Churn-Analysis Worksheet — One-Page Reference

Churn is the leak in the subscriber bucket; one point on a large base is worth millions a year. Measure it honestly, split voluntary from involuntary, recover failed payments, and read cohorts — not a blended average. Engineering guidance; benchmarks and vendor figures move in 2026 — confirm live.

1 · DEFINE CHURN (report the pair, state the window)

- [ ] **Churn rate** = subscribers lost in the period ÷ subscribers at the start. Retention = 1 − churn.
- [ ] **Logo vs revenue** — count people AND money; they diverge when subscribers pay different amounts.
- [ ] **Gross vs net** — gross = losses only; net subtracts upgrades, win-backs, reactivations.
- [ ] **Monthly ≠ annual** — churn compounds: 95.5%/mo → 0.955^12 ≈ 57.6% kept ≈ 42% annual churn.

2 · SPLIT VOLUNTARY FROM INVOLUNTARY (do this first)

- [ ] **Voluntary** — they chose to leave: price rise, finished the show, subscription fatigue.
- [ ] **Involuntary** — a payment failed: expired card, bank decline, reissued card. Nobody decided.
- [ ] **It is big** — involuntary is often 20-40% of total churn and ~9% of MRR if unrecovered.
- [ ] **Cures don't overlap** — fight voluntary with product/price/content; involuntary with dunning.

3 · DUNNING PLAYBOOK (recover the churn nobody chose)

- [ ] **Smart retries** — retry timed to the decline reason, not fixed intervals; reroute acquirers.
- [ ] **Account updater** — Visa/Mastercard push reissued cards to you; cuts hard declines ~30-50%.
- [ ] **Network tokens** — store a network token, not the raw PAN; reissues update transparently.
- [ ] **EU = MIT** — recurring charges are merchant-initiated, exempt from per-charge SCA (Reg (EU) 2018/389); store the mandate on charge one.

4 · COHORTS, ENGAGEMENT & THE LTV MATH

- [ ] **Cohort curve** — group by join month, plot % retained (Kaplan-Meier); steep cliff, flat tail.
- [ ] **Act on the cliff** — months 1-3 are the cheapest onboarding wins; forecast LTV from the tail slope.
- [ ] **Engagement leads** — watch-time/recency predicts next month's payment before the cancel button.
- [ ] **LTV** = ARPU × (1 ÷ monthly churn). 4% churn → 25 mo × $10 = $250; aim LTV:CAC ≥ 3:1.

THE ORDER OF OPERATIONS — STOP THE BUCKET LEAKING BEFORE YOU POUR FASTER

Acquisition fills the bucket; retention is whether it holds water. Do it in order. First, split voluntary from involuntary churn, because the cures do not overlap and you cannot fix what you have not separated. Second, build the dunning stack — smart retries, card-network account updater, network tokens, and MIT-compliant recurring charges in Europe — before any clever win-back campaign, because it returns the fastest and serves subscribers who never decided to leave (a layered stack recovers 50-80% of failed payments). Third, look at cohort retention curves, not the blended monthly average: the steep first-month cliff and the flat loyal tail demand different work, and lifetime value should be forecast from the tail's slope, not the headline number. Fourth, treat engagement — watch-time, frequency, recency — as the leading indicator you act on before the cancel button is pressed, which is why discovery and playback quality (QoE) are retention features, not just growth features. Revenue is recognised over the service period under ASC 606 / IFRS 15, so the dashboard and the finance ledger must agree on definitions. Benchmarks (SVOD churn ~4.6% weighted-average, 2026) and vendor recovery figures move — re-verify before you plan against them.