

Sales Data Analysis for Retention Metrics

Month-over-Month (MoM) Retention

Month-over-Month (MoM) Retention measures the percentage of customers who made a purchase in one month and then repeated that activity in the next month.

Formula:

MoM Retention Rate=(Customers active in both current month and next month / Customers active in current month)×100

What It Tells Us:

MoM retention gives you a snapshot of how "sticky" your product or service is month by month. A high MoM retention rate suggests that your customers are coming back and continuing to engage with your business on a regular basis.

Business Insights:

- Churn detection: If the MoM retention rate starts to drop, this could be an early indicator of customer churn.
- Effectiveness of engagement campaigns: MoM retention can help track whether engagement initiatives, like email marketing or product updates, are successfully keeping customers engaged.

MOM retention table				
	Current month	Total customers in current month	Retained customers from previous month	Retention rate
	1	83	0	0% <div></div>
	2	69	21	30.43% <div></div>
	3	68	19	27.94% <div></div>
	4	69	21	30.43% <div></div>
	5	65	12	18.46% <div></div>
	6	64	15	23.44% <div></div>
	7	77	16	20.78% <div></div>
	8	70	26	37.14% <div></div>
	9	80	26	32.5% <div></div>
	10	77	29	37.66% <div></div>
	11	62	20	32.26% <div></div>
Rows 1-11 of 12 < >				



Retention Cohorts (Temporal Cohorts)

Retention Cohorts group users by when they first performed a certain action (e.g., made their first purchase) and then track how many from each group continue to perform that action over time. In this case, we group users by the month which they made their first purchase, and calculate the retention rate for all the other month **separately**.

Example: Grouping all customers who made their first purchase in January and seeing how many of them made another purchase in February, March, etc.

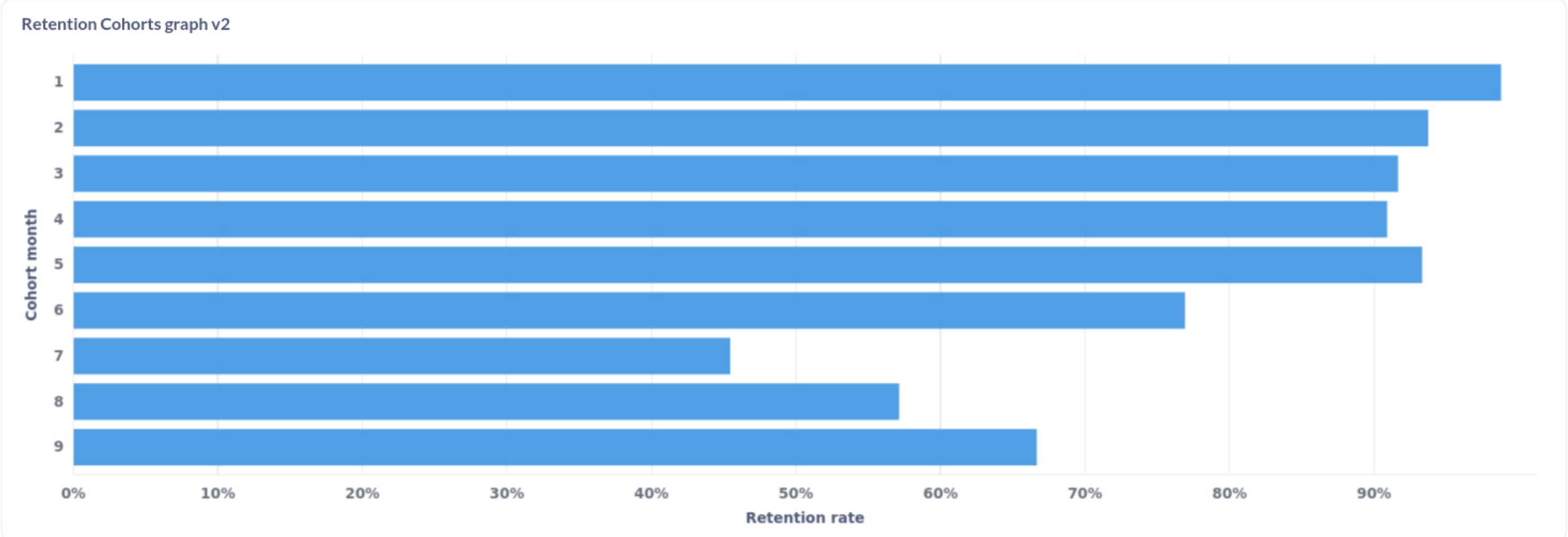
What It Tells Us:

Cohort analysis helps understand how groups of users (cohorts) behave over time, providing insights into whether retention improves or declines for different user groups based on their first interaction.

Business Insights:

- Product health over time: By tracking different cohorts, businesses can see if newer customers are more or less likely to stick around compared to older customers.
- Campaign effectiveness: It helps to evaluate how different customer acquisition efforts impact retention, identifying which marketing campaigns bring in the highest-quality customers.

Retention Cohorts Table version2 random				
	Cohort month	Activity month	Retained customers	Retention rate
	5	12	3	20% <div><div></div></div>
	5	9	5	33.33% <div><div></div></div>
	8	10	2	28.57% <div><div></div></div>
	4	6	7	31.82% <div><div></div></div>
	4	8	6	27.27% <div><div></div></div>
	8	12	2	28.57% <div><div></div></div>
	7	8	3	27.27% <div><div></div></div>
	7	10	3	27.27% <div><div></div></div>
	1	12	25	30.12% <div><div></div></div>
	3	5	7	19.44% <div><div></div></div>
	3	11	9	25% <div><div></div></div>
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Repurchase Rate

The repurchase rate measures the percentage of customers who make a second purchase (or more) after their initial transaction.

Formula:

Repurchase Rate=(Total customersCustomers who made more than one purchase / Total customers)×100

What It Tells Us:

The repurchase rate reflects how often customers come back to buy again, which is crucial for understanding customer loyalty and the likelihood of customers becoming repeat buyers

Business Insights:

- Customer satisfaction: A high repurchase rate suggests that customers are satisfied and find value in your product.
- Loyalty strategy evaluation: It helps businesses evaluate how well loyalty programs, product quality, or customer service are driving repeat business.
- Revenue forecasting: Knowing your repurchase rate helps to forecast future revenue by estimating how many customers are likely to come back.

88.66%

Customer repurchase rate in 2023

Conclusion

- MoM Retention is best for quick, short-term insights, and can act as a pulse check on customer behavior.
- Retention Cohorts provide deeper, long-term analysis of customer retention patterns, helping businesses see the impact of changes in product or customer experience over time.
- Repurchase Rate is a simple but valuable metric for understanding customer loyalty and predicting long-term revenue potential.