thematic

How to end customer churn for good

The busy executive's guide to customer retention



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Introduction

Churn! Does it keep you up at night? No more. We've put together this e-book on how to retain your customers for longer so you can sleep tight.

Is your growth plan to acquire more new customers?

What's wrong with that?

Nothing, if you have all the time and resources in the world, but there's a smarter way to maintain growth whilst achieving a high customer retention rate. It's simple, keeping your customers coming back for more will result in a greater ROI.

So how do you create a customer retention strategy that keeps your current customers happy and gives you more business?

Why focus on customer retention vs. acquisition?

There's no doubt that customer retention is the key to making any company profitable whether you're a B2B, SaaS or retail company or what have you. Using your precious resources to acquire new customers is not always the best strategy. In fact, the probability of selling to an existing customer is 60-70%, whilst the probability of selling to a new prospect is as little as 5-20% (Marketing Metrics).

The best source for growth is sitting right in front of you: your existing customers. You just have to make them happy ("oh, that's what I need to do!"), and then find ways to deliver even more value to them. Take the example of GrooveHQ. When they increased customer retention by 5%, this led to a 95% increase in their profits. Growth without retention is not growth, retention is the single most important strategy for growth.

This is demonstrated by a KPMG study, which states that the biggest revenue driver for companies was in fact customer retention (KPMG's 2014 Retail Industry Outlook). A high customer retention rate can increase profits by anywhere from

5-95% (Bain & Company). In addition, it costs as much as 6-7 times more to acquire a new customer than retain an existing one (Bain & Company).

If you're a SaaS, you might like this fact: Did you know that if a typical SaaS business loses 2-3% customers a month, the business must grow at least 27% annually to maintain growth? (Tom Tunguz). If you need any proof to convince your board that it's the right strategy, we think that's it, right there.

Also, if you've got a reputation for great customer service, you can charge more for your products or services. As many as 86% of customers will pay more for a better customer experience (American Express), which makes sense as good customer service can be scarce these days.

And – spread the word, too. Make your customers happy and they're more likely to tell their friends about your company. On average, 11 people tell their friends about their experiences with a company (American Express). If you want referrals through word of mouth and positive online reviews, focus your efforts on keeping your customers satisfied.

If your growth strategy is focusing on acquisition, that's not necessarily wrong, but to run a successful business, both your acquisition and retention programs have to run in parallel. The issue is that for many companies the focus, therefore investment, is on acquisition only. Can you help your customers to be so successful that they refer their friends and ultimately become brand evangelists?

6 ways to retain your customers - with the least effort, most impact

It's pretty much common knowledge: To achieve the most impact, work on the 20% that matters, that which will make the biggest difference. You can apply the same principle to customer retention. The least effort, meaning once you've set the following foundation strategies, it's up to your organisation to make it happen.

Convince management (or if you're management, make it a priority for your business and weave it in to everyone's KPIs) that this is worth prioritising as it can lose you customers (i.e. revenue) otherwise.

1. Know what you need to change

Because assumption is dangerous and you simply don't know what you don't know (the unknown unknowns*), you need reliable, actionable insights to know about what you need to change.

Many companies simply don't know where they are falling short. One study found that while 80% of CEOs believe they deliver a positive customer experience, in fact, only 8% of their customers agree (Bain & Co). By collecting and analysing customer feedback, businesses can focus on the right things, instead of throwing money blindly at acquisition, which often is a bottomless bucket.

You won't know what your customers really need or what they don't like unless you ask them. It can be as simple as sending informal surveys a few times a year, to gauge how you're doing. And, by using a system such as Net Promoter Score (NPS) businesses can understand who their customers are, what they like and dislike, and most importantly, how they can improve to better meet their customers' needs.

> There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know.
>
> **Donald Rumsfield**

Most unhappy customers, 96% in fact, simply don't complain (1st Financial Training Services). That's an incredibly high number. Why? Either they feel it's too difficult, (are your surveys dull, complicated or too long?). Or, they'll just Tweet it. Or, they simply don't think it'll change anything. More often than not, they just can't be bothered (guilty!). They must be used to companies not listening to their feedback.

Be the one that bucks the trend and actually listens. Worst-case scenario: your customers just walk away, but you'll never know why. They may not tell you, but they'll tell their friends. And so, it begins.

To ensure they respond to your surveys, make sure your message is as personal as possible and demonstrate that you have already taken previous customer feedback on board.

Of course, surveying your customers means collating a lot of data and you need to be able to easily sort and analyse it. Text analytics tools help analyze your data and pull out insights that are actually actionable. Which leads us to our next point...

2. Get deep, data-driven insights

Great – so you've done your survey and have your NPS. To get deep insights, which you would otherwise miss, don't forget to analyze the free-text responses to your open-ended survey questions. What did they actually mean by "good service, yeah, right"?

If you get one negative comment about the ease of use or your online purchasing, that's usually not reason enough to go and invest $10,000 into a new eCommerce website. But, if 10, 20 or even hundreds of customers all have the same issue and comment on it, it's time to do something about it. It's important to have the right systems in place so that you can pick up on these themes in the first place, before your competitors claim market share.

