

CHURN PREDICTOR

AND RETENTION ASSESSMENT



▷ DREAM ▷ DO ▷ DELIVER

INTRODUCTION TO MERKLE ANALYTICS

We are a dedicated, performance unit of BI analysts, data scientists, data engineers, platform specialists and CXO consultants. We deliver results for our clients in marketing, business and customer analytics.

We have a growth mindset for our people and our clients.

We believe the future of business is customer experience. In crafting experiences so personal and valuable that you never have to shout to make customers listen. That data, technology and creativity hold the power to create experiences that make our lives better, easier, more meaningful, the power to make winners out of smart companies, and losers out of others.

We believe the future belongs to those who care, with fervent empathy, about the human truths in the smallest specks of data and who build experiences from that. But that's not what makes us Merkle. We do more than just 'believe'.

We drive progress.

And that's what makes us Merkle.



Our approach

We understand that every business is unique, with its own objectives, challenges and customers. That's why, for every client, we provide a bespoke solution, drawing on our specialist expertise across the following core disciplines:



Harness your data

Capturing, storing and accessing your data in the right way

- Optimise technology setup
- Cloud service engineering
- ML Ops and IoT



Learn from the past

Driving actionable insights from yesterday for a better tomorrow

- BI and visual Analytics
- Investigative Analytics



Predict the future

Go beyond that has happened in the past, predict what will happen next and take informed actions for the best outcomes

- Data Science and AI



Prescribe better outcomes

Understanding the best source of action to optimize all areas of your business

- Marketing Optimisation
- Experience Optimisation
- Business Optimisation



Embed the practice

Build, nurture and grow best in class teams

- Build your analytics team
- training



Drive the direction

Navigate the right path on your analytics journey

- Analytics Maturity and Roadmaps

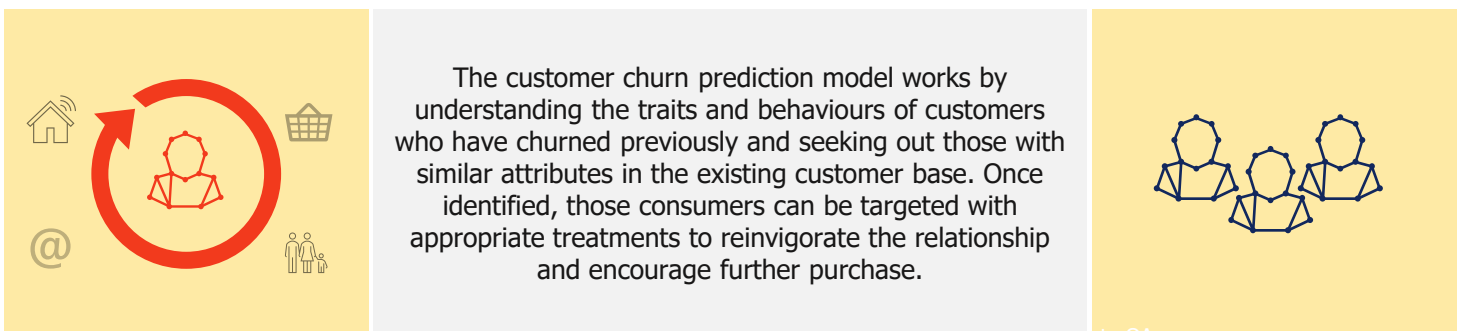
Product overview

Understanding which of your customers are at risk of churn is vital in maintaining a healthy consumer base. Acquiring new customers is far more costly than retaining existing, so ensuring you mitigate the loss of customer purchase or interaction at the end of a lifecycle is imperative.



However, here at Merkle Analytics, the aim of every churn model we produce, is to make it obsolete! We will identify those at risk, but we will also assess your current customer lifecycle and retention programme to ensure that you are optimising your relationship with each customer, at every stage of the lifecycle, to prevent customers falling into at-risk states.

What is it?



