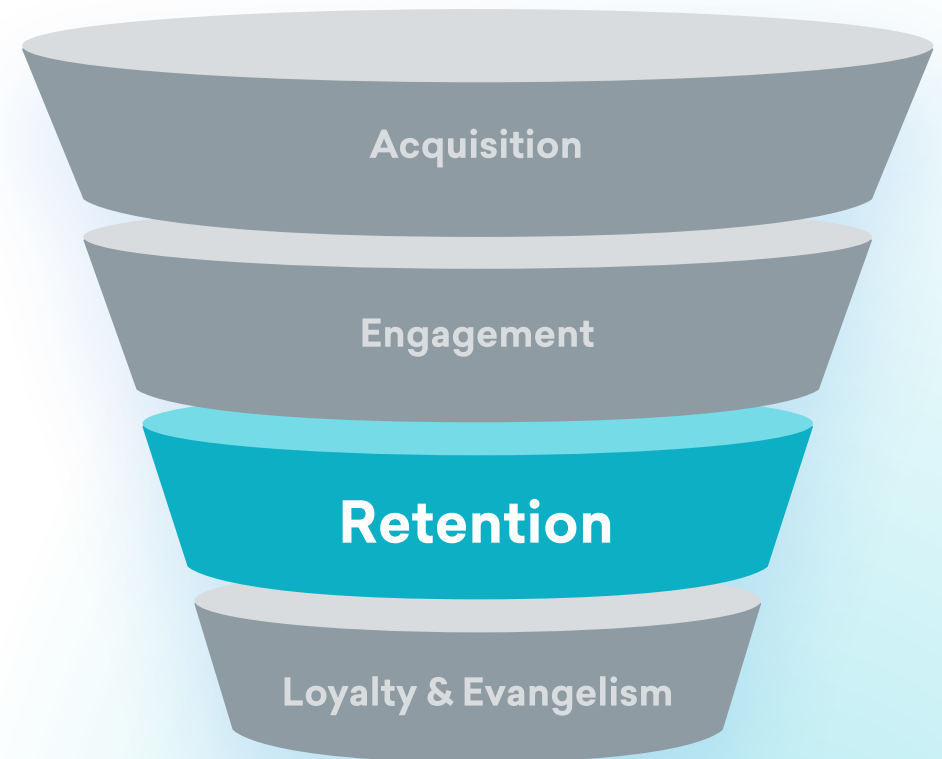# Modern Customer Retention

What You Need to Know

braze

In the early 2010s, acquisition was the customer engagement metric that got all the glory. Chasing that elusive hockey-stick growth curve, many brands ended up neglecting the KPI that truly signals the health—and sustainability—of businesses. Retention, that is.

In recent years, there's been a much-needed reset. A renewed, and long overdue, focus on retention is finally here. After all, companies succeed not by spending an ever-increasing sum of advertising dollars to reach and attract customers, but by acquiring the right audiences, understanding those audiences, meeting their needs, and developing the kind of customer experiences that keep these individuals engaged over time.

Introduction

Growth can fuel companies for only so long, while retention is a practice that ensures survival. After all, most companies are sustained by following a longstanding principle known as the 80/20 rule, in which about 20% of customers (usually the most loyal ones), generate about 80% of business. For some brands with an even more loyal cohort of followers, the ratio can be as high as 90/10.

Researchers have quantified the value of retention, and found that brands that are able to improve their engagement efforts to hang on to just 5% more customers will enjoy an increase in profitability of anywhere from 25% to 95%. That makes improving user retention more than just a key priority—it might well be the most impactful thing you can do to help your brand meet its long-term business goals.

In this guide, we'll walk through steps you can take to see a noticeable lift in retention, including:

7 key retention strategies that work

10 winning retention campaigns

How to predict and troubleshoot churn

Smart approaches leading brands have adopted to improve retention

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Retention 101:
What Is Retention & Why Is It Measured?

The third stage of the traditional marketing funnel, retention is about making sure that your engaged customers stay engaged. Those are the customers that set up an account with your company, subscribe to your emails, consume your content, make purchases, or otherwise interact with your brand. Getting a handle on retention requires marketers to measure and understand these **high-value actions**, which are signals contained within customer behavior that tell marketers which customers are most worth the retention marketing investment. And digging into—and preventing—the kinds of experiences that seem to be pushing them away.

Though some customer advocates bristle at the industry's use of phrases like "retention" and "retention marketing," seeing them as terms that underscore a business-driven, bottom-line approach that focuses purely on not losing valuable customers, retention is truly something that can only be accomplished through consistent, thoughtful communication and experiences.

If you don't value, understand, and serve your customers, you're always going to struggle to hold onto them.

For companies that care about their users and want to live up to the promise of customer-centricity, committing to retention is about prioritizing serving these individuals over the long term. As illustrated below, retention can be measured by tallying up all of the people who initially engage with your brand and then keeping track of those that stick around—or are retained—over time.
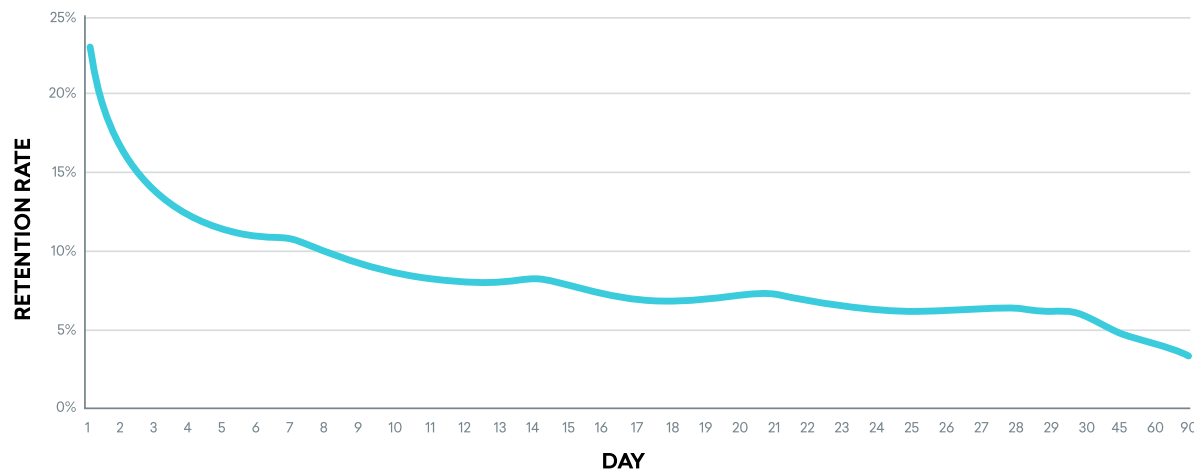
$$\frac{\text{\# of customers who engage with Brand Y the Nth day after day 0}}{\text{\# of customers who first engage with Brand Y on day 0}} = \text{Classic Retention Rate}$$