How to get data-driven insights from your feedback? It's analyzing the free-text responses that often causes the biggest headache for data analysts, so making this process simpler is a big step in the right direction. With a program that tracks and analyses customer sentiment, it's easy to spot common trends and customer pain points. Making sure your insights are actionable, is a huge part of this.

And, if you collect lots of good data, make sure you actually use it. One study found that only 15% of senior leaders actually use customer data consistently to inform business decisions (Harvard Business Review).

If surveys are out of the question or if you don't think you get enough value out of them, you can run analytics on your social media comments, customer reviews or chat logs, too.

At Thematic, we have developed an AI algorithm that automates analysing free-text feedback in surveys using machine learning and natural language processing, and in essence simplified the way businesses are getting insight from their customer data.

3. Don't lose them in the first place

Virtually every business loses some customers, but few ever measure or recognise how many of their customers become inactive. Most businesses, ironically, invest an enormous amount of time, effort and money to build the initial customer relationship. Often, they let that relationship go, in some cases even losing interest as soon as the sale has been made. Or even worse, abandoning the customer when easily remedied problem occurs, only to have to spend another small fortune to replace that customer.

It's a leaky bucket! Once you stop the leakage, it's often possible to double or triple your growth rate because you're no longer forced to make up lost ground just to stand still.

One way to not lose your customers in the first place is to understand which customers are "at-risk" and focus on them. If you have a system in place to alert you, then great. Otherwise, by implementing Net Promoter Score and using a program that alerts you to pick up on the "detractors" that gave you a low score, asking them why and offering something in turn to rectify your mistake, you are able to save them before it's too late.

4. Build your whole business around the customer

> Leaders start with the customer and work backwards. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers.
>
> **Amazon Leadership Principles: Customer Obsession**

This was, in fact, one of Steve Jobs' mantras and likely a huge reason for Apple's success.

Every step of the customer journey has to work in unison from researching online, prospecting, talking to sales reps, customer service and onboarding - along with synergy in your multiple channels (online, retail, social etc.).

Needless to say, a great customer service and customer experience is key for making the customer the centre of your business. This is a whole other topic in itself, which we won't go into detail here but consider the following. 60% of consumers will move to another channel when online customer service fails and more than 50% of customers will abandon their online purchase if they don't find or receive an answer to their question - and - for online retailers, these channel escalations account for $22M of unnecessary service costs ("Transform The Contact Center For Customer Service Excellence", Forrester Report, 2016), so making the customer the centre of your online strategy is essential.

In a customer centric business, when the customer wins, you win. Almost every business has this as its goal, yet few achieve it. Why? Often, it's a cultural change that is needed internally, which can take a long time to attain fully. If your whole business is centred around the customer being successful, you'll achieve a high customer retention rate. Weaving a high NPS score into employees KPIs, valuing and using customer feedback is only a part of the story.

Start internally by developing a good employee engagement rate, through a positive, rewarding and supportive culture. If your front-line employees feel satisfied in their work, chances are higher that they convey this feeling towards the customers they deal with on a daily basis too.

This also motivates the employees to provide extraordinary service, encourages them to be consistently pleasant in all of their dealings and to relate to customers in a warm, human and natural manner.

As many as 81% of employees said that they're motivated to work harder when their boss shows appreciation for their work (Glassdoor, 2013). Often, but not always, high employee engagement results in better, warmer, stronger, more trusting relationships and longer-term bonds with your customers. In essence, your customers will like you more. Why is that important?

"A significant aspect of customer loyalty comes down to your likability. People will almost always remain committed to a brand if they believe they've developed a genuine and mutually beneficial relationship" (Entrepreneur.com, 2015).

5. Creatively leverage the power of the loyalty program

Creating a loyalty program is the obvious way to nurture customer relationships. This way, you are able to identify, track and sell more to those customers who are most likely to become your long-term sources of revenue.

By having a program that rewards loyalty, you not only provide additional value to your customers, for example by way of a points system or VIP rewards, but it also becomes much more difficult to choose a competitor.

You can reward for number of purchases (the classic buy 10 get one free), rewards for total amounts of spending (spend $500 get a $25 gift card), or for example pay a certain amount upfront and receive rewards (Pay $199 upfront and get free shipping).

And don't stop there – be creative! Keep rewarding customers for completing other actions like writing reviews (you can target this specifically to your "promoters"), taking pictures with your products and tagging friends, sending referrals easily to friends and sharing on your social channels.

As an example of a successful loyalty program, Starbucks gives its Gold members the opportunity to earn double "stars" on purchases. They surprise their loyal consumers on a different day each month, which helps keep things exciting and prepares customers to spend more money on a particular day.

And yes, it's worth it. More than half of customers would consider increasing the amount of business they do with a company for a loyalty reward, and 46% already have (Clickfox).

6. Show you care – continuously

This may well be the one factor that can improve your retention rate more than anything. It comes down to having great customer support (again, employee engagement is important here), where the care-factor plays a more important role than ever.

Surprisingly, speed isn't the most important thing when it comes to customer support resolutions. Although 60% of people complaining on Twitter expect an answer within an hour (Twitter), it's the quality of the response that matters.

In a Gallup study, researchers measured how "engaged" customers felt after using the services of a particular bank. Customers who felt that they received speedy service were 6 times more likely to be engaged, but customers who rated employees highly because they were courteous or their willingness to help were 9 times more likely to be engaged (Gallup).

