment 87 for the entire 3 month period = 476/1,271 = 37%
  - Churn Rate for Segment 30 for the entire 3 month period = 144/1,525 = 9%

  - Codeflix should consider expanding the business for Segment 30 since it has the lower churn rate.

  - Churn is like a leaky boat and they should also investigate the high churn rate in Segment 87. This churn rate increased month over month from Jan through Mar. This suggests that this group is getting less healthy over time. Codeflix should see what this members of this segment have in common and work on isolating the issues that are driving cancelations.