CLASSIC RETENTION

What Drives Customer Retention?
Brand Humanity

Cultivating initial **customer engagement** into long-term, ongoing activity requires a **data-driven** yet flexible approach, one that's individual but **scalable** and founded absolutely on the basic premise of forging connections that are relevant, meaningful, and personal.

Taking the time to truly connect with, understand, appreciate, and ultimately serve customers over the long term in this manner can lead to noticeable improvements in retention. But it also requires big-picture thinking and a clear strategy focused on ensuring that each individual customer feels like they're part of a productive, long-term, mutually beneficial relationship.

Above all, retention requires **brand humanity**. In other words, if you want customers to stick around, you have to learn how to communicate with them in ways that feel human. That means taking a closer look at your brand's messaging tone, **frequency**, content, and communication **delivery methods**. And making sure your customer messaging and experiences are tailored—as much as possible—to the specific needs and habits of each customer.

P PANTSLABYRINTH   now

Don't want any 4th of July reminders?
No problem. You can opt-out now and we will still keep you updated on everything else.

Leading Emotion Drivers of Brand Humanity 2019 BHS Results[1]

Most Important Function Drivers of Human Connection 2019 BHS Results

Rank	Characteristic
1	Understanding
2	Friendly
3	Comforting
4	Personable
5	Reassuring
6	Surprising
7	Thoughtful
8	Responsive
9	Happy

Rank	Description ● Natural ● Personal ● Considerate
1	Speaks like a regular person would
2	Is responsive to me when I need it
3	Is a brand I would recommend to friends/family
4	Shows they value my time and business
5	Communicates with me at convenient times
6	Shows they understand what matters to me right now
7	Fits my lifestyle
8	Communicates with me using the contact method I prefer
9	Understands my preferences and avoids what I don't like
10	Gets me and what I care about

1. The 2019 Braze Brand Humanity Study (BHS) is commissioned research, conducted by Forrester Consulting on behalf of Braze. BHS investigates what factors are necessary to build and deliver memorable, human brand experiences…and what stands in the way.
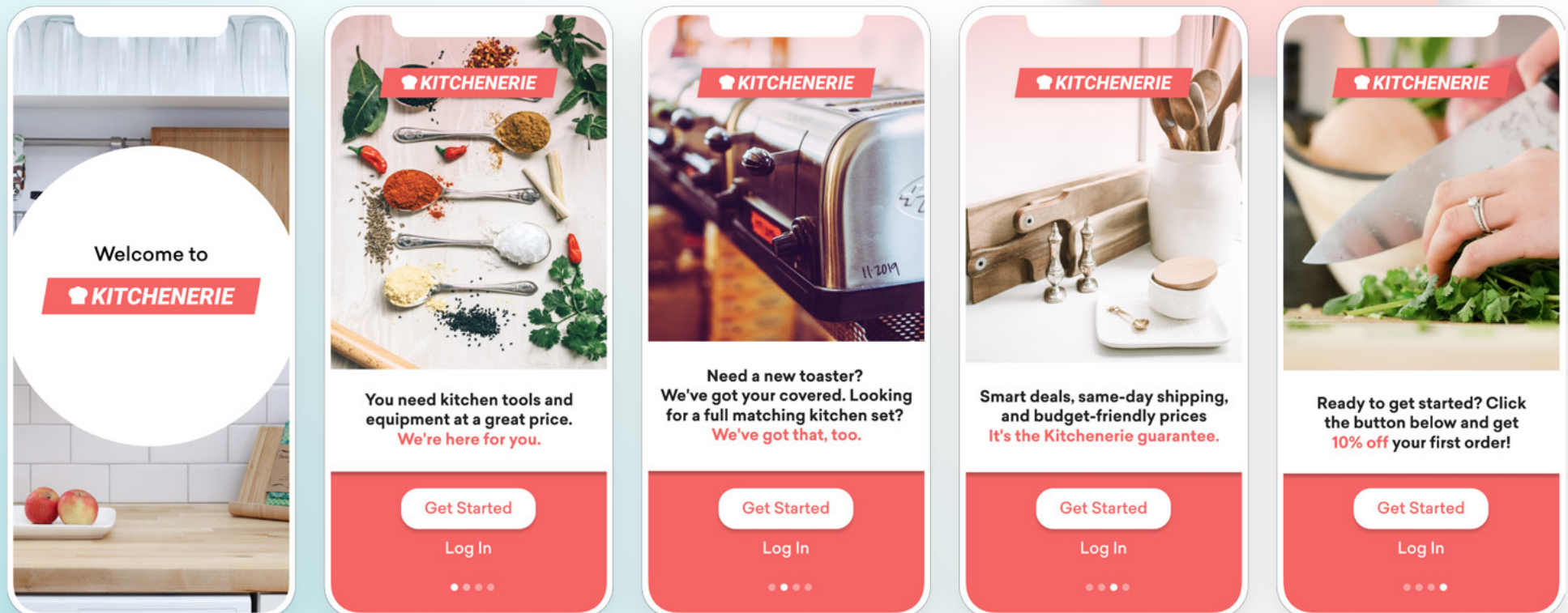
7 Key Retention Strategies That Work

