



How to Improve Customer Retention & Generate Revenue With Your CX Program

Keeping customers around is one of the oldest goals of customer experience (CX) initiatives. And perhaps that's why so many customer retention methods have gone stale. With your customers evolving faster than ever before, shouldn't your approach to keeping them evolve too?

That's why we'd like to suggest taking a fresh look at customer retention—challenging your perceptions and reassessing how you define the term, as well as what it looks like in action. What you'll find as you take this closer look is that with today's data, technology, and in-depth analytic services, you have the power to take a holistic approach to keeping your customers that will ultimately give a boost to your bottom line.

Wondering how that works? In this eBook, we'll walk you through the foundational elements of a successful approach, what our experts call the “Four Cornerstones of Customer Retention.” But we won't stop there. We'll also dive into the math to prove why keeping customers around benefits your bottom line and proves to your entire organisation that your CX program is a revenue-generating asset. Let's get started!

Generating Revenue Through Customer Retention

Did you know that the average business today loses between 10-30% of its customers annually? Additionally, research by Carlson Marketing shows that U.S. companies lose 50% of their customers every five years. Multiply the amount of churning customers by the lifetime value (LTV) of the average customer at your organisation and losing customers at this rate means losing millions of dollars!

Customers leave for a variety of reasons and the current business climate is causing customers to be more selective about where and with which businesses they spend their money. As a result, many companies are losing customers at an alarming rate.

RETENTION FACT:

The average
business today loses
between **10-30%** ↓
of its customers
annually.

RETENTION FACT:

**A 10% increase
in reduced churn
or retention
efforts results in
a 30% increase in
company value.**

So, What *Is* Customer Retention (Really)?

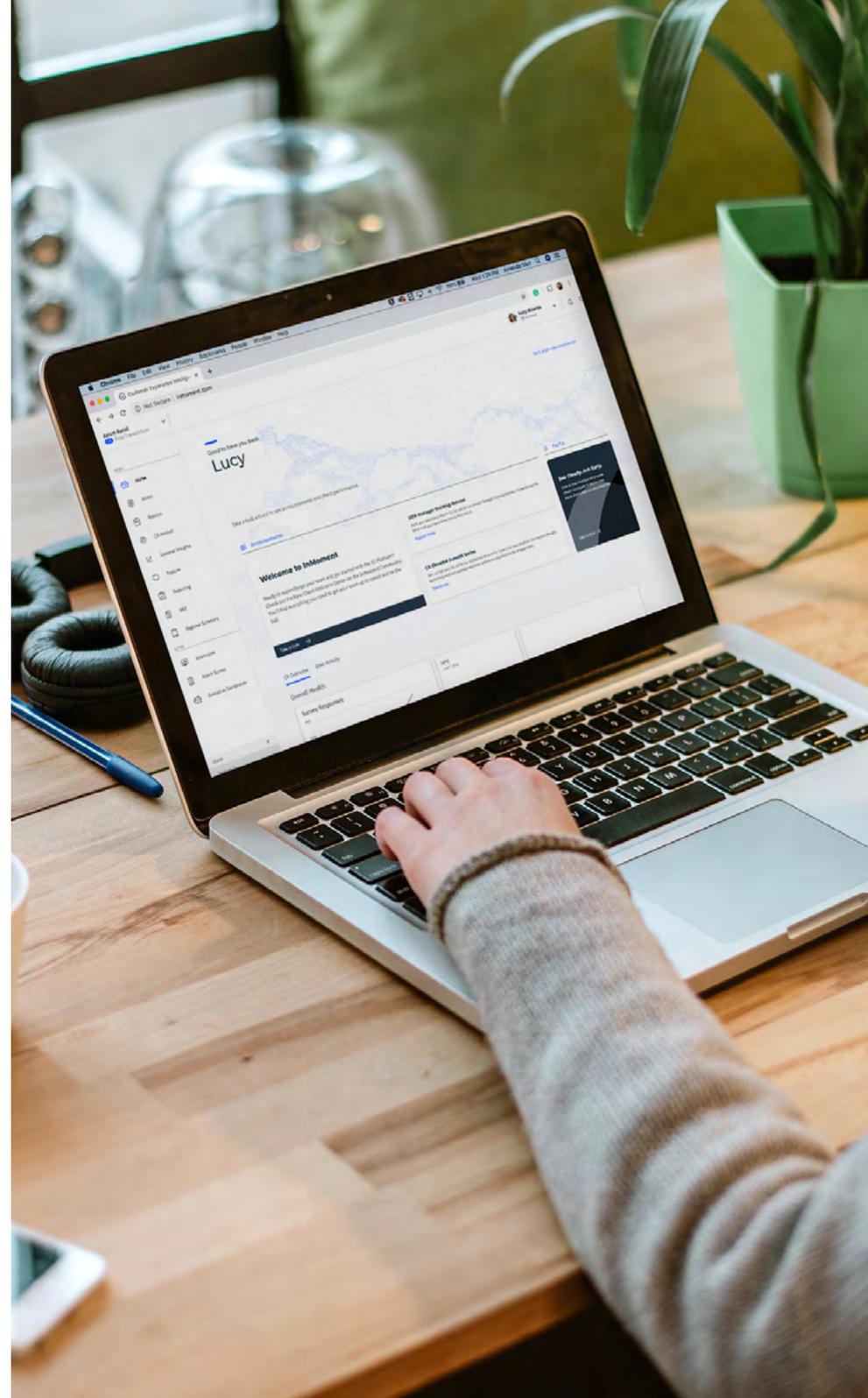
When CX leaders hear the word “retention,” their default definition is most likely “keeping current customers happy.” But true retention is about building a much deeper, more personal customer relationship that keeps customers loyal to your brand and coming back for more.

