

# Codeflix is the new Netflix?

Churn Rates Analysis Project for Codeflix

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# 1. Get Familiar with Codeflix

# 1.1 How many months has the company been operating? Which months do you have enough information to calculate a churn rate?

The company has been operating for 4 months since Dec 1<sup>st</sup>, 2016.

- Selecting `min(subscription_start)` from subscriptions table shows 2016-12-01 which represents first date of operation.
- Selecting either `max(subscription_start)` or `max(subscription_end)` from subscriptions table shows 2017-03-30 or 2017-03-31 which reveals # of operating months (4).

There is enough information on Jan, Feb and Mar 2017 to calculate churn rates for Codeflix.

- Churn rates for Dec 2016 cannot be calculated as Codeflix requires a minimum subscription of 31 days.
- As a result, churn rates for 3 months period (Jan, Feb and Mar 2017) instead of 4 months period will be calculated in this project.

## 1.2 What segments of users exist?

There are 2 segments of users, segment 30 and 87, as revealed by selecting `distinct` segment from subscriptions table

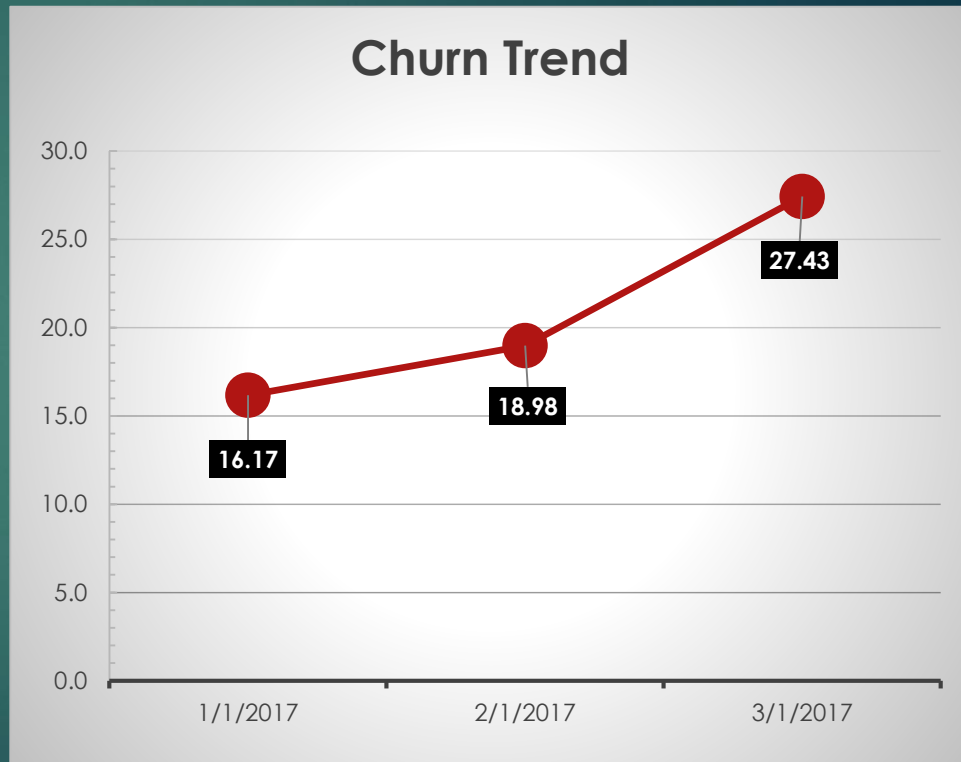
- Each segment is offered with different types of services.
- By calculating churn rates for each segment, this information gives management which segment to focus on expanding.

## 2. Churn Trend Analysis



| Month    | Overall Churn Trend (%) |
|----------|-------------------------|
| 1/1/2017 | 16.17                   |
| 2/1/2017 | 18.98                   |
| 3/1/2017 | 27.43                   |

- The overall churn trend is showing rising trend which is negative on company's revenue growth. However, this doesn't tell the performance of each segment which leads to the next analysis.