Whether you're walking new customers through your brand's full value proposition, sending tailored messaging that makes them feel part of a community, providing reasons to deepen their engagement, or making sure they feel welcome every time they come back, retention communications are strengthened by brand humanity. Here are some of the basic strategies that will keep you keep providing customers with reasons to stay engaged with your brand over the long haul, while bolstering your brand humanity.
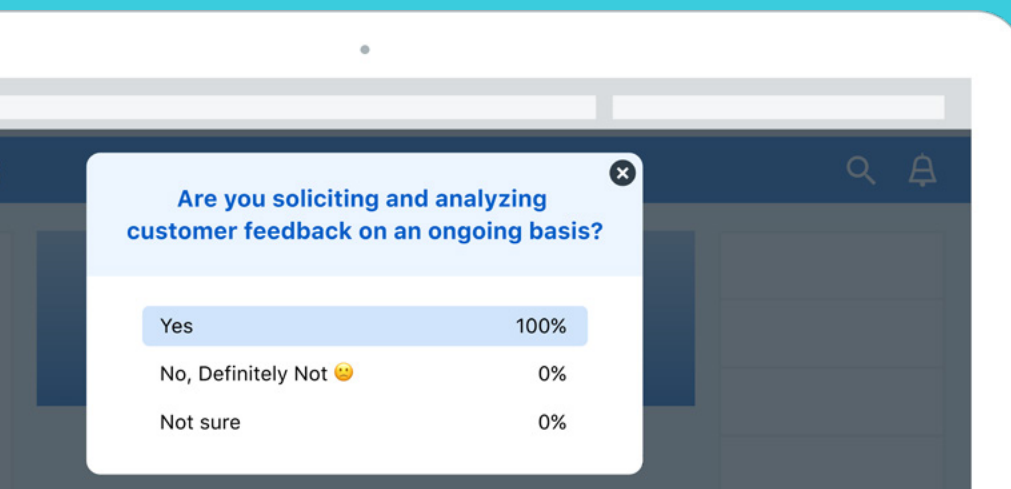
1 Customer Onboarding

One of the biggest factors in whether a new user will be retained is their very first interaction with your brand's digital account, app, email newsletter, subscription service, push notifications or other customer experience. Onboarding ensures a customer experiences the core value of your brand as soon as possible.

Remember: These customers have already chosen to engage with your brand. Effective onboarding campaigns should strengthen your argument, and act as a powerful incentive to more fully commit to exploring your brand's offerings.

Welcome to KITCHENERIE

You need kitchen tools and equipment at a great price. We're here for you.

Get Started
Log In

Need a new toaster? We've got your covered. Looking for a full matching kitchen set? We've got that, too.

Get Started
Log In

Smart deals, same-day shipping, and budget-friendly prices It's the Kitchenerie guarantee.

Get Started
Log In

Ready to get started? Click the button below and get 10% off your first order!

Get Started
Log In

2 Asking for Feedback

Customers have opinions, and they don't always take the time to send clear signals about what they do and don't like about your brand experience unless they're prompted to do so. These communications not only offer an easy path to understanding customer pain points before it's too late, but express a humility that feels very human and positive to customers.

Are you soliciting and analyzing customer feedback on an ongoing basis?

Yes	100%
No, Definitely Not 🙁	0%
Not sure	0%

3 Personalization

Personalization efforts can lead to higher customer engagement and **can boost average revenue by 10–30%**, according to McKinsey. Are you putting these four personalization tactics into practice?

Personalization Success = Data + Strategy

4 Ways to Optimize Personalized Outreach

- Deliver messages based on customer actions and habits

- Use {{ first_name }} and other unique characteristics, such as customer purchase history in marketing campaigns

- Use segmentation to target messages based on relevance

- Create opportunities to interact, offering customers the option of "favoriting" or sharing individual content choices or recommendations
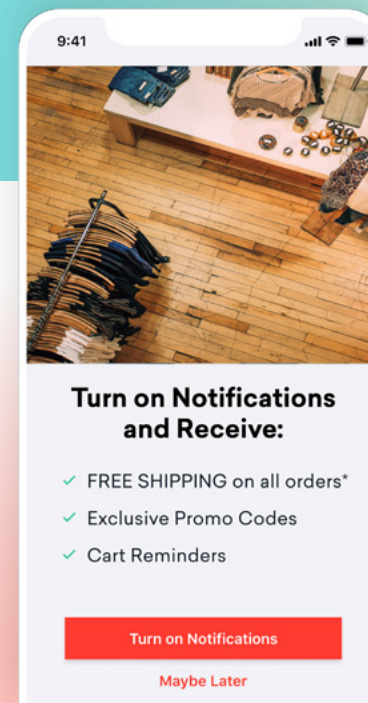
4 Cross-Channel Outreach

Too many brands send all their customer outreach through a single marketing channel, a one-size-fits-all approach that doesn't work with today's complex customer engagement landscape. To reach your audience more effectively, communicate across multiple channels whenever you can, combining—for example—regular email outreach with important ad-hoc push messaging and behavior-triggered in-app messages.

