



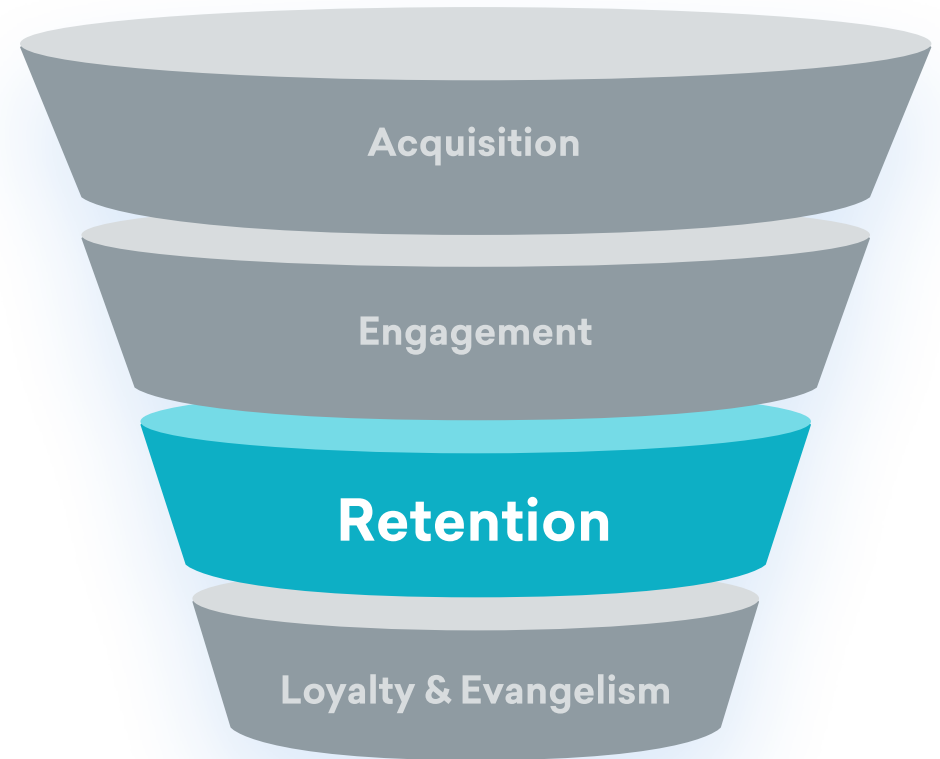
Modern Customer Retention

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, too many brands ended up neglected the KPI that really matters to the future success of their business: 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

Acquisition can only fuel companies for 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**

Table of Contents

Introduction	3
Basics	5
What Drives Customer Retention?	7
7 Key Retention Strategies That Work	8
Campaign Types	14
Troubleshooting Churn	21

Case Studies

● Fishbrain Boosts Subscriptions and Retention With Personalized Experiences.....	25
● How Showmax Used Personalization To Increase Retention.....	26
● Getaway Increases Bookings, Retention, and Revenue With Personalized Messaging.....	27
Conclusion	28

Retention 101:

What Is Retention & How Is It Measured?

Retention is all 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 in general and on a per segment basis, with the goal of encouraging as many customers as possible to take these key actions. In addition, you need to identify and address negative brand experiences that might be leading users to churn. Some customer advocates dislike marketers' use of phrases like "retention" and "retention marketing," seeing them as terms that underscore a bottom-

line-centric approach that focuses simply on not losing valuable customers. But retention is more than that. Long-term retention success requires brands to care about their users' preferences and to emphasize consistent, thoughtful communication and experiences that add clear value.

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, classic retention (one of a [number of ways](#) to measure 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.

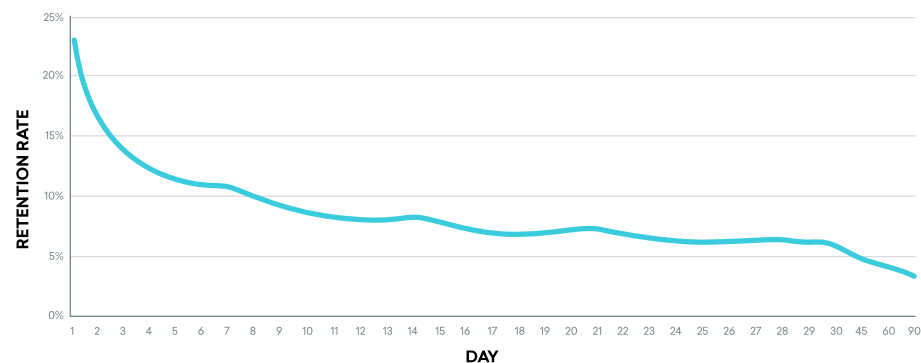
of customers who engage with Brand Y the Nth day after day 0

of customers who first engage with Brand Y on day 0

=

Classic
Retention
Rate

CLASSIC RETENTION



Other Key Retention Types

- **Range Retention:** This retention looks at customer retention over a given range (often seven days or 30 days). For brands with customers who tend toward weekly (e.g. streaming brands with weekly episode premieres) or monthly (e.g. fitness brands with monthly subscriptions) engagement, matching your range retention to these periods can provide deeper insights.
- **Rolling Retention:** This retention looks at customer retention over a given range (often seven days or 30 days). For brands with customers who tend toward weekly (e.g. streaming brands with weekly episode premieres) or monthly (e.g. fitness brands with monthly subscriptions) engagement, matching your range retention to these periods can provide deeper insights.
- **Purchase Retention:** This retention type assesses retention based not on a customer's engagement with a brand's app or website, but rather based on when they last made a purchase. It's most meaningful for verticals—like retail and eCommerce—where purchases are core to their value prop and business model, helping to distinguish regular buyers from regular browsers.