It’s also important to note that the best opportunity for profitability growth for businesses is repeat customers. The longer it takes for a customer to become profitable for your business, the higher your retention rate needs to be!

Building customer relationships that last—and are more profitable—begins with knowing why your current customers do business with you, which specific factors cause customers to leave, and which company offerings and programmes customers care about most.

The Four Cornerstones of Customer Retention

Now that we've defined what customer retention is, how do you employ your CX programme to make retention happen? Outlined below are very specific best practices that will help you develop and implement a formal strategy that generates business value through customer retention.



CORNERSTONE #1

Understand Why Customers Go—and Stay

Our first cornerstone of successful customer retention is understanding why customers leave in the first place. Customer churn alone is bad enough—but don't let it also happen in vain. Each friction point or service lapse that takes place needs to be recorded, aggregated, socialised, and actioned. In other words, you need to learn from your mistakes. This is why multichannel listening and making a CX investment is so important. It allows you to focus on those moments that matter (why customers go and stay) and understand the root cause.

ROOT CAUSE INSURGENCY:

Drive True Learnings From Those That Know Best



An ounce of prevention is worth a pound of cure in the case of customer retention. And to prevent churn successfully, you have to create a sense of urgency; it's the first step to impact change! The best way to create a sense of urgency is to tell and socialise customer stories that articulate why customer churn is taking place. This is why your experience program is so vital: it gives your customer the opportunity to upload an image or record a video and share that true emotion and the friction that they experienced. And these images, videos, and other forms of feedback give you the proof you need to give your whole organisation an understanding of the all important “why,” as well as a reason to get moving.

MARKET PULSE PROGRAMS:

Stay Ahead of the Competition



We can learn a lot from our existing customer base, like what do they like and dislike—but it is also important to learn from our competitor’s customers, other industry customers, and identify other opportunities in the market. Brands in leadership positions invest in and have an impeccable understanding of market preference. They wield key learnings from the current sentiment of all types of customers, and they have them in real time. Having to wait months for customer research studies to be published is the stuff of yesteryear. Brands now have the ability to reach out to customer databases and panels at the push of a button to surface intelligence that can help to shape business strategy. These learnings from the greater market are an incredible compliment to the learnings from your existing customers. And the more intelligence, the better. Right?

INVEST IN THE RIGHT ANALYTICS:

Predictive Models Help to Extend Customer Lifetime Value



Lastly, we want to focus on why you should apply innovative and automated analytical capabilities to help understand why customers leave. As unstructured feedback is captured—or open ended text and comments are available—do you have a real-time text analytics engine that is automated with machine learning that gives you a deep understanding of root cause? Are you leveraging predictive analytics to have an accurate forecast and understanding of churn? If not, then consider this a sign that you should get started!

Advanced and predictive analytics are the difference maker when it comes to identifying the cause of churn and even identifying which customers are more likely to churn based on previous patterns. Understanding root cause and why customers leave will drive behaviour and that sense of urgency to kick start your change management initiatives as you look to improve your retention efforts.