Another study demonstrates how customer satisfaction is higher when the customers have been well taken care of, even if they had experienced an issue with the service. A survey done by an airline showed that amongst the customers who hadn't had any issues (cancelled flight, lost luggage), the customer satisfaction index (CSI) was 70. Customers who had experienced serious

issues but then been well treated by the customer service staff reported a CSI of 77. So, people on delayed flights ended up being more satisfied if they felt they were taken well care of. The ones who did not get adequate care fell to a CSI of 50.

Showing that you care makes a huge difference. How an experience makes the customer feel matters more to customer loyalty than effectiveness or ease, as per a study by Forrester Research. In fact, emotion was the number one factor in customer loyalty across the majority of industries studied.

Sending regular, personalised emails and newsletters is a way to show your customers you care even when there are no issues. Even something as simple as a Happy Birthday message every year goes a long way to making your customers feel special.

The loyalty program and your customer retention strategies should be put in place as soon as someone becomes your customer. Then, measure success by monitoring your customer lifetime value, loyal customer rate and improvement rate.

5 ways to use data & analytics to influence customer retention

Customer retention strategies fuelled by data ultimately influence how your team will approach customers - it's proven to drive profit. In fact, "executive teams that make extensive use of customer data analytics across all business decisions see a 126% profit improvement over companies that don't" (McKinsey, 2014).

This is no news. Among 334 executives surveyed by Bain, more than two- thirds said that their companies are investing in data and analytics. And the expectations are high. 40% expect to see "significantly positive" returns, with another 8% predicting "transformational" results (Bain & Co, 2017).

While the intention is there, according to Forrester, "only 15% of senior leaders actually use customer data consistently to inform business decisions" ("The B2B Marketers Guide to Benchmarking Customer Maturity", Forrester, 2017). So, companies do realise the need for data but do they expect some sort of magic to happen in order to implement?

"Influencing customer loyalty [...] doesn't require magic, it requires data – usually data that you already have but aren't using to full advantage. Regardless of industry, most organizations today generate mountains of data. In fact, many customers tell me that they have so much data that their biggest problem is how to manage all the data they have", says Mike Flannagan, vice president and general manager of Cisco.



1. Develop a data roadmap and stick to it

As many as 30% of the executives in the aforementioned Bain & Co study said that they lack a clear strategy for embedding data and analytics in their companies. McKinsey's findings show that taking an integrative approach, meaning seeing analytics as a strategic driver of growth instead of using it in silo or only as a part of IT, ultimately leads to achieving the desired result (McKinsey, 2014).

Successful companies do two things differently: First, they make use of the data they have. Second, they implement the organizational changes once they understand what the data tells them. So, you have the data – make sure you actually use it and enforce any changes needed in the business to make it happen quickly.

A good approach is to develop a data roadmap and stick to it. Steps that you take within the organisation can be to:

a. Ensure corporate KPIs are automated, scalable and repeatable.

b. Gather key stakeholders and define the top 3 business problems you want to solve.

c. Categorize the issues into data vs. systems issues (often you'll find that the issue is not with "data" at all, but with how people use it or manage it).

d. Prioritization of tasks is required along with assessing the technical feasibility of your plan.

e. To stay on track, reassess progress every 3 months.

2. The human factor – ensure behavioral change

Another key factor is hiring senior executives who take a hands-on approach to customer analytics. Not only do they need to understand the importance of analytics but also have the skills to analyze it themselves, so use this as a benchmark when hiring.

Although 70% of companies have data strategies in place, many will fail to deliver what's needed due to one factor alone: people. You may have the most advanced tools and excellent data scientists; however, all efforts fail without the correct behavioral changes needed internally to ultimately take action (Bain & Co 2017).

Employees may not be committed to using data analytics, internal teams may not be communicating with each other, or the data solutions adopted aren't user-friendly. Behavioral change, continuous monitoring of results, along with a "one-team approach" is needed to ensure that advanced analytics within an organisation can survive and prosper (Bain & Co, 2017). No surprises here, behaviour change being the hardest part of any performance improvement plan and why as many as 38% change efforts fail (Bain & Co, 2016).

3. Only focus on high quality leads

Customers are less likely to churn if they are similar to your primary target customers. If you have data about both your customers and a list of potential customers, this is a great opportunity to focus on only those who are less likely to churn.

How? By applying algorithms comparing the features and characteristics of your customers to those of your potential customers. Those that have similar characteristics (FTE size, annual spend, job title, type of industry) to your existing customers are probably those most likely to want your product, to find it valuable and therefore stick around. Your segmentation now becomes crucial. Each customer segment provides you with distinct features that help easily identify your next customers.

For example, tools like HubSpot provide this type of information in an integrated way, where you can see characteristics and patterns easily.

4. Use machine learning methods to create predictive models

Companies analyze data using different types of analytics, including predictive analytics, which are used to look at the relationships among different metrics.

To create solid customer retention strategies, we can use predictive analytics to make predictions about the future, by looking at historical data, to learn what customers may like or dislike.

