Actable Identifies Opportunity for ROI-Positive Program with Predictive Churn for Supermarket Chain

Challenge

The customer lacked a churn mitigation program and relied a reactive approach to engaging lapsed customers 45-days after their last transaction. Additionally, the customer had no data-informed understanding if this was the best fit definition of churn based on their customers' behaviors and interactions with the brand. They needed to move from a reactive approach to predictive approach in order to grow an ROI-positive churn mitigation program.

Solution

- Actable developed a predictive churn model in Google Cloud leveraging key customer touchpoints: loyalty data, email history, transactional data, coupon behavior
- Actable trained the ML model on historical data, which supported validating the model in a real-world context and allowed the opportunity to observe customer behavior for a 4+ month period following the churn evaluation window
- Actable analyzed churn predictions and key customer dimensions, such as average weekly revenue and % online revenue
- Actable prescribed areas of focus for next steps to establish an ROI-positive churn mitigation program, with complementary roadmap to deploy and scale a churn prediction engine in production

Results

- Actable successfully detected a signal for churn
- Actable found that about 40% of "churned" customers re-engage in a subsequent period, and of those that do, about 65% of the re-engagement occurs within the first 2 weeks following the 45-day gap
- With the churn model, each 10% reduction in addressable churn is estimated to translate into 25,000 saved customers and $60M+ in yearly run rate revenue