Notoriously, whilst churn predictor models will drive reactivation, there can often be wastage as we target consumers when it is already too late. Our retention assessment practice will give expert recommendations to prevent slippage into at-risk states before it has already occurred, ensuring an optimised customer journey and a continuously improving prediction model.

The model will be applied to one homogenous group of customers only. On rare occasions when a client will have varying fundamental customer type i.e. pay monthly vs pay as you go consumers, this solution and the associated costs and timings would need to be expanded.

Who is it for?

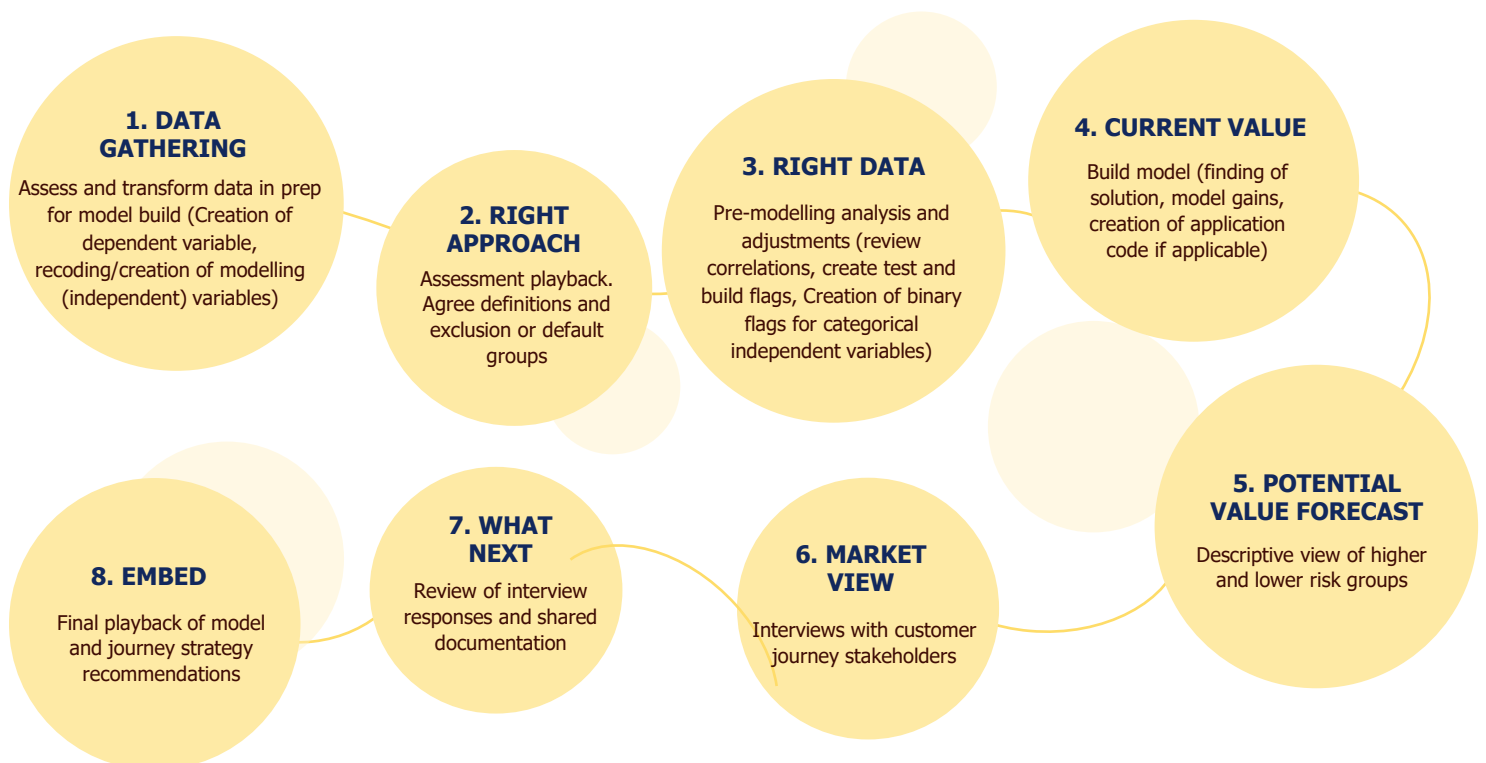
B2C businesses whose customers typically make multiple purchases within an annual period or hold variable subscriptions or contracts.