Braze research has found that using cross-channel messaging can drive as much as an 844% lift in engagement.
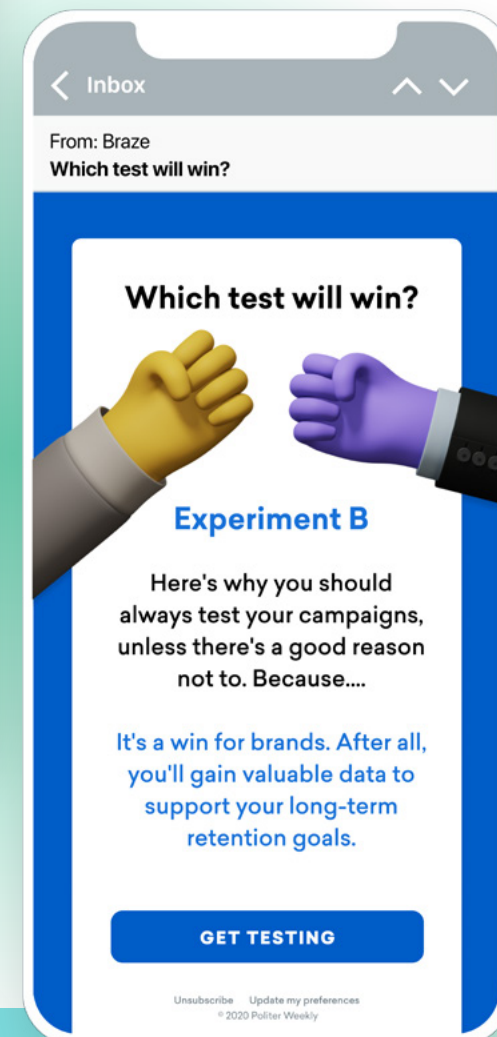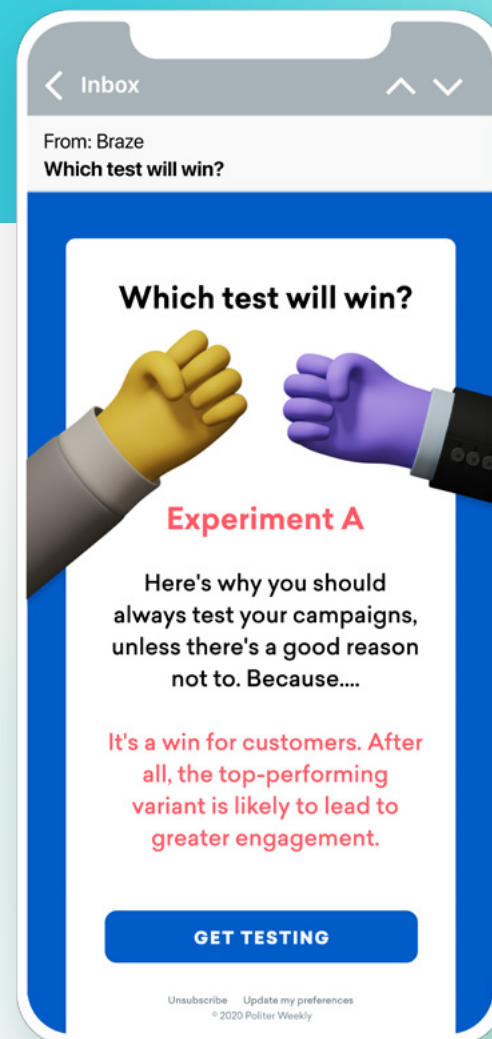
5 Priming For Permissions

Your ability to email and send push notifications to customers is limited by your ability to convince them to opt in to receive them. And you'll never get a better opportunity to do this than at the beginning of your relationship. For each opt-in messaging channel your brand supports, invest the time to make a powerful argument for customers to enable messaging in that channel— for example, by using exclusive channel-specific content or other benefits. Don't just **ask them to opt in**...make it hard NOT to.

9:41

Turn on Notifications and Receive:

✓ FREE SHIPPING on all orders*
✓ Exclusive Promo Codes
✓ Cart Reminders

Turn on Notifications

Maybe Later

6 Experimentation

Marketing experimentation like A/B **testing** or multivariate testing provide valuable clues to customer preferences—indicating what types of outreach drive higher or lower engagement—that you can act on to serve up better experiences.

It's always easier to just send a campaign without trying variations, but that's a short-sighted way to look at your marketing strategy. Customer engagement is an ongoing effort and this kind of testing and optimization is an essential part of getting it right. And retention is one of the most meaningful metrics when it comes to assessing if your work is bearing fruit. If the campaigns you send see strong initial results but you just can't hold onto new users, it's time to take a deeper look at the customer experience.
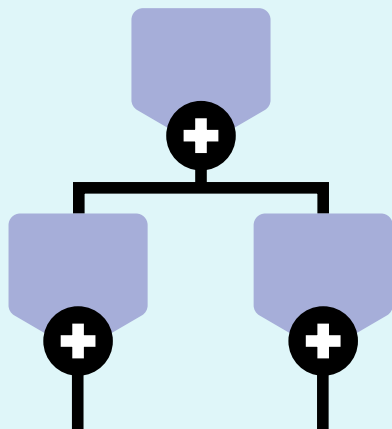
7 Leveraging Data To Support Smart Segmentation

By comparing customer data across mobile, web, and in-person systems, you gain a 360-degree view of user preferences and behavior, and can then use those insights to provide a better customer experience.

Identifying **customer segments** makes it easier for you to engage them in their preferred channels and at preferred times and to avoid bothering them otherwise, increasing your odds of retaining each customer over the long haul.