CUSTOMER STORY:

Understanding Why Customers Leave in Action

One of our insurance clients, nib New Zealand, knows the importance of retaining existing or tenured members to help maintain brand trust and reputation, while also reducing the acquisition costs associated with new members. As such, they implemented a closed loop feedback system to help retain their membership base and help improve the customer journey through clearer understanding around possible friction points.

The company has since been able to capture root cause attributes and behaviours from both member feedback and employees who work directly with their members. After each member interaction, both the member and the consultant they interacted with are asked to share feedback around that interaction or journey touchpoint. During the pilot of the initiative, **churn has been reduced by 6% across the New Zealand business!**

nib

CORNERSTONE #2

Eliminate Churn-Causing Friction Points

“Friction” is a term that gets thrown around a lot when talking about customer experience. It really does capture the charged nature of a wide variety of less than positive experiences across the customer life cycle. And experiences that cause friction ultimately impact long term customer relationships and retention. That’s why it’s absolutely vital for brands to employ their experience programmes to detect the rough patches in the customer journey and do what they can to smooth them over.

Now you may be asking, “how?” Well, while there are many practices and processes that can be implemented to reduce friction that leads to customer loss, we’ll examine three of them in detail.

JOURNEY MAPPING:

Identifying & Understanding the Moments That Matter



While an in-depth journey mapping program certainly can pay off, a grass roots journey mapping exercise that focuses on a couple of friction-generating customer journeys can pay immediate dividends. One of our expert practitioners suggests taking about two days to map out a very specific customer journey. That kind of purposeful, up-close-and-personal perspective can really open your eyes as to what customers are really going through. Then, you will be in a prime position able to drive immediate process changes and leverage your listening program and analytics to monitor the effects of those changes and ultimately prove the impact you've had on customer satisfaction and retention.

INNER LOOP EMPLOYEE FORUM:

Understanding & Learning From the Employee Perspective



Give a voice to your front line associates who deal first hand with your customers. They can be your most powerful asset to understanding the root cause of customer dissatisfaction! And we're not talking about a once a year survey either. Instead, an always-on approach where employees have a way to surface opportunity areas to leaders and decision makers in real time will be far more impactful. They can also add qualitative perspective as to whether a particular friction point is a deal breaker that could lead to a customer loss. And, whilst not exactly a customer retention point, engaging employees in your CX program has incredible cultural benefit for the company's big-picture CX mission.

LEVERAGE ALL INFORMATION SOURCES:

Look Beyond Traditional Surveys to Drive Retention



We talk a lot about how the combination of technology, data, and expertise is necessary to get the right results from a CX program. One of the ways many of our customers are increasing retention is by leveraging data sources outside of surveys. Some of the most effective friction-eliminating process changes occur when our clients combine their survey listening with their social listening, employee

listening, and key operational and customer churn metrics to tell a customer life cycle story. (Hopefully you have a vision of a giant cauldron full of customer data right now.) With data from everywhere and the right analytical tools to derive intelligence, CX teams can get company-wide buy-in to make the most impactful changes to eliminate friction and reduce churn.



CUSTOMER STORY:

Eliminating Customer Friction in Action

One of our airline partners spent a significant amount of time mapping out the passenger journey from booking a flight to reaching the destination and claiming baggage. Then, they worked with us to create a listening programme that captures the voice of the customer along that journey. Additionally, they built in the capability to really dig deeply into the areas customers wanted to talk about. One particular area of friction was identified by customers who were unable to find our client's gate at a major West Coast airport. Since our survey allowed for customers to expand upon the gate check-in experience, our client cross-referenced the customer feedback with metadata and was able to identify the specific gate in the airport that was causing such a problem for their customers. Then they asked their employees at the hidden gate, and it turns out that they often heard the frustration from customers as well!

The brand was ultimately able to work with the airport authority to move their flights from this gate. The combination of a journey map exercise, listening to customers through surveys, bringing in operational metadata, and listening to employees enabled our partner to eliminate this point of friction for their customers. Customers felt listened to, which in turn increased their loyalty to their brand—a key driver of retention.

CORNERSTONE #3

Implement a Well-Designed Recovery Strategy

The third cornerstone of retention is a well designed customer recovery strategy. Unfortunately, poor customer experiences have been around since the beginnings of business. Therefore, every business from large enterprise brands with deep pockets all the way down to local businesses with fewer resources need to have a plan in place to deal with the fall out of bad experiences when they happen. And frankly, being able to execute that plan at a high efficiency level is more important than ever. The following are a few practices that will help you cover your bases when it comes to rescuing disgruntled customers.