Often, you might be overwhelmed by the number of variables you have to manage and analyze all at once. Although you may have a highly skilled data analyst at hand, it's still time consuming and labour intensive to manually and quickly sift through the sheer volume of data to find the optimal predictive model.

To create the best predictive models of retention, rely on the power of machine learning to quickly and accurately uncover the underlying reasons why customers are churning or why they're loyal to your brand.

Machine learning algorithms are iterative and learn on a continual basis. The more data they ingest, the better they get. Compared to human performance, they can deliver insights quickly thanks to the processing capability of today.

For example, you can use analytics to identify which up-sell or cross-sell products will be the most relevant based on your customer's past purchase or browsing history.

Often, companies don't have employees with high-level analytics (data science) skills. Third party providers can provide a solution that automates data integration and analysis. In any case, the key is to know the right questions with which to interrogate the data and how to implement learnings.

5. Segment to focus on retaining the right customers

Using data analytics to segment people into different groups, means you can identify how each segment engages with your brand and product. This then allows you to look at each subgroup and draw insights, followed by adopting different communication and servicing strategies to increase retention for your most wanted customers.

Analyze data such as your customer demographics, lifestyle, products purchased by each category and type of customer, frequency of purchase and purchase value. In this way, you'll discover which type of customers are driving the most revenue. Some cost too much to deliver revenue, so you'll know if you want to focus your efforts on.

Understanding the difference between these types of customers, can in some cases make or break a business, especially if you're just starting out. Knowing customer value is crucial to be able to make critical decisions. You can segment by historical value, lifetime value, value over the next year or the average customer value by segment. Using the right segmentation, you'll then create highly targeted product recommendation offers. Segment your customers to offer relevant discounts for different channels (in-store, online, mobile). Mix it up a bit, every customer doesn't have to receive the same offer.

Another useful way to use segmentation is to monitor the time-sensitivity and seasonality of your promotional codes. By monitoring sales data, you can see whether these codes are redeemed more often in the morning or afternoons or perhaps straight after a sales communication. The more you know about what a demographic responds to, the more you can focus on taking the right actions.

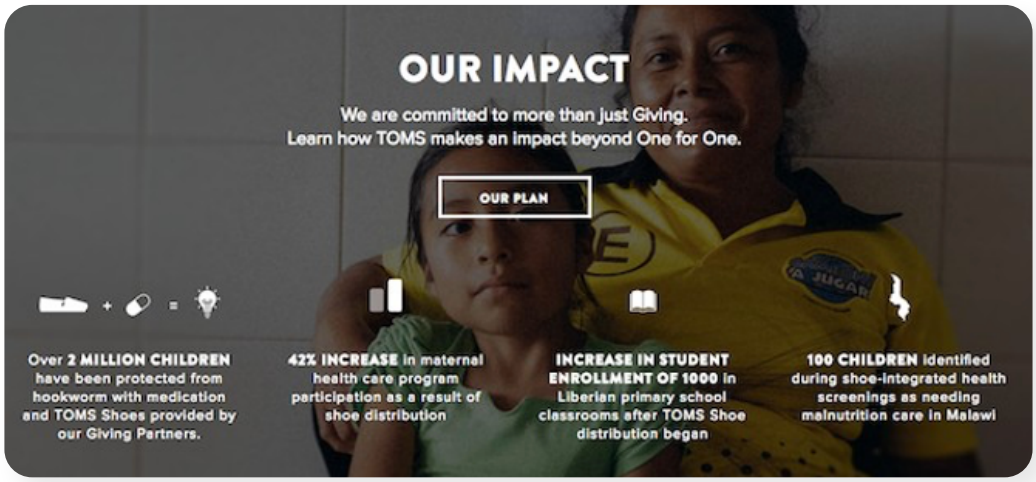
Top tips for analysis:

- **Gather multiple data points, to be able to make relevant recommendations.**
  Be pragmatic and avoid making assumptions from solely one piece of data. Because someone living in California buys winter boots doesn't mean they want to be bombarded with similar product suggestions. Maybe they bought them for their sister who lives in Chicago!
- **Leverage social proof where you can.**
  If your customers don't respond to certain products, maybe all they need is a little reminder that others similar to them are using them and are happy witha them. Pull in positive testimonials from surveys and social media comments, to your marketing communications and website.
- **Remember, it's the ability to swiftly translate insightful data into concrete action that counts.**
  It's a fact: better data means better results. If you don't have good data now, you can test your way to better data. Just by improving your internal data collection, you can often arrive at better data. In other cases, you might have to purchase better data. Good data is not static, it's a continual process of observing, acting and learning.

Finally, the challenge of the vast data volume that large businesses have, is also the opportunity. Bringing together structured and unstructured historical data across organizational silos, and combining it with key data about an ongoing customer interaction provides a compelling opportunity to influence customer experience in real time.

4 best practice examples of customer retention

The most valuable customer is the one you never lose. Here are some best practice examples we've selected as a great way to build customer retention. Can you use this as inspiration to create something similar for your brand?



1. TOMS: "One for one" - An altruistic mission

If you've seen Simon Sinek's TED talk "Start with Why," you know how important it is for brands to stand for something meaningful, having a mission and in other words, having a "reason why". Sometimes it's just this that makes a brand have a meaningful connection with its customers and a reason for them to stay loyal.

