# 🛡️ Churn Reduction Plan

## Executive Summary

This report outlines a data-driven plan for reducing churn, minimizing dormancy, and improving reactivation rates for the period of Q4 2025. Recent churn and lifecycle metrics provide a baseline to set achievable objectives and define actionable strategies for customer retention and growth.

## 1. Baseline Churn & Lifecycle State

**Measurement Period:** October 1, 2025 – December 31, 2025
**Reference Period:** October 1, 2024 – December 31, 2024

### Summary of Metrics

| Metric | Q4 2025 Value | Change vs Reference Period |
|---|---|---|
| Churned Customers | 83 | -5.4 pp improvement |
| Churn Rate (%) | 49.7% | -5.4 pp improvement |
| Dormant Transitions | 61 | -4.0 pp improvement |
| Dormancy Rate (%) | 18.7% | -4.0 pp improvement |

| | | |
|---|---|---|
| Reactivation Rate (%) | 12.8% | -2.7 pp decrease |

## Observations

- **Churn:** The churn rate improved compared to Q4 2024, with 83 churned customers out of a base of 167 churnable customers.

- **Dormancy:** Dormancy transitions decreased notably, though there remain 61 customers transitioning to dormant status from a base of 327.

- **Reactivation:** Reactivation rate saw a decrease, highlighting opportunities for improvement. Out of a reactivation base of 609 dormant or churned customers, only 78 returned as active customers.

# 2. Churn Reduction Objectives

## Goals for Q4 2025:

1. **Reduce churn rate:** Target a reduction from 49.7% to 45% by increasing engagement efforts among churnable customers.

2. **Minimize dormancy transitions:** Lower dormancy rate from 18.7% to 15% by improving customer connection with proactive reminders and incentives.

3. **Increase reactivation:** Boost reactivation rate from 12.8% back to 15% through tailored win-back campaigns targeting dormant and churned customers.

# 3. Strategies & Action Plan

## Onboarding & Early Engagement

- Develop robust onboarding processes to ensure new customers seamlessly enter the ecosystem and engage early.

- Introduce personalized welcome incentives to encourage early spending behavior.

## Lifecycle Messaging & Nudges

- Implement lifecycle-based messaging to remind active customers of their rewards and benefits periodically.

- Automate nudges for customers at risk of churn, particularly targeting those with declining activity.

## Win-Back Campaigns

- Create targeted reactivation offers (e.g., discounts, loyalty points) for recently churned or dormant customers.

- Use win-back email campaigns highlighting products/services aligned with individual customer preferences.

## Product/Service Improvements

- Enhance product quality or introduce new features aimed at encouraging repeat engagement.

- Offer subscription options for frequently ordered products to ensure ongoing commitment.

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# 4. Tracking & Review

## Recommendations for Monitoring Progress

1. **Metrics to Track:**

- Churn rate

- Dormancy rate

- Reactivation rate

1. **Evaluation Frequency:**

- Monthly tracking of lifecycle transitions during Q4 2025.

- Perform YoY comparisons against Q4 2024 to confirm long-term improvement trends.

1. **Tools to Use:**

- Re-run churn_measurement and consider integrating additional engagement metrics from CRM systems for deeper insights.

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By focusing on these objectives and strategies, the organization can effectively reduce churn, enhance customer loyalty, and improve overall retention and reactivation during Q4 2025.

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## Data Visualizations & Tables



Segment transitions: 2025-10-01 to 2025-12-31

## Segment transitions: 2024-10-01 to 2024-12-31