The best results will come from those businesses where 1st party engagement tracking is available i.e. fashion retailers, hospitality, telcos, travel and grocery.

How will it help me and my business?

- Identify at-risk consumers for reactivation
- Understand the pain points of your customer journey and negative triggers
- Be proactive in driving retention rather than focussing on customer loss
- Reduce acquisition costs
- More accurately forecast future revenue

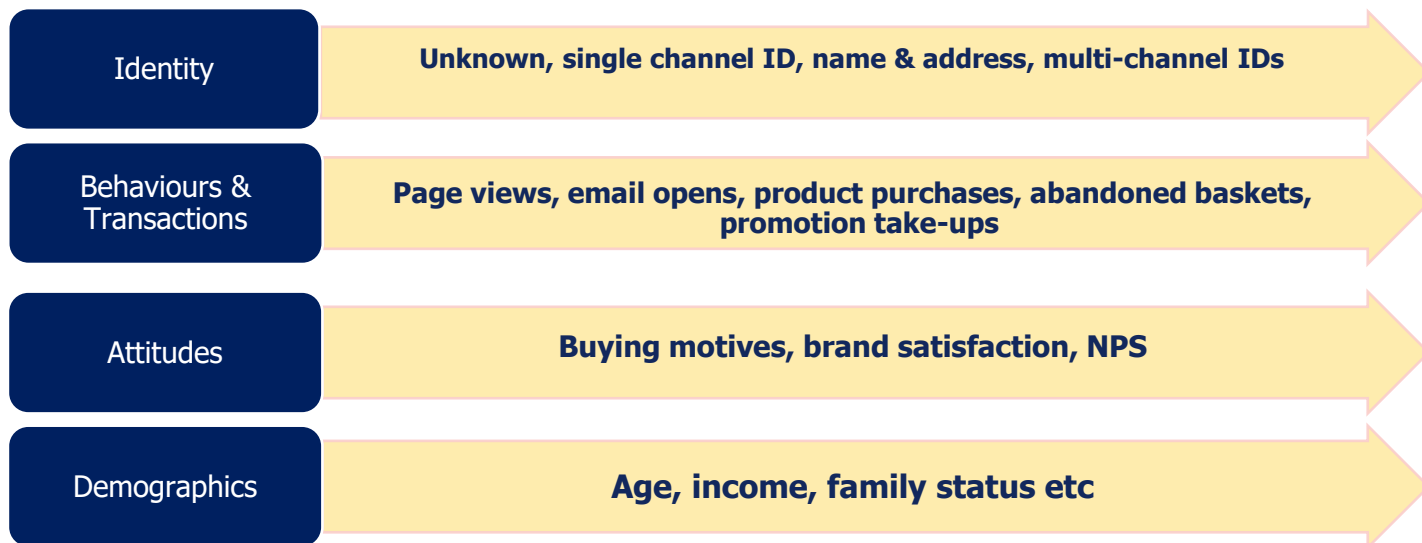
How do you do it?



Next steps

What do I need to do?

The client needs access to their anonymised customer data. Typically, this will cover:



We'll need access to your data, or dependent upon capabilities, can receive data to analyse within our own working environment. We will work with your marketing, analytics and data teams to define and activate.

What's included and what will I get?