Segmentation for the Win

Ideas

By time of day

By channel

By shopper profile

In Action

Personalized send time

☀ **Early Bird** VS **Night Owl** 🌙

Personalized channel

📱 **In-App** VS **In-Browser** </>

Personalized offers

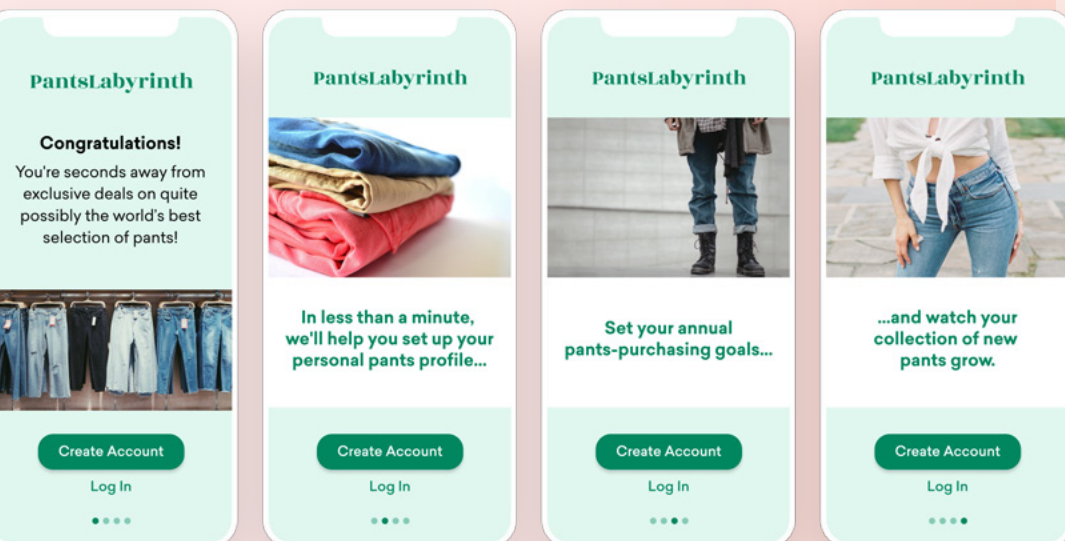🪙 **High-end Shopper** VS **Discount Seeker** 🐷

Campaign Types

The following 10 campaigns are used by successful brands to develop the kind of individual, personal, long-term relationships that retain engaged customers long after their initial interaction.

Campaign Types

1 **Onboarding/welcome campaigns**
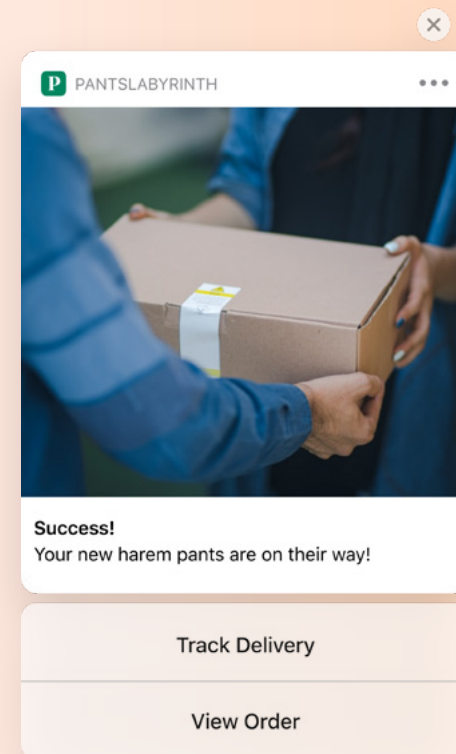
2 **Transactional campaigns**

Educating new users on how to get the most out of your app or website is the first, best opportunity to help new customers understand your brand's long-term value proposition. **Welcome emails have the highest open rates of any email type—about 50%**—making them a powerful tool for turning new customers into long-term active users.

Password reset reminders, order tracking updates, and **other purely functional communications** may not be particularly creative, but these messages provide real immediate value to customers, encouraging future opens, clicks, and purchases and contributing to a general sense that your brand is helpful and considerate.
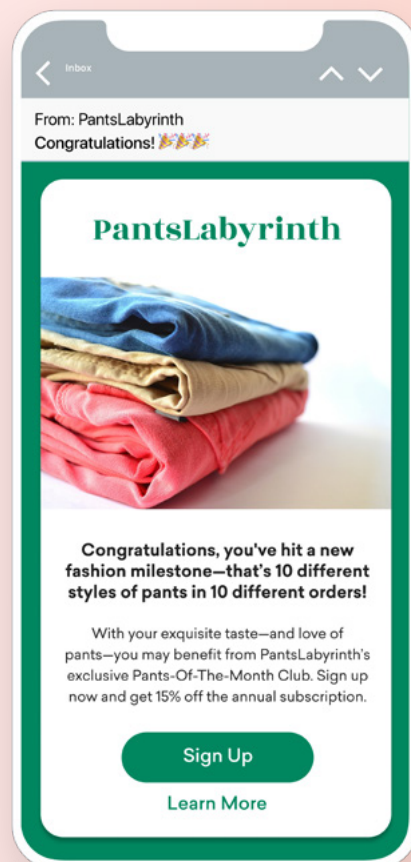

PantsLabyrinth

Congratulations!
You're seconds away from exclusive deals on quite possibly the world's best selection of pants!

Create Account
Log In

PantsLabyrinth

In less than a minute, we'll help you set up your personal pants profile...

Create Account
Log In

PantsLabyrinth

Set your annual pants-purchasing goals...

Create Account
Log In

PantsLabyrinth

...and watch your collection of new pants grow.

Create Account
Log In

PANTSLABYRINTH

Success!
Your new harem pants are on their way!

Track Delivery

View Order

Campaign Types
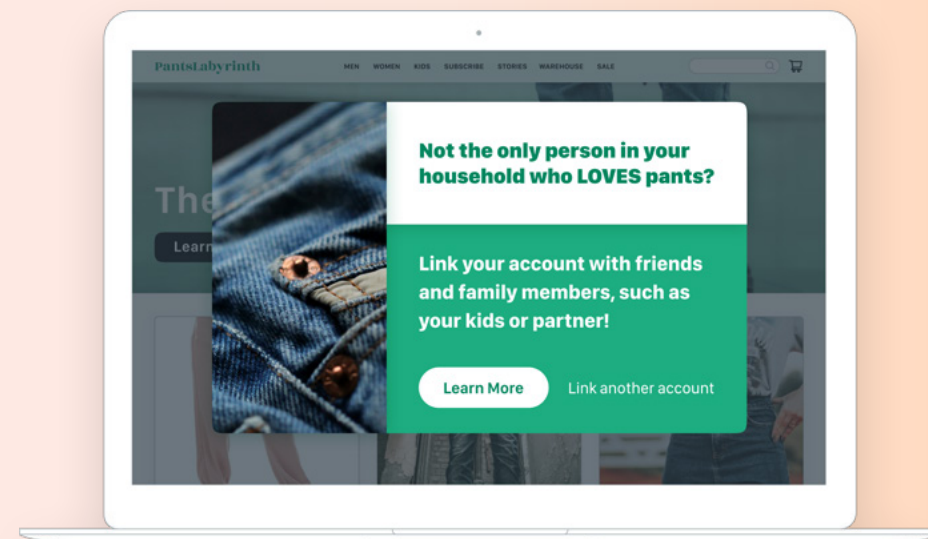
3 | **Promotional campaigns**

4 | **Activity messaging campaigns**

Sending targeted, personalized messages letting customers know that a product or service specific to them is newly available makes it clear to those customers that you understand their desires and habits, and are actively working on their behalf— a critical component of a long-term brand-customer relationship.