Making the world a better place is something that TOMS has mastered, and in fact built an entire business model around. "TOMS has integrated old-fashioned, for-profit entrepreneurship with new-wave, bleeding-heart philanthropy", says Jessica Weiss, Fast Company. For TOMS it's about "improving lives", and they do so through their "One for One" policy - for every pair of shoes purchased, they give a pair to people in need, so far donating over 60 million pairs of new shoes (at time of collecting this data).

Since, the initiative has grown to help ensure clean water access, improving maternal health care, and supporting other organizations through themed products, such as specially made shows that shared profits with charities such as the Wildlife Conservation Society. Making a positive change in the world is becoming more important for more people and as consumers, we are more attuned to the altruistic and environmental effects that our buying habits have beyond mere consumption.

The lesson here is not to market altruism for the sake of it though, it's about finding something that your community cares about and associating your brand around it.

2. HubSpot: Leverage social proof

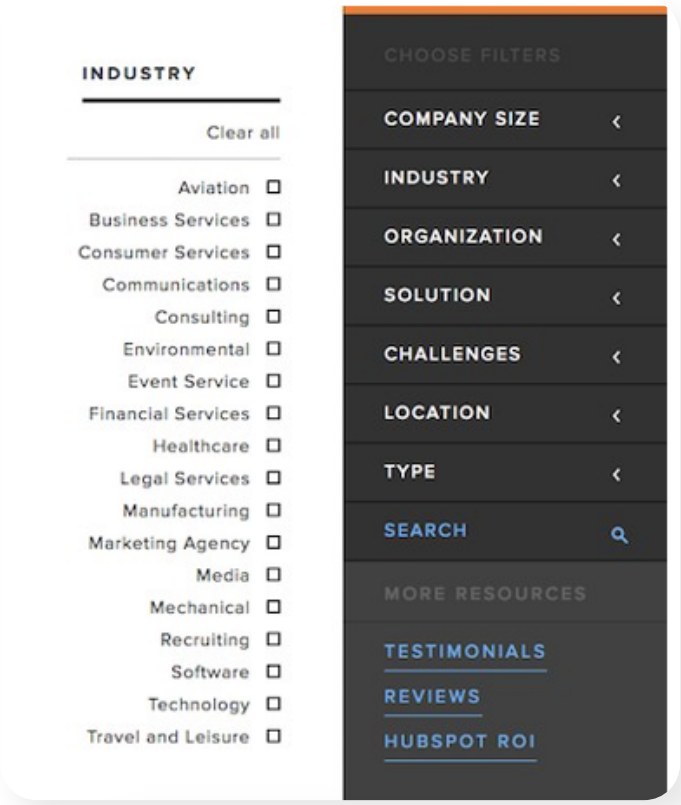
Oftentimes, us human beings suffer from FOMO.

We trust online reviews, more than 60% of us do, and when we see that others are using a product, we want to know what we're missing out on. The best advertising sometimes isn't the one we pay for, it's a fact that customers are more likely to trust opinions from family, friends, and other consumers more than branded content and ads.

This is where it gets interesting. Using social proof in form of testimonials, we can show prospective customers the value of our products.

This not only helps when acquiring new customers, testimonials and additional information convinces existing customers to stick around or upgrade their products. A good way to approach this is to highlight your already loyal customers and showcase their stories on your channels. Make it easy for your customers to submit testimonials either by making it a part of your surveys or in your client portal.

Spread the word on your website and social media and get them to share it too.



