**PREDICITING CUSTOMER CANCELLATIONS**

**The question that arises every month is how many cancellations occurred and what were the reasons that led to these cancellation. This affects the retention rate and projected revenue every quarter.**

**There are several reasons that the customer gets cancelled, either involuntary or voluntary.**

**Involuntary cancellations the cancellations are done by the financial institution (partner). When the billing gets declined either it gets hard declined or soft declined. Hard declined billings are immediately cancelled. Soft decline billings go through two resubmittal cycles every 20 days after the first decline. Subsequently, a letter is sent out to the customer informing them that the credit card on file was declined and if they would like to add an alternate payment or update their credit card. The customer is given 30 days to respond with the payment information. After 60 days from the first decline date, if no payment is received the cancellation goes through.**

**Voluntary cancellations are done by the customer for many reasons, such as they are not happy with the product, found a better deal etc. The customer can either cancel online on their login page or call in to cancel.**

**In the past year, there has been a noticeable spike in cancellations. There metrics are constantly monitored on a daily/weekly basis through several reports by the senior management.**

**The goal of this analysis is to answer the following questions**

1. **From the declined billings how many cure and how many lead to cancellations.**
2. **The rate of soft declines and hard declines for each month, out of those how many get cured and cancelled.**
3. **The rate of involuntary and voluntary cancellations**
4. **Predict a rate of cancellation for the next quarter based on the data we analyze.**

**Based on the findings , management will decide if what actions need to be taken to reduce the rate of cancellations and increase revenue.**

**The data required for this exercise will be billing data for customers who have a declined billing flag , order level data which will provide details order level detail which can be used to find how long the customer was enrolled, activity log data which usually tracks the updates done to the order while enrolled in the program.**

**The approach I plan to take is first find the answers to 1,2,3. At this point, I am not sure how I plan to approach #4**

**\*\*\*I am not sure if I need to get customer level details in this data set, as we are looking at just customer counts. Also, a customer can have multiple orders with payment linked to different credit cards. Not necessarily , all the credit cards for that customer get declined. I may add this data later as I work thorough the project.**

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