Demo: ChurnShield

Introduction

This report provides a comprehensive summary of customer churn predictions based on an analysis of customer purchase behavior across various attributes. It identifies high-risk customers and offers personalized retention strategies to reduce churn and enhance customer loyalty. Additionally, the report includes insights into the factors influencing churn and recommendations for improvement.

Disclaimer

This is a demo report designed to showcase the capabilities of our AI system for customer retention analysis. For detailed pricing and a full evaluation tailored to your business, please contact Leukotech directly. *While this demo provides an accurate representation of the final product's potential, please note that the current analysis is conducted using advanced AI, and PDF generation is done manually. Full automation will be implemented in the final version. This demo aims to be a cost-effective solution for demonstration purposes. Actual product results may vary.*

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Retention Strategies for the 5 Most At-Risk Customers

ChurnShield demo currently provides retention strategies for the *5 most at-risk clients as an example*. In the full product, it can generate plans for all, some, or specific groups of clients based on your needs. Additionally, the data can be provided in various formats such as PDF, JSON, or CSV. Further integrations for added optimization can be discussed.

Customer 1 (Row 293)

- **Age**: 34
- **Gender**: Female
- **Annual Income**: $58,300.52
- **Number of Purchases**: 17
- **Product Category**: Beauty
- **Time Spent on Website**: 9.10 minutes
- **Loyalty Program**: Yes
- **Discounts Availed**: 1
- **Purchase Probability**: 0.06%

Reason for High Risk:

- Despite being in the loyalty program and having a decent number of purchases, the significantly low time spent on the website indicates a lack of engagement and interest, which could lead to reduced future purchases.

Retention Strategy:

- **Targeted Email Campaigns**: Automate personalized email campaigns featuring new beauty product launches and exclusive beauty tips.
- **Exclusive Discounts**: Offer a limited-time discount on beauty products for loyalty members.
- **Loyalty Rewards Boost**: Double loyalty points for beauty product purchases for the next month.
- **Product Reviews and Recommendations**: Encourage her to leave reviews on past purchases and offer personalized beauty product recommendations based on her history.

Customer 2 (Row 199)

- **Age**: 27
- **Gender**: Male
- **Annual Income**: $120,479.79
- **Number of Purchases**: 19
- **Product Category**: Home Goods
- **Time Spent on Website**: 15.74 minutes
- **Loyalty Program**: No
- **Discounts Availed**: 1
- **Purchase Probability**: 0.12%

Reason for High Risk:

- Despite a high annual income and a good number of purchases, the lack of participation in the loyalty program and relatively low website engagement suggest a potential risk of churn.

Retention Strategy:

- **Loyalty Program Invitation**: Send a personalized invitation to join the loyalty program with a one-time joining bonus.
- **Personalized Home Goods Offers**: Email personalized offers and discounts on home goods products similar to past purchases.
- **Abandoned Cart Reminders**: Set up automated reminders for any home goods items left in the shopping cart.
- **Engaging Content**: Regularly send newsletters featuring home decor tips, DIY projects, and home improvement trends.

Customer 3 (Row 137)

- **Age**: 18
- **Gender**: Female
- **Annual Income**: $34,941.29
- **Number of Purchases**: 4
- **Product Category**: Clothing
- **Time Spent on Website**: 51.12 minutes
- **Loyalty Program**: No
- **Discounts Availed**: 1
- **Purchase Probability**: 0.13%

Reason for High Risk:

- The combination of low income, few purchases, and no loyalty program participation, despite high website engagement, indicates a potential disconnect between browsing and buying.

Retention Strategy:

- **Student Discounts**: Implement a student discount program with verification for exclusive offers.
- **Social Media Campaigns**: Run social media ads and promotions targeting young customers, highlighting current fashion trends.
- **Style Surveys**: Send a style preference survey and offer discounts for completing it, then use responses to personalize future marketing.
- **Influencer Partnerships**: Collaborate with fashion influencers popular among her age group to promote your clothing brand.

Customer 4 (Row 294)

- **Age**: 29
- **Gender**: Female
- **Annual Income**: $116,187.54
- **Number of Purchases**: 2
- **Product Category**: Clothing
- **Time Spent on Website**: 56.77 minutes
- **Loyalty Program**: Yes
- **Discounts Availed**: 3
- **Purchase Probability**: 0.14%

Reason for High Risk:

- Despite high income and high engagement with the website, the very low number of purchases suggests a lack of conversion from browsing to buying.