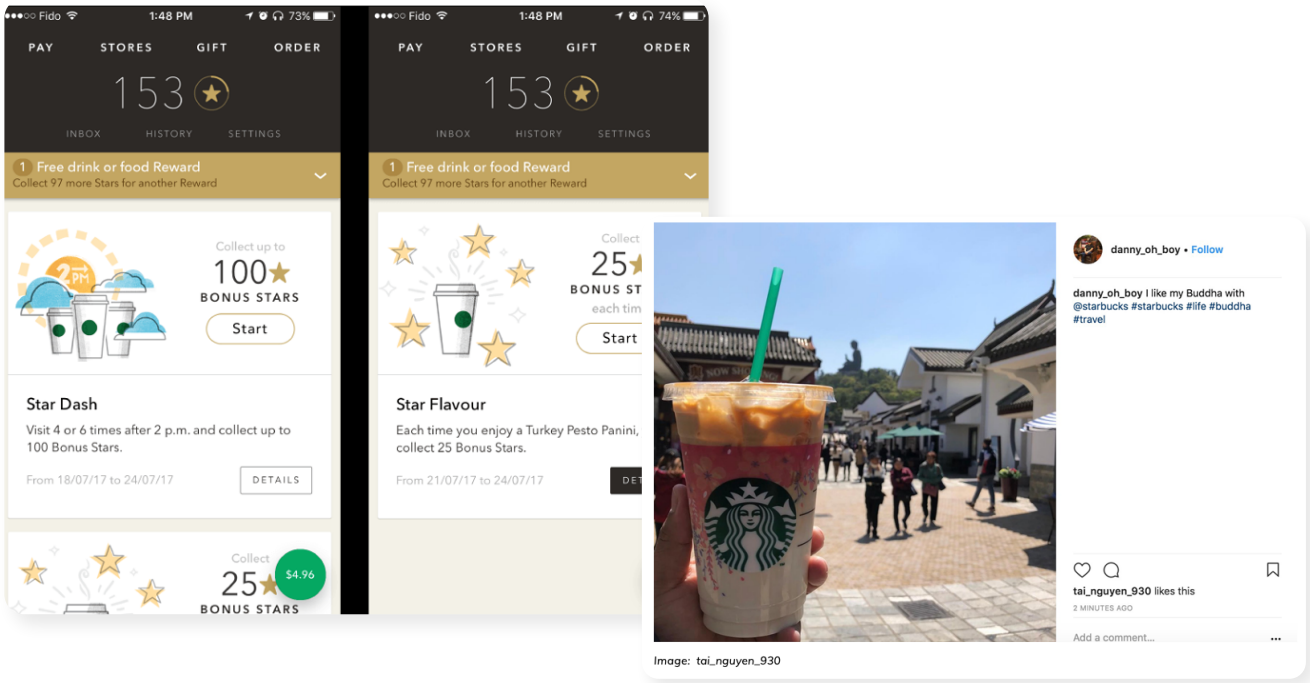


Image: tai_nguyen_930

3.Starbucks Rewards

Starbucks offers its US residents one of the most popular loyalty programs there is. The Starbucks Rewards program, has helped increase revenue to a huge US$2.65 billion, attributing most of its success to the loyalty program. Sure, it may seem simple, but there are a few hooks for consumers that make it hard to resist.

The basics are a points-based system where their customers not only earn stars for purchases at the retail outlets, but also receive free coffee on their birthdays and can order ahead using the mobile app. But it doesn't end there. It also rewards shoppers who engage with the mobile app on an increasingly frequently basis. The brand then offers personalized offers and challenges to earn more stars, and if they are a true loyal customer they eventually reach gold card status, meaning free drink refills and food offers.

What makes it so great?

Firstly, they offer a great mobile experience, so whenever a customer checks in they receive new, limited time, bonus offers. This keeps their fans engaged on a continuous basis.

The program is doing very well as it generates around 6 million sales per month, which makes up for approximately 22% of all US sales for the franchise.

Second, Starbucks also rewards for grocery product purchases, making it even easier to get stars and buy their products. As they sell multiple products outside of their retail locations, such as coffee beans, tea, K Cups and ready to enjoy drinks, customers can get stars for those too.

Finally, a big part of their success is creating exclusivity around their Gold Card. For consumers who like to feel special, they can they achieve "Gold Level" status by getting 30 stars in a 12-month period. Some of the perks that can be enjoyed are free refills on ice, tea and brewed coffee, free food and drink offers and a personalized gold card.

It seems customers who love Starbucks also like to show their affection via posting on social media what they are drinking and sharing the love this way.

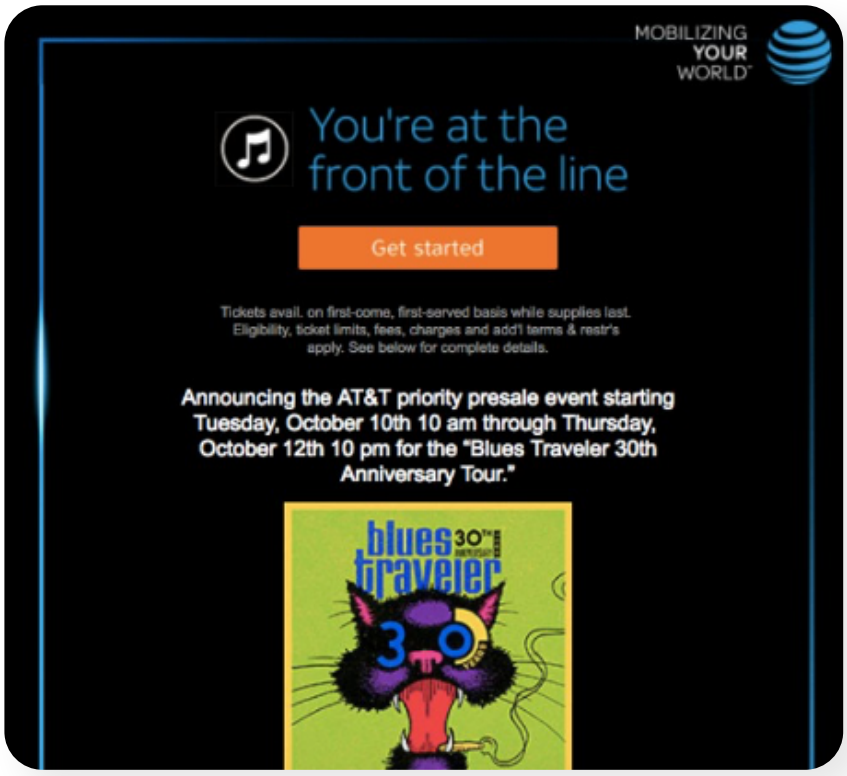
4. AT&T Thanks

A great example, demonstrated by AT&T, is offering customers presale access to event and concert tickets. At AT&T you'll need to have bought a certain mobile data plan.