If your app or website has an active sharing community, automated campaigns that let friends know when their friends have made a post, shared a picture, or carried out other key actions can provide a recurring set of compelling, personalized reasons to re-engage again and again.
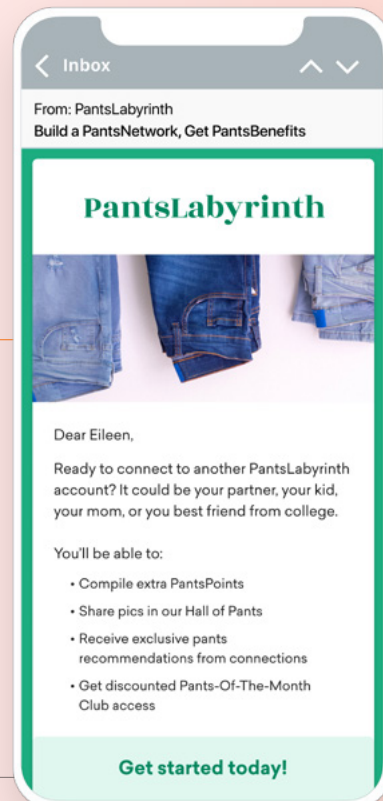
Campaign Types

5 | **Retargeting campaigns**
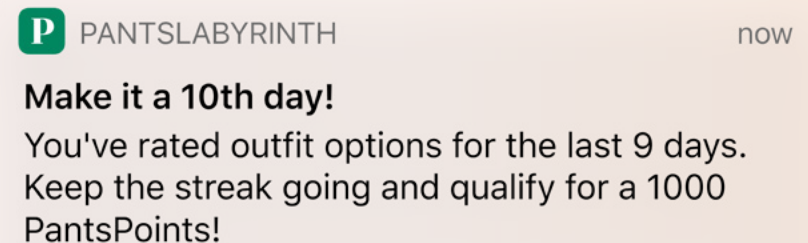
6 | **Active customer campaigns**

Retargeting lets brands follow up with customers across different messaging channels, allowing you to keep testing the waters with your outreach and providing a clearer picture of customer preferences.

This email campaign can be sent to those who interact with the in-browser or in-app message (above) but do not complete the process of linking an account.
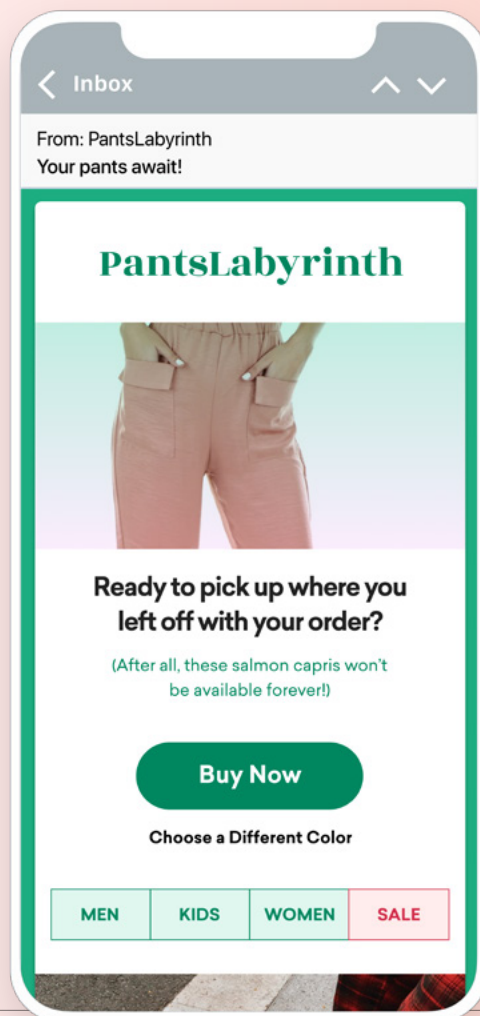

A key component of long-term retention is making sure active customers keep you top of mind. Active customer campaigns build on initial engagement by offering motivation, exclusive discounts, loyalty rewards, and other incentives to convert good customers into recurring customers and keep their engagement streaks going.
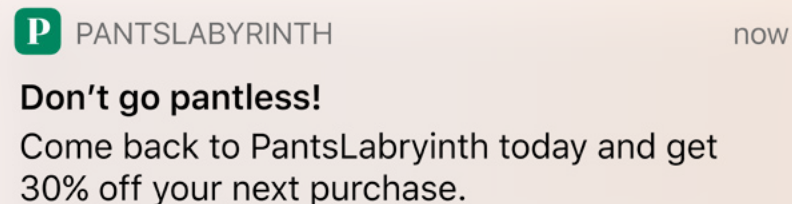
Campaign Types