Retention Strategy:

- **Early Access Promotions**: Provide early access to new collections and sales for loyalty program members.
- **Personalized Recommendations**: Use past purchase data to automate personalized clothing recommendations.
- **Exclusive Member Discounts**: Offer additional discounts on her favorite clothing categories as a loyalty perk.
- **Feedback Requests**: Encourage feedback on purchases with an incentive, such as a discount on the next purchase.

Customer 5 (Row 7)

- **Age**: 66
- **Gender**: Female
- **Annual Income**: $37,758.12
- **Number of Purchases**: 14
- **Product Category**: Sports
- **Time Spent on Website**: 17.83 minutes
- **Loyalty Program**: No
- **Discounts Availed**: 2
- **Purchase Probability**: 0.18%

Reason for High Risk:

- Despite a moderate number of purchases, the lack of participation in the loyalty program and low income suggest a potential for reduced engagement and spending in the future.

Retention Strategy:

- **Senior Discounts**: Offer a special discount for seniors on sports products.
- **Health and Fitness Newsletters**: Automate newsletters with health and fitness tips tailored for seniors.
- **Personalized Product Recommendations**: Recommend sports products based on past purchases.
- **Loyalty Program for Seniors**: Introduce a loyalty program designed for senior customers with specific benefits and rewards.

Success Probabilities Based on Data

The model's accuracy is 83.67%, with a detailed classification report showing balanced performance:

- Precision: 0.85 (average)
- Recall: 0.82 (average)
- F1-score: 0.83 (average)

Criteria for High-Risk Customers

High-risk customers are identified based on their predicted purchase probabilities. Customers with a purchase probability score below 0.2 are considered high risk. These customers are prioritized for retention efforts to maximize the impact of our strategies.

Determining Purchase Probability

The purchase probability score is a metric that represents the likelihood of a customer making a future purchase. It is calculated using a logistic regression model trained on various customer attributes, such as age, gender, annual income, number of purchases, product categories, time spent on the website, loyalty program participation, and discounts availed. A lower probability score indicates a higher risk of churn, and these customers are prioritized for targeted retention strategies. The score helps businesses understand and predict customer behavior, allowing them to take proactive measures to retain at-risk customers.

Statistical Breakdown

Percentage of Customers by Risk Level:

- **High Risk**: 41.33%
- **Medium Risk**: 23.67%
- **Low Risk**: 35.00%
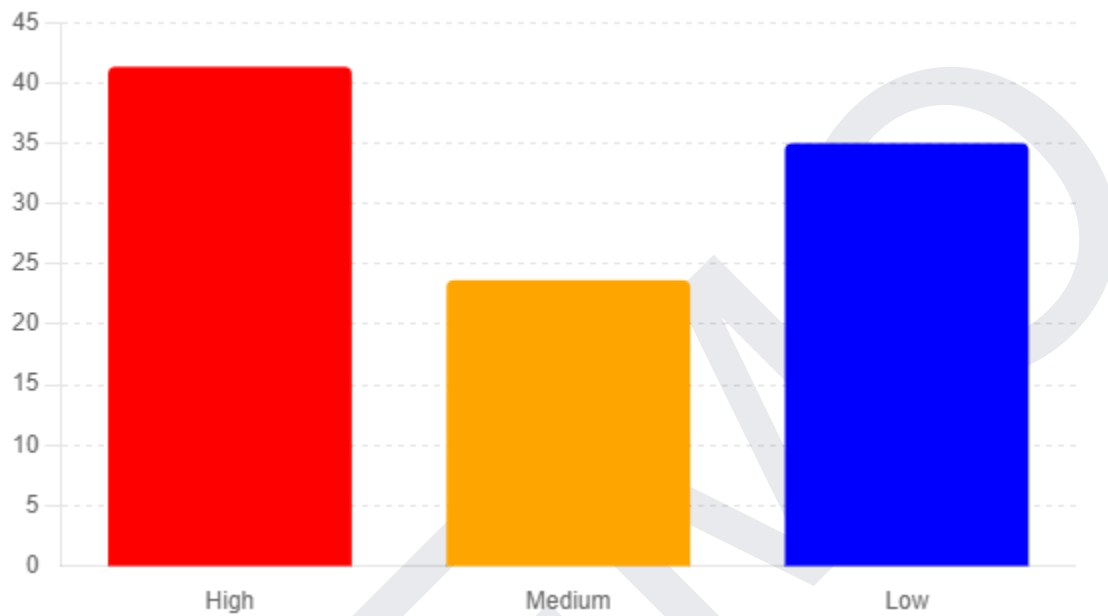
Commonalities in Customer Risk Levels