MULTICHANNEL LISTENING:

Fix Broken Processes Before They Become Retention Detractors



If you're looking to stop customers before they walk out the door, you need to make sure you can spot each and every negative experience wherever they occur. That's where multichannel listening comes in. If you are only employing surveys after in store transactions, you are potentially ignoring customers who have had poor experiences across other channels and touchpoints. Instead, if you are listening online, in store, over the phone, through email and text, and on social media, you will catch every rescuable customer, everytime.

Additionally, listening across channels will help you to identify recurring poor experiences so you can take action to rectify them before they snowball out of control.



RETENTION FACT:

Our clients see a 4-6 point reduction in churn with customers going through a successful closed loop feedback process versus customers who do not.

CLOSED LOOP PROGRAMS:

Address Concerns When It Matters Most



A closed loop program very much goes hand-in-hand with your multichannel listening efforts. Once you've spotted a customer who might be in need of rescuing, it's your closed loop program's job to assign an employee to reach out, listen to the customer's story, and rectify the situation. But it's more than that. Once the customer has been called back and everyone has said their goodbyes, the greater organisation needs to work on closing the inner loop. This involves not only closing the loop with the customer (the outer loop), but then socialising the details of that negative experience to the organisation (the inner loop) so that the greater causes of that negative experience can be fixed operationally.

Let's say that a particular customer is upset that the project they intended to purchase was out of stock—again. The call centre agent reaches out, talks to the customer, works out a way to get the product to the customer, and then writes notes about the interaction in their post interaction survey. The owners of the CX program are then notified of the recurring stock issue, and are able to reach out to the appropriate team members to make sure that the particular location receives enough stock in the future. The closed loop program was able to then recover a customer and prevent other customers from experiencing the same frustration.

EMPOWER EMPLOYEES:

The Ability to Make Things Right Without Layers of Approval



We've said it before and we'll say it again and again: your employees are your greatest resource. That doesn't change in the slightest when it comes to rescuing your customers. To get the best results though, you need to empower them to take action when they recognise things with a customer are going south. This kind of empowerment needs to start in the training room. Let your employees know that

you trust them to not only take care of the customer, but to step up and communicate to management when they spot a friction point in their everyday work. Not only do empowered customers step in and turn negative situations into positive ones, but they also are more engaged because they know they are contributing to the success of the entire company.



CUSTOMER RECOVERY ECONOMICS:

An Example in Calculating Lifetime Value

At InMoment, we frequently sit down with brand executives and look at real-time metrics that show how much revenue has been recovered due to their closed loop programme. Here is the equation we use to prove that value.

Begin with the lifetime value (LTV) of your customer— for example, a prominent pizza chain has publicly stated that their LTV of each customer is \$10,000. So, let's use that for our example.

Because your CX efforts are listening to the voice of your customer across all channels, you have the ability to report that last week (hypothetically) you had 300 service lapse incidents across your digital and retail journeys. Multiply that 300 by your customer LTV of \$10,000 and you now have \$3M of at risk revenue. (Yikes!)

Studies tell us that 50% of those customers will continue to do business with your brand, however, 50% will defect—this is where your closed loop programme comes into play. If we resolve the issues with half of that 50% that might defect, we know we have recovered \$750,000 of revenue across your brand just in the last week!

CORNERSTONE #4

Develop Deeper, More Meaningful Relationships

The final cornerstone is also the heart of retention: going beyond mere transactional or periodic interactions to driving deep customer relationships. And in a way, these deeper relationships are a sign that your retention efforts are working. If you are listening to customers, identifying their frustrations, working hard to alleviate them, and then communicating your actions with those customers, their loyalty to your brand will grow, giving you the opportunity to become more of a part of their lives as consumers.

Here are a few tips that will keep your relationship with your customers healthy and happy:

RELATIONSHIP CONSISTENCY:

Identify Customer Needs & Create Customised Benefits



For any business support team, consistency is the foundation of the customer relationship. At InMoment, we dedicate a client success manager, a technical success manager, and a full account management team to each of our clients. And while we cannot always guarantee that a support team stays with a customer forever, we absolutely expect our success teams to deeply understand their client's business objectives, day-to-day needs, and roadmap. If we execute well in these areas, we see high renewal rates and long-term relationships and retention. We recommend that you have designated teams to support your customers and develop deep relationships with them as well!