7 Abandoned shopping cart campaigns

More than two-thirds of digital shopping carts get filled but customers never complete the check-out process, amounting to **$4 trillion in lost sales**. Sending reminders or follow-up offers of discounts or customer-service assistance can help recoup potential sales and give customers a concrete reason to come back to your app or website.
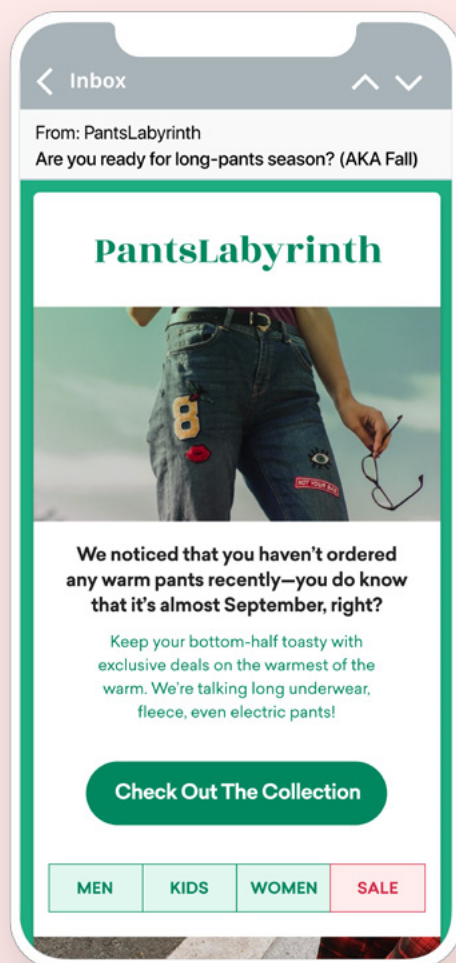

8 Lapsing customer campaigns

By using conversion, purchase, or engagement data to segment customers who are beginning to drift away, these campaigns can send targeted messaging reminding them of the value of your brand, highlighting new features that may be of more use to them, or simply asking them what's going on and how you can improve.
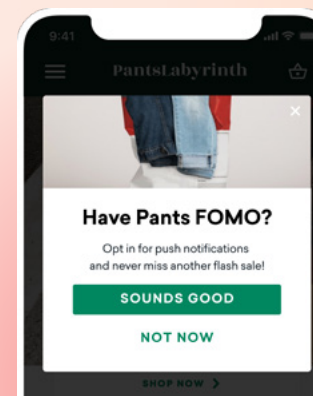
Campaign Types

9 **Re-engagement campaigns**

Not every customer who stops using your app or visiting your website will come back, but careful targeting and well-designed re-engagement campaigns can bring your former "best customers" back online, reducing customer churn and boosting retention—as well as your bottom line.

10 **Repermissioning campaigns**

For your messages to resonate with customers, they have to be able to receive them. If you have customers you can't reach with beyond-the-app channels like push notifications or email because they've opted out (or declined to opt in), you can leverage a **repermission campaign** to nudge them to reconsider. This can be a powerful tool for supporting a more robust re-engagement strategy for lapsing users, helping to keep your retention goals in sight.

Troubleshooting Churn

It's long been common practice for companies to focus on **winning back disengaged customers**. Why? Because it's easier to sell to (or re-engage) people who have been customers in the past than to attract new prospects. But you don't need to wait for customers to actually churn before intervening. Here are six warning signs to look out for.

Troubleshooting: 6 Warning Signs of Churn (and How to Intervene)

They're going, going...

Be on the lookout when customers...

1. No longer open push notifications or emails as often as they once did

2. Make a habit of abandoning their shopping carts

3. Let longer periods pass between the times they open your app, visit your website, use your services, visit you in person, or make purchases

...gone.

It may not be too late, but take note when people opt out of hearing from you on one or more channels/platforms, such as:

4. Uninstalling your app

5. Unsubscribing from emails

6. Opting out of push notifications

Troubleshooting: 6 Warning Signs of Churn (and How to Intervene)
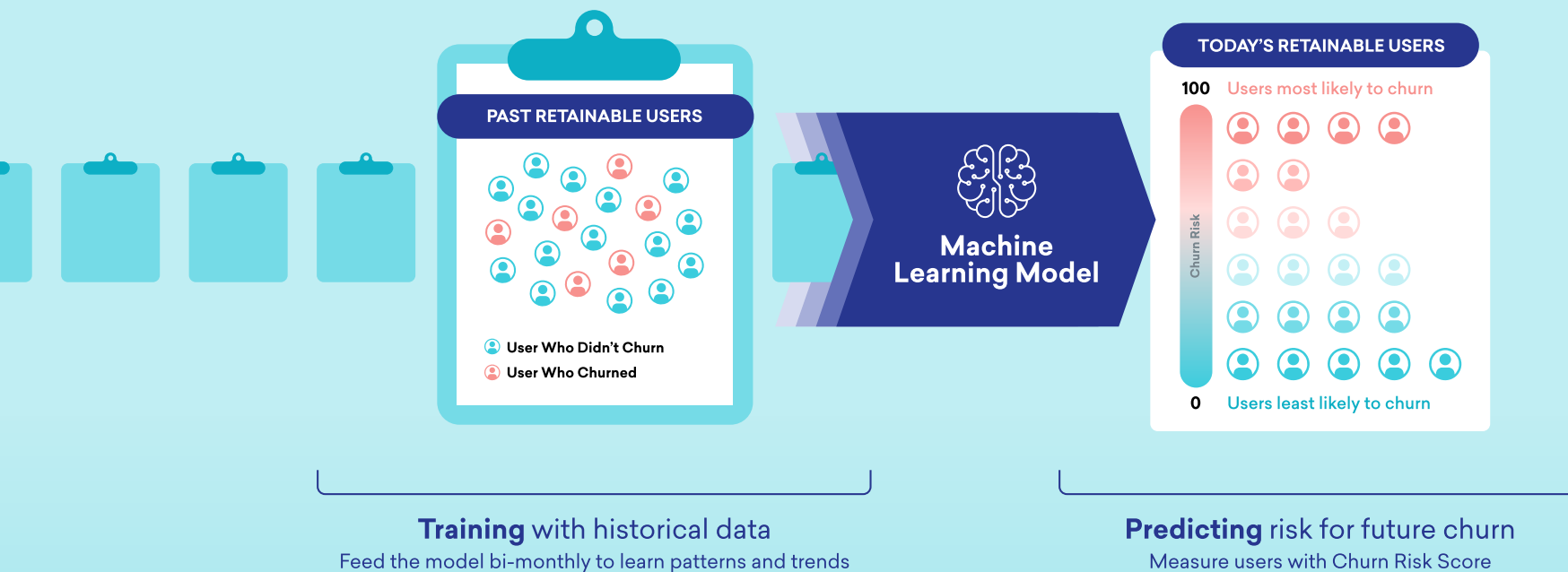
The Fix