- **High Risk:**
  - Predominantly younger customers with fewer purchases and lower time spent on the website.
  - A significant portion did not avail of loyalty programs.
  - Higher proportion of electronics purchases.
- **Medium Risk:**
  - Mid-age customers with moderate purchase history.
  - Some interaction with the loyalty program.
  - Mix of electronics and home goods purchases.
- **Low Risk:**
  - Older customers with a higher number of purchases.
  - Frequent website interactions and active participation in loyalty programs.
  - Commonly purchase home goods and beauty products.

Observations

1. **High-risk customers often purchase electronics:**
   - Electronics purchases can indicate customers' interest in high-value items but also suggest potential high churn due to price sensitivity and frequent comparison shopping.
   - These customers may be more transient, buying specific items rather than showing consistent loyalty.
2. **Lower engagement and fewer purchases are common among high-risk customers:**
   - High-risk customers tend to spend less time on the website and make fewer purchases, indicating lower brand engagement and potential disinterest.
   - This behavior might be due to a lack of relevant product recommendations, insufficient incentives to stay longer, or a subpar website experience.

Recommendations and Ideas to Considers

1. **Enhance Loyalty Programs to Provide More Value and Encourage Participation:**
   - **Personalized Rewards:**
     - Tailor loyalty program rewards to individual customer preferences, such as offering electronics-related perks for those who frequently purchase electronics.
     - Create tiered rewards that increase in value with customer engagement, encouraging more frequent visits and purchases.
   - **Exclusive Access:**
     - Provide loyalty members with early access to new electronics releases, special discounts, and members-only events.
     - Offer sneak peeks or beta testing opportunities for new gadgets, creating a sense of exclusivity and belonging.
   - **Loyalty Points for Engagement:**
     - Award points not only for purchases but also for website engagement activities such as leaving reviews, watching product videos, or participating in surveys.
     - Introduce gamification elements like leaderboards and badges to make the loyalty program more engaging and competitive.

2. **Offer Targeted Discounts and Promotions to Increase Engagement Among High-Risk Customers:**
   - **Dynamic Pricing and Discounts:**
     - Implement dynamic pricing strategies that offer personalized discounts based on browsing and purchase history.
     - Send targeted promotions for electronics or related accessories to entice high-risk customers back to the site.
   - **Limited-Time Offers:**
     - Create a sense of urgency with flash sales and limited-time offers exclusive to high-risk customers.
     - Use countdown timers and email reminders to highlight the scarcity of the deal, encouraging quicker decision-making.
   - **Bundling and Cross-Selling:**
     - Offer bundle deals that combine popular electronics with complementary products, increasing the perceived value.
     - Use data analytics to identify and suggest accessories or related items that high-risk customers are likely to purchase together

3. **Improve Customer Experience on the Website to Encourage Longer Visits and More Frequent Purchases:**
    - **Personalized Shopping Experience:**
        - Utilize machine learning algorithms to provide personalized product recommendations based on past behavior and preferences.
        - Customize the homepage and product pages to reflect items of interest to each customer, enhancing relevance and engagement.
    - **Enhanced Website Features:**
        - Improve website navigation and load times to ensure a smooth and efficient browsing experience.
        - Incorporate interactive features like 360-degree product views, AR/VR previews, and detailed comparison tools for electronics.
    - **Content and Community Engagement:**
        - Develop a rich content strategy that includes product reviews, how-to guides, tech news, and user-generated content.
        - Create forums or social media groups where customers can discuss electronics, share tips, and connect with like-minded individuals.
    - **Proactive Customer Support:**
        - Implement AI-powered chatbots and live support to assist customers promptly with their queries and issues.
        - Offer detailed FAQs, video tutorials, and troubleshooting guides to help customers make informed decisions.

Closing Summary

To enhance customer retention and engagement, it's essential to understand the behavior and preferences of high-risk customers. By implementing personalized loyalty programs, targeted discounts, and improved website experiences, businesses can effectively address the needs of these customers. These strategies will not only reduce churn but also foster long-term loyalty and drive higher revenue.