In retail, a significant amount of effort and money is spent in attracting new customers to their stores. With the passage of time, these customers may stop buying from the retailer for various reasons. It is well known and established that the cost of acquiring new customers is far higher than the cost of retaining existing ones. Moreover, the lifetime value of existing customers is higher than that of new ones. It then becomes critical for retailers to know in advance which of those shoppers are likely to stop buying from their stores. This process of customers who stop engaging with the retailer is called “Churn.” And knowing which customers are likely to churn is called “Churn Prediction.“

In general, Churn Prediction is a data mining methodology used to predict if current customers or consumers are likely to stop engaging or transacting with the business entity that they have transacted with in the past. The churn model analyzes the purchase behavior and demographic profiles of customers and identifies trends that lead to churn. If the retailer is able to predict the customers who are likely to churn, the retailer may be able to prevent some of them from churning by reiterating or emphasizing the value proposition of the retailer’s store and assortment to them and improve or increase the level of engagement.

The analysis allows retailers to detect changes in customers’ spend patterns such as drop in basket value, or in trip frequency that may be precursors to future churn. To further improve accuracy, the churn model recognizes that each customer is unique and analyzes their behavior at an individual level and not as a group.

This book titled *Churn Modeling Using Data Mining Techniques and Social Network Analysis* written by the authors Klepac G., Kopal R. and Mršić L., provides a wonderful window into the world of churn modeling. I am sure the material put forth in the book will be enlightening to readers and encourage them to experiment with churn analysis in their own environments. I am deeply grateful to Dr. Mršić and IGI Global for giving me the opportunity to write the foreword for this book.

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