

Controlling attrition for a subscription-based business

Building solutions for voluntary and involuntary churn



Client

A publicly traded American entertainment company

Background

The client struggled with controlling attrition among its video service subscribers. This attrition was due to voluntary and involuntary churn. Voluntary churn occurred when a subscriber requested cancellation of the service. Involuntary churn resulted from payment gateway errors, such as errors in the bank account information provided by the customer, or customers reaching their credit limit.

As the client's subscriber base mainly consisted of young, less affluent members, the client faced difficulties in developing solutions based on traditional credit or demographic profiling methods.

EXL Analytics solution

EXL carried out a customer segmentation exercise to identify aspects of subscribers who experience both types of churn.

For voluntary churn, it was observed that subscribers who consumed more content were less likely to cancel. A rule-based notification system was implemented that highlighted new or popular content to subscribers who had not recently used the service.

For involuntary churn, new products were created that required fewer payments. This reduced the amount of possible failure points and increased retention. The customer segmentation exercise identified that a significant portion of customers lost due to involuntary churn returned within a few weeks. EXL proposed a new payment schedule with a longer grace period for missed payments. It also included built-in intervention points with email and outbound phone calls at defined points following payment failure, proactively avoiding failures as well as improving the ratio and turnaround time of returning customers.

20% Reduction in payment failure rates

10% increase in win back rates

Accurate
Improved accuracy of overall financial projections