## **3. Churn Trend Analysis by Segment**

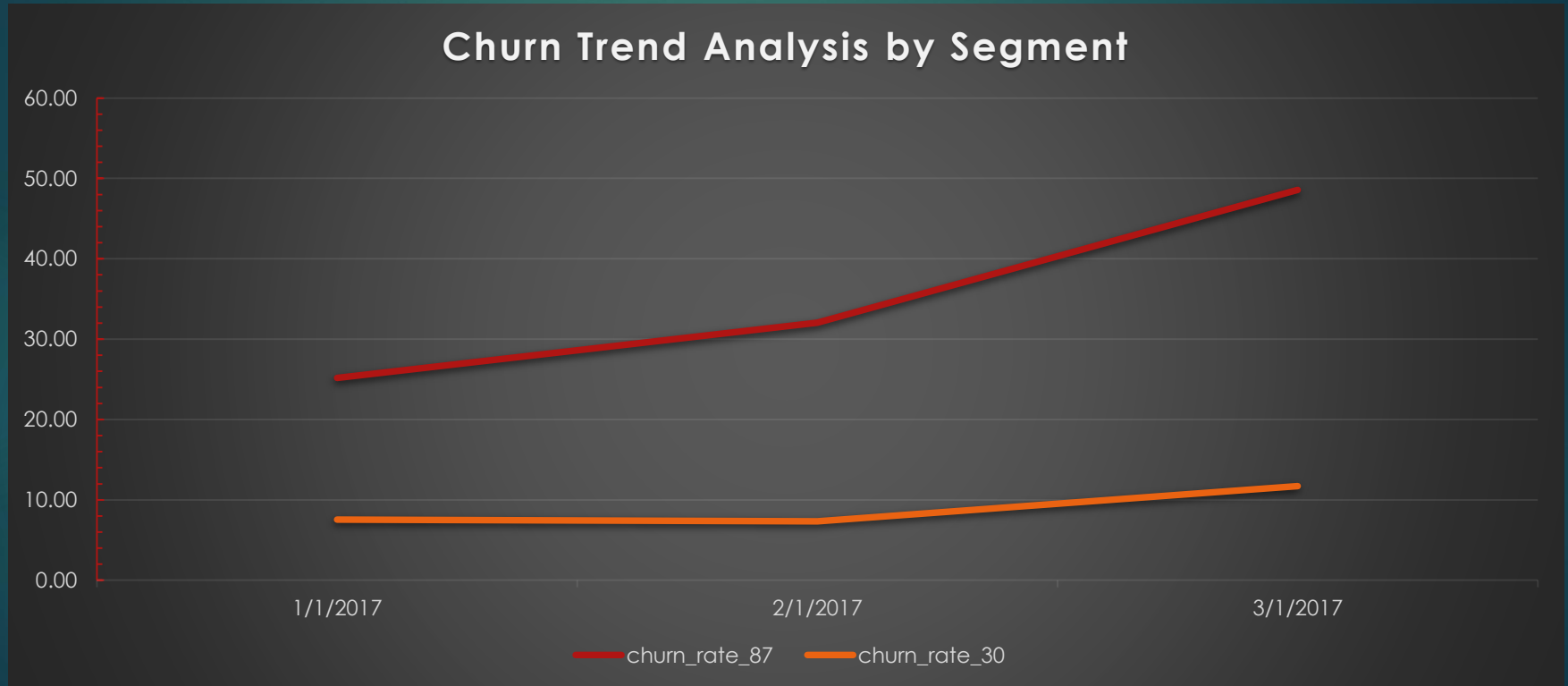


## 3.1 Churn Trend Analysis by Segment - Table

| Month    | # of Active Users in Segment 87 | # of Canceled Subscribers in Segment 87 | # of Active Users in Segment 30 | # of Canceled Subscribers in Segment 30 |
|----------|---------------------------------|---|---------------------------------|---|
| 1/1/2017 | 278                             | 70                                      | 291                             | 22                                      |
| 2/1/2017 | 462                             | 148                                     | 518                             | 38                                      |
| 3/1/2017 | 531                             | 258                                     | 716                             | 84                                      |

| Month    | Churn_rate_87 (%) | Churn_rate_30 (%) |
|----------|-------------------|-------------------|
| 1/1/2017 | 25.18             | 7.56              |
| 2/1/2017 | 32.03             | 7.34              |
| 3/1/2017 | 48.59             | 11.73             |

## 3.2 Churn Trend Analysis - Graph



# Conclusion

- As per overall churn trend analysis, rising Churn trend can be observed in both segment 30 and 87 with different slopes.
- Churn trend in segment 87 is showing much more prominent rising trend when the churn trend in segment 30 is much more muted, hovering at lower single digit %.
- This shows subscribers in segment 30 is mostly happy with the service whereas many subscribers in segment 87 are not satisfied with their subscription service.
- Management should focus on expanding segment 30 as the churn rate is much lower in this segment which means it is more likely for a company to retain customers and improve revenues on segment 30 than in segment 87.