Highly personalised and targeted emails, including a salutation with the customer's name and offering early access to buy tickets to see a band they like, ensure higher interest than a generic offer.

Personalization is an obvious benefit to both the customer and the brand, as it allows you to increase customer retention by more relevant and tailored experiences with the brand.

Personalization requires you to collect data about your customers that you can later use to make recommendations and tailor promotions to each customer's individual needs.



2 things to build into your business to support retention

There are a few things you can build into your business model to simplify customer retention in the long term, apart from cross sell and upsell opportunities if you haven't already.

1. Building a subscription into your business – and getting renewals

Somewhat easier to accomplish for service based businesses, having a subscription model to support your retention strategy, means a continuing stream of revenue without having to pay (either in time or resource) for new customer acquisition.

If you are selling a lower priced item, you can provide a lot of value for a low monthly or yearly subscription fee, and the great thing about this is that it makes people feel like they got a great deal.

It's not a new concept but very impactful, so experiment around how you could adopt it for your business. Just look at Netflix and iTunes. These big players have all trained us to want easy access at low prices. This is now the norm and what we as consumers expect.

It's a great way to make money over a period of time, as you're consequently building a positive relationship with your customers. In this way, you can monetize the process much earlier than you could with a higher-ticket item. If you have a higher-priced service offering, perhaps look into how you could offer a self-service model at a lower price.

Take Amazon as an example. They charge a recurring subscription fee, and with this the customer is assured of certain benefits (free shipping, low prices, bulk packaging). Again, you're decreasing the chances of your customers going to a competitor.

So, what happens when the monthly subscription model is not enough? And how do you get customers to renew their purchase? Provide even more incentives, great value offers and excellent content.

Basically, make it irresistible for a customer to join your subscription program (high value, low recurring cost) in the first place. Build trust over time by offering exceptional value and adding to your offering for the same price. Over time, offer additional premium services that people will purchase more willingly because they now know, like and trust you. And, as before, a great customer experience throughout. We keep repeating this, but it's simple: you can't focus on renewing purchases in case the basic offering has faults or issues that your customers continually encounter.

Best practice example: Amazon Prime

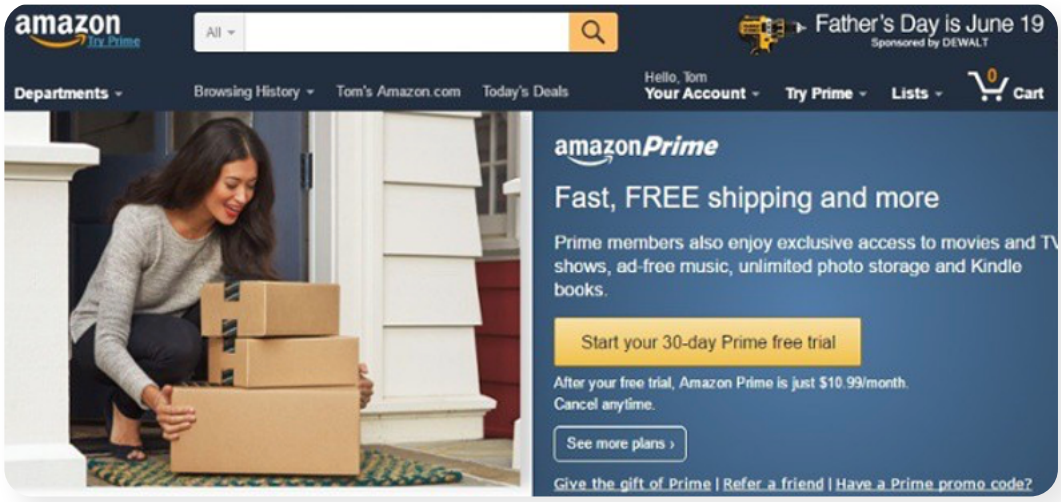
A great example of a subscription business is Amazon Prime. subscriptions to bolster the experience.

The Prime subscription model was initially created to bring customers faster delivery. Usually, a commodity-based organization wouldn't implement a subscription service into their business model. Although generating a lot of controversy at the beginning, it quickly became popular with loyal shoppers on Amazon.

Now, new benefits have been added, like access to Amazon's Instant Video platform, which is a great strategic move, adding more value to subscribers. The increase in purchases makes up for the loss of $1-2 billion in revenue yearly that Amazon is reported to have.

However, in order to improve customer retention, you don't necessarily need to charge a fee for your subscription. Providing benefits in the form of exclusive content and access to events is another way to use the same strategy and get the benefit.

If you're using this strategy, just make sure you're offering something that your customers really want. A good way to know is social listening and asking your customers their interests in the form of a survey.



2. Why your onboarding strategy is actually a part customer retention

When devising your customer retention strategy, don't forget about newly acquired customers. It's easy to think that onboarding is just that, a process for getting customers starting to use your product. In actual fact, it's a crucial time when you're setting your customer up for success.

If you can make the initial period the least painful and most enjoyable as possible for the customer, you should be half way there.

According to Lincoln Murphy (Customer Success Consultant and Keynote Speaker), onboarding is it's done to ensure the customer achieves their desired outcome, and retention comes from that.

