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Using a segment-specific retention model helps

reduce annual churn rate by over 11%

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Tenzai helps companies employ purpose-driven AI framework to solve complex business problems.

Client

The client, is a leading **health-tech firm which offers subscription-based health and wellness plans to customers** in the US and other countries in the world.

Challenges

The client faced **high customer churn post 30 days of usage resulting in revenue losses.**

The marketing team was keen to understand and identify key influencers of churn behavior.

The present rule-based approach to retention was inaccurate and not scalable.

Solution

Armed with multiple decades of experience in customer retention, the Tenzai team devised a three-stage approach to address customer churn.

Data from multiple sources like CRM, product usage, subscription behavior and campaign system were considered for the analysis. Key drivers of churn were identified based on in-depth exploratory analysis. Based on the insights from analysis, **marketers were able to design strategic interventions/programs to address churn.**

Next, **Tenzai developed a customer segmentation model to understand customer behavior among diverse customer groups**. Customers were segmented into clusters based on their product usage, value, loyalty, and subscription frequency. **It helped in understanding the variances between multiple customer segments.**
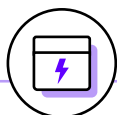
Intervention

Tenzai employed a unique approach, to identify potential churners and then prioritize the right customers for retention. A two-stage stacked ensemble model was built, the first model was used to predict the propensity of customers who are most likely to churn.

Personalized recommendations

Then to prioritize the right customers for retention, customer lifetime value (CLV) for each customer was calculated using a regression model. Customers were then prioritized for retention campaigns based on their churn propensity and CLV score.

Results

The segment-specific churn prediction model resulted in higher accuracy compared to a single model for the overall customer base.

The segment-specific approach also **helped them to devise targeted offers and messaging** for each customer group.
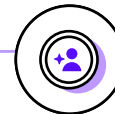
The value-based retention strategy **helped the marketers to prioritize the top 10% of customers who were contributing to more than 45% of the revenues** for retention campaigns.t

The new retention solution **helped the client to improve the effectiveness of retention campaigns, reduce customer churn, and also devise strategic initiatives to reduce churn**.

Key benefits include

The segment specific churn prediction model had a **high accuracy of greater than 90%**

Prioritizing customers for retention based on value and propensity score **helped increase ROI on marketing spends by 30%**

Post deployment, the client was able to **reduce the annual churn rate from 36% to 25%** resulting in **revenues savings of millions of dollars**

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About Us

Tenzai is a Purpose-Driven AI company founded by data science leaders with the vision to empower organizations to realize the true potential of AI. By focusing on the true purpose, we go beyond the hype and democratize AI through solutions that are accessible, scalable and responsible.

Our unique approach to solution and services empowers fortune 1000 organizations to solve complex business challenges across key verticals -Retail, Consumer Product Goods, Financial Services and Healthcare through AI and Data Science.

Aside from delivering game-changing solutions to organizations, we collaborate with global universities and research institutions to bring to life new products and concepts in exponential technologies.

Recently, we have been recognized as one of the 'Top 10 Big Data Analytics companies to watch out for globally'.

To know more about Tenzai and our Purpose-Driven AI differentiator, please visit www.tenz.ai or follow us on LinkedIn.

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