FORMAL RELATIONSHIP SURVEYS:

Goal Oriented Check Ins Across Your Business



In the CX industry, we often talk about survey exhaustion. But to tap into the deeper customer relationships companies have with their customers, a formal relationship survey at a non-transactional stage of the customer lifecycle can be a sign that you value the relationship. For all companies, these surveys need to be well thought out and intentional so you can understand what you are doing well and, even more importantly, the areas where you need to improve to protect the relationship. Additionally, follow up from these surveys is critical—addressing areas of concern voiced in a relationship survey is vital to reducing attrition. The closed loop process we mentioned earlier is particularly critical here.

LEVERAGE LOYALTY PROGRAMS:

Call on Your Best Customers to Be Your Advocates



The relationship established by loyalty program—whether it’s for a restaurant, a clothing store, or an ecommerce site that rhymes with “Gamazon Grime”—creates stickiness and loyalty for a brand. Leveraging these customers for insights is like having a team of free consultants on your team that you know are invested in your success.

These are the customers who are willing to give testimonials about your brand and then tell their friends and families about how great you are. On top of that, they will stay loyal and keep buying. In short, these customers are priceless.



CUSTOMER STORY:

Driving Deep Relationships in Action

Our partner, a regional utilities provider, takes advantage of the dedicated team they have at InMoment and it really shows in the strength and maturity of their CX efforts. Together, we have established formal project management processes and have regular working sessions called Insight Forums where we dive into the data and identify specific business problems. We then work with their business unit leaders to ensure that they know what experience and business issues they should take action on to enable their CX success and drive to real business outcomes.

Additionally, we have formal executive check-ins which serve as a kind of high-touch personalised relationship survey. As our relationship matures, we continue to work together so that we can improve and add more business value leveraging their experience programme. This not only drives deep relationships between our teams but goes a long way in building deeper, more trusted customer and employee relationships for them.

It's Time to Level-Up Your Customer Retention Efforts

We've shared a lot of tools to help you retain customers and reduce attrition— but we want to ensure we give you next steps you need to begin your journey to revved up retention strategy success!

1. Challenge Your Current Retention

Presumptions: Do a churn audit or company assessment leveraging the cornerstones that we've shared in this paper. We can guarantee your clients', customers', and partners' preferences are regularly changing. Your strategic retention strategy and roadmap should also be assessed and evolved periodically.

2. Make Customer Retention a Company-

Wide Initiative: The entire company is responsible for customer retention—from the executive team, to each functional department, to every employee. If your retention program is mature, having a

formal voice of employee program that actively solicits specific feedback can be part of your overall customer management process. If you're looking for something a little less formal, roundtables with employees across the hierarchy can be a great tool. Frontline employees are often closest to the customer in cases of possible churn. Just ask them what happened and what you as an organisation can do better.

3. Socialise and Create a Sense of Urgency:

Use the data, metrics, and stories that come straight from the mouths of your customers and employees. Don't forget—connect with the required key stakeholders

and position a retention transformation to inspire root cause insurgency!

4. Find a Tenured Partner: Talk to a domain expert and partner that has extensive experience when it comes to improving retention and designing effective customer experience strategy. Continue to learn and stay informed about ways to transform your retention strategy so you can recover customers effectively, eliminate friction points, understand why customers are leaving you, and drive deeper more meaningful relationships.

Looking for more about customer retention and other ways you can improve experiences?

Looking for more about customer retention and other ways you can improve experiences? We have many examples of our customers that have worked with us and used these methods to increase customer retention and while reducing churn metrics. Additionally, our thought leaders are here to walk you through anything and everything Experience Improvement (XI).

Here are a few pieces for you to check out:

→ [THE VALUE OF CLOSING THE LOOP](#)

→ [ACHIEVING CONTINUOUS IMPROVEMENT:](#)

A Framework for Success

→ [HOW YOU LISTEN MATTERS:](#)

How to Modernize Your Methods & Approach to Customer Feedback

→ [UNDERSTANDING TO IMPROVE:](#)

Getting the Most out of Customer Data with World-Class Text Analytics

About InMoment

Improving experiences is why InMoment exists. Our mission is to help our clients improve experiences at the intersection of value—where customer, employee, and business needs come together. The heart of what we do is connect our clients with what matters most through a unique combination of data, technology, and human expertise. With our hyper-modern technology platform, decades of domain authority, and global teams of experts, we uniquely deliver a focus on Experience Improvement (XI) to help our clients own the moments that matter. Take a moment and learn more at inmoment.com.



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