- Stakeholder workshop: we will meet with you to establish use cases, agree key parameters such as scope and definitions and specify our access to your data
- Analytics data assessment: we will perform data gathering, prep, statistical analysis and transformation of your data into 'features' suitable for propensity modelling and machine learning
- Churn model build and model tuning: we will perform the 'training' of machine learning models to learn how to predict churn from your data and 'tuning' to optimise the predictions
- Churn model deployment: we will score your customers and provide the update in a way it can be consumed by your activation tools.
- Retention and Churn Assessment: we'll provide a short review against our checklist of how to manage retention and churn across the customer lifecycle, with pointers on what else you can do to extend your customer relationships
- Tutorial, documentation, and walkthrough
- Scoring refreshes: we will periodically recalibrate your churn model using your data to capture the dynamic nature of your business environment and evolving patterns of customer behaviours

How much does it cost?

£50k, one off configuration fee, £2k per month for maintenance, hygiene checks and cut-off refreshes. Exclusive of VAT. Prices apply for a homogenous customer application only.







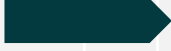

How long will it take?

Typically, a churn model can be up and live within 4-6 weeks of sign off subject to a robust analytics configuration and approval from the client. Timings will vary based on where and how the solution is implemented, and when final data assessment is reached i.e. timings start from the point at which the data is fit for analysis. Timelines apply for one model only.

What might you consider next?

- Best next action models for purchase and channel engagement
- Churn Dashboard Monitoring
- Customer LTV Lite
- First Party audiences applied to acquisition
- Data Architecture Review

Detailed project overview

#	Task & Description by Week		1	2	3	4	5	6	7	8	Who
1	Data Access and Validation - Set up access for analyst to your data systems, - or arrange secure supply of analysis set										Client, Merkle Analytics
2	Kick off Meeting - Agree variable definitions - Discuss exclusion groups, specific use cases - Analysis dataset metadata										Client, Merkle Analytics
3	Pre-Model Analysis - Review variable correlations - Independent and Test and Build flags - Variable transformations										Merkle Analytics
4	Model Build - Optimal solution interrogation - Review of gains and weightings - Application code										Client, Merkle Analytics
5	Descriptive Analysis - Profile analysis of model segments - Profile view write up										Merkle Analytics
6	Retention Assessment - Interviews with stakeholders - Review of shared documentation										Merkle Analytics
7	Recommendations - Journey feedback, strengths and weaknesses - Start, Stop, Continue - Long term recommendations										Merkle Analytics, CXM
8	Final playback session - with all stakeholders										Merkle Analytics, CXM

*Timings start from the point at which data is fit for purpose

Meet the Team



Dan Wigley

Analytics Practice Lead UK

Dan is responsible for leading a team of 250+ specialists. He has over 13 years' experience in a wide variety of Data and Technology platforms, with an expertise in analytics and website optimisation. He has a proven track record and experience across a broad range of verticals having worked with over 100 of the UK's biggest brands



T: +44 (0) 7976 906117
E: dwigley@merkleinc.com



David Spencer

Head of Analytics Sales UK

Strong experience in implementing both business and consumer led solutions, specialising in advanced analytical strategic sales, delivering high return on investment for clients, as well as great relationships.



T: +44 (0) 7929 650815
E: dspencer@merkleinc.com



Alice Hodgson

Head of Analytics Delivery

Expert knowledge in the application of data science techniques such as propensity modelling, segmentations and text analytics in business contexts, with particular specialism in CRM and operational analytics



T: +44 (0) 7739 122298
E: ahodgson@merkleinc.com

Case study

Customer Attrition Model to Target High Risk Churners

Business challenge

Client wished to identify growth opportunities for the business by developing an in-depth understanding of the customer. Key to growing and sustaining their base is to keep customers spending.

Merkle solution

Churn model built using client and third-party data to understand the key factors driving attrition. Customers at the highest risk of stopping spending were identified and all customers were categorized into 3 groups based on their propensity to churn.

Client outcome

We demonstrated that by contacting 20,000 customers monthly (before likely attrition) could retain an income of £3.4 m over a year.