For simple, straightforward ways to gather more intel, figure out what's not working and why, and make amends to users who might be on the brink:

1. Dig into the data

2. Conduct testing

3. Ask about your customers' preferences

4. Request feedback, checking in on how things are going

If you're not doing so already, it's time to build in a feedback loop, and listen to what people are willing to share. For instance, when someone uninstalls an app, you can trigger a follow-up via email to ask why. If someone opts out of push, but continues to use your app, you can check in via in-app messaging to learn how or why their preferences have changed. This cross-channel approach can help improve things for customers on the channels where they're still engaging and may potentially uncover larger trends or quality or relevance issues within certain channels.
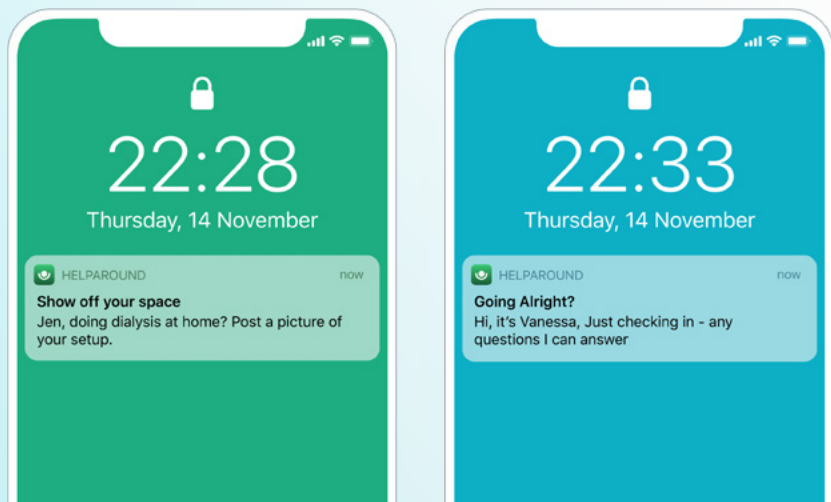
Predict Churn Before It's Too Late

Powered by machine learning, the **Braze Predictive Suite** enables marketers to effectively leverage and act on data seamlessly. With Predictive Churn, marketers can define the parameters of what churn means for their business and generate actionable predictions to increase retention. Brands that utilize this capability are better equipped to re-engage users that are likely to fall off and boost overall retention.

PAST RETAINABLE USERS

User Who Didn't Churn
User Who Churned

Machine Learning Model

TODAY'S RETAINABLE USERS

100 Users most likely to churn

Churn Risk

0 Users least likely to churn

Training with historical data
Feed the model bi-monthly to learn patterns and trends

Predicting risk for future churn
Measure users with Churn Risk Score

HelpAround Case Study
How a mobile health brand leveraged personalization to boost retention by 60%

Mobile health platform HelpAround guides patients through their individual treatment journeys with the help of 1:1 personalized messaging that's tailored to each user and delivered at the precise moments they most need support.

22:28
Thursday, 14 November

HELPAROUND — now
Show off your space
Jen, doing dialysis at home? Post a picture of your setup.

22:33
Thursday, 14 November

HELPAROUND — now
Going Alright?
Hi, it's Vanessa, Just checking in - any questions I can answer

60% HIGHER **USER RETENTION** RATE IN NEURA-SEGMENTED CUSTOMERS

55% HIGHER **ENGAGEMENT** RATE IN NEURA-SEGMENTED CUSTOMERS

And it's all possible thanks to HelpAround's AI partner Neura and the Braze platform's cross-channel support, including in-app messaging and push notifications. By using Neura to understand when to engage and the Braze platform's messaging capabilities to deliver and personalize the outreach at the right time, HelpAround has been able to deliver more value to its users, resulting in a 60% uplift in overall customer retention and 55% boost in engagement. And all without sacrificing **patient privacy or data security**, thanks to the Braze platform's built-in HIPAA and GDPR compliance.

Read the full case study **here**.

Conclusion

At the end of the day, retention is a measure of how well brands are meeting customer needs. These days, the challenge to meeting those needs is two-fold.

On the one hand, there are fewer barriers keeping unhappy customers from simply switching to a competing brand.

With overall customer loyalty and retention on the decline for many brands, when poor experiences arise, customers can wield their purchasing power and opt for another company. This new trend in consumer behavior—known as switching—is a costly problem that now adds up to the tune of $1.6 trillion in lost business annually.

And, on the other hand, consumer demands are rising. Consumers expect more of brands.

They want empathy, reassurance, and comfort. They want outreach and experiences that are thoughtful, responsive, happy, and surprising. In short, consumers expect brands to treat them

with humanity. And the bar for how brands can demonstrate that humanity is getting higher, having risen by about 5% between 2018 and 2019, according to two studies conducted by Forrester Consulting on behalf of Braze, to determine what consumers want from the brands they engage with.

The culmination of these two studies has resulted in a new index, the Brand Humanity Index, that brands can use to understand customer sentiment and dig into the specifics of what makes for memorable, real, and human brand communication and experiences. Get the full report, "Build Brand Humanity by Mastering Empathy at Scale," a look at the latest findings from these annual studies, to explore how the marketing approach taken by successful brands and how to advance your company's journey to brand humanity.

braze

Get in touch to learn more