The first step is to figure out where they first get value (or the potential value) and achieve the goals that they had set out. If your product offering is more of a more complex nature, they can still have a "wow-moment" early on, even though they may not have achieved their final goal yet.

Remember that "the seeds of churn are planted early" (Lincoln Murphy). So, often, the customers that cancel or simply don't renew often have issues early in on, in other words during the onboarding process. You'd be surprised how common it is that companies just close the sale and forget about it, although that's actually when you want to start nurturing the relationship. It's the honeymoon period!

How to ensure a happy and successful onboarding period

This step by step process is especially suitable for service based customers, such as SaaS.

To help them succeed, you need to:

1. Research the customer journey in terms of using your product to figure out:
    b. where they reach any potential pain points
    c. what the “wow moments” are
    d. where they achieve value
5. Then, design a simple process to get them up and running – quickly. The sooner customers start using the product the sooner adoption can happen.
6. Send a welcome email, prompting to contact customer service if they have any issues.
7. Plan a kick off call, where you outline their objectives and a project timeline including milestones.
8. Utilize a checklist to ensure milestones are being ticked off.
9. Solve any issues by trigging an FAQ chatbot or prompted information inside of the product (if you have a platform to house this; or, if your offering a commodity or are purely service based, sending nurturing emails can be helpful).
10. If there are any steps along the process that take a particularly long time, explain why to your customer. It can be useful to create a visual infographic and sending out as a part of your nurturing emails that describes your process, to sooth any frustration over delays.

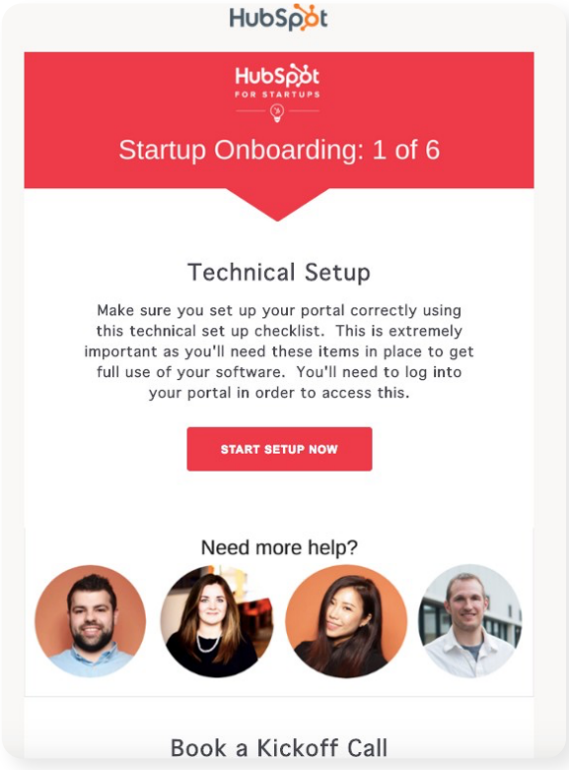
Source: Kirsty Traill, Hootsuite

Oftentimes, the issue is that companies simply don’t know what the customer’s desired outcome is. Alternatively, somewhere along the way, it may have slipped their mind that that’s the crucial thing to solve!

Best practice example: HubSpot

As an example, HubSpot execute the onboarding process beautifully by giving their customers access to a strategy kick off call to outline what the customers goals are and devising a strategy to achieve them, and access to the Customer Success team straight away. In addition, they send a series of 6 emails outlining different steps of the set-up process (as it is a fairly complex product), breaking it down into different categories such as Technical Set up, Admin and so on.

Finally...

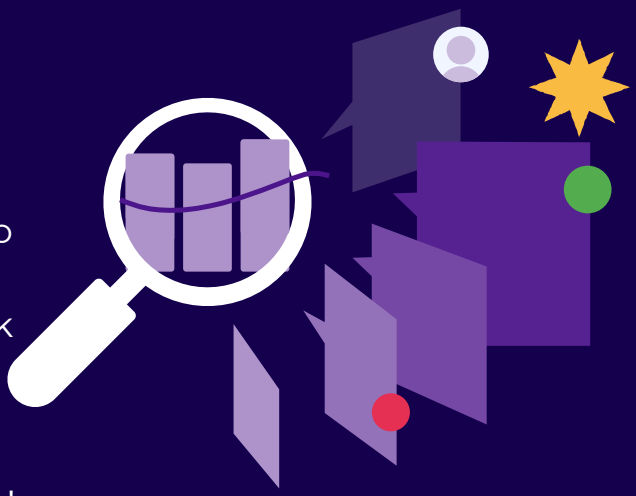


To end our e-book, remember that successful companies don't stay in one position for too long. They add new updates, evolve with the times and are always searching for ways to do more for their customers. Simply changing your processes and offers from time to time is a demonstration of value, and will keep your customers around longer.

Newly acquired customers is the food of a growing company; but your customer retention rate is like water. You can live a little while without new business, but you'll quickly die without water.

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Want to increase your customer retention?



Thematic allows you to spot issues before it's too late and turn customer feedback into actionable insights. We provide a strategic, in-depth analysis of your customer feedback through AI text analytics.

Book a consult with one of our team - we'd be thrilled to show you how Thematic works!

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