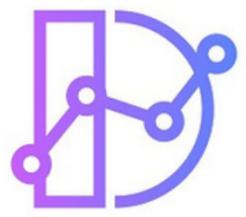


Insight
Dials

METRIC FACTS

<https://insightdials.com>



CHURN RATE

The customer churn rate is the rate at which your organization is losing customers over a given period of time. It suppresses growth.



CHURN FACTS

- Churned customer means fully cancelled customer.
- Churn rate is diametrically opposite to growth rate.
- It is one of the most scary metrics and very important too.
- For a subscription business, churn is not a one-time loss but a month-on-month future revenue loss



CHURN RATE CALCULATION

$$\text{CHURN RATE} = \frac{\text{Customers lost in that period}}{\text{Total customers at the start of the period}} \times 100$$

Benefits of tracking CHURN

CUSTOMER RETENTION

Provides clarity on how well a business retains its customers. It is 25x more expensive to acquire a new customer than retaining one.

VALUE INDICATION

It can throw light on the value delivered, what went wrong with your business model and processes

REVENUE LOSS

Losing Customers is directly proportional to losing revenue. 5% churn translates to about 75% revenue loss.

PRODUCT VALIDATION

Churn has to be tracked and analyzed to understand customer needs and adapt product based on what customer wants



CHURN HACKS

● **IMPROVE CUSTOMER SERVICE & SUPPORT**

Train sales to onboard the right customers. From onboarding give excellent service and support so customers get a positive impact.

● **LEVERAGE FEEDBACK**

Get customer feedback periodically to understand their satisfaction level. This will give insights into the Whys of customer churn.

● **USER ENGAGEMENT**

Track user activity and introduce measures to encourage repeat visits and boost engagement

● **PROMOTE LONGER CONTRACTS**

Promote yearly plans with discounts or complementary offers. This ensures customers stay for longer duration.

IDEAL CHURN RATE

An ideal churn rate is between 2% to 8%. However, it depends on the industry. B2C has a higher churn rate than B2B. See below the churn rate of few industries.

	INDUSTRY	CHURN RATE
B2C	Digital Media	6.42%
	Consumer Goods	7.55%
	Education	7.22%
B2B	Software	4.75%
	Business Services	6.59%
	Healthcare	6.03%

Churn rate of few popular companies listed below.



3.3%
Netflix Lowest
Churn rate



3.7%
Disney



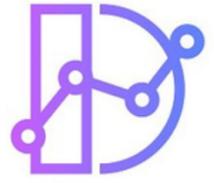
3.9%
Spotify



10% annual
Adobe



15.6%
Apple TV+



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