What Drives Customer Retention?

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 [brands to treat their customers like human beings](#). 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.



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.

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 treating users like human beings.

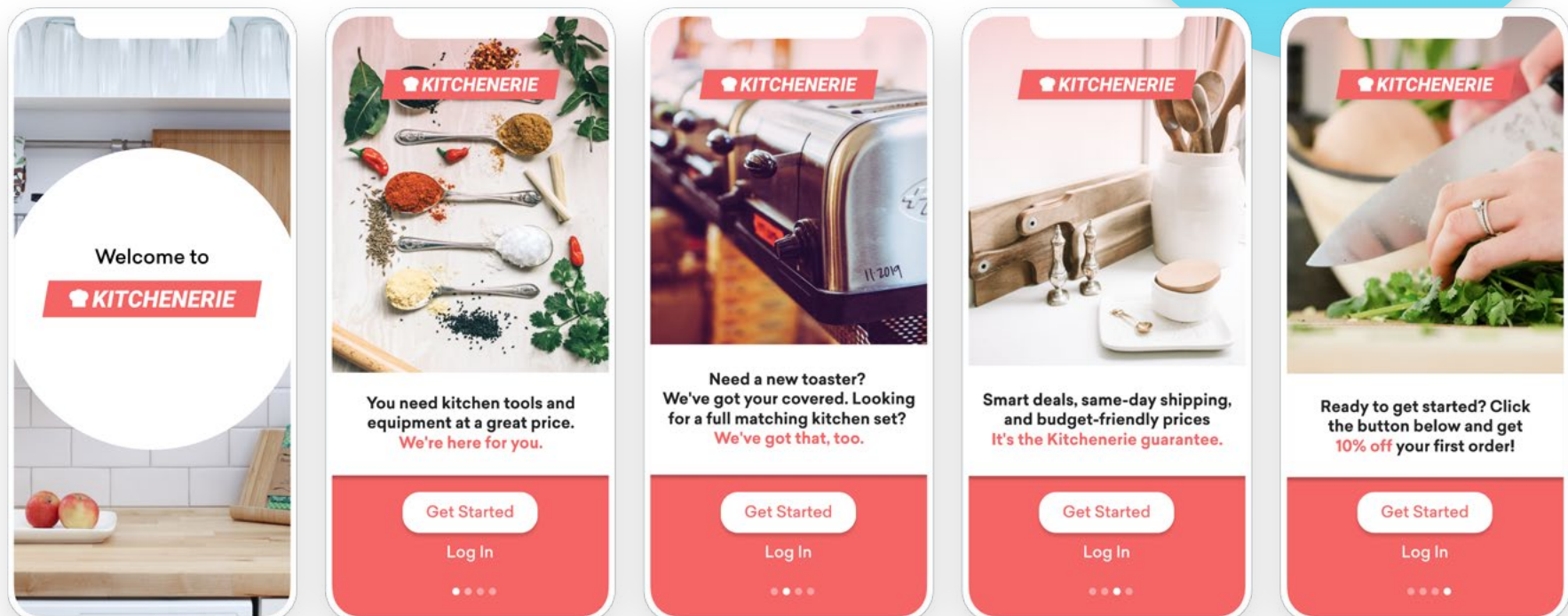
Here are some of the basic strategies that will keep you keep providing customers with reasons to stay engaged with your brand over the long haul, while bolstering your brand humanity.

- 1 Customer Onboarding
- 2 Asking for Feedback
- 3 Personalization
- 4 Cross-Channel Outreach
- 5 Priming For Permissions
- 6 Experimentation
- 7 Leveraging Data To Support Smart Segmentation

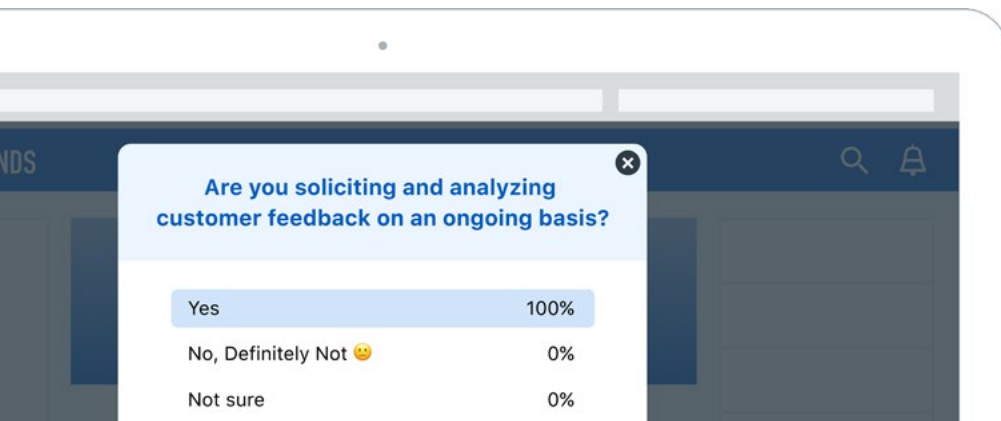
1 Customer Onboarding

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. Effective onboarding ensures that new customers experience the core value of your brand as soon as possible and makes it possible to successfully activate that user, leading to more engagement (e.g. purchases made, content consumed) from the very start.

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.



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. **Feedback** requests 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.

3 Personalization

Personalization efforts stretch far beyond just adding a name to a message and should focus on individually tailoring brand experience across every campaign and touchpoint. Done right, this can lead to stronger customer engagement outcomes and can boost average revenue by 10-30%, according to McKinsey. Start by asking yourself: Are you doing enough to integrate personalization into every stage of your customer journey?

Personalization Success = **Data** + **Strategy**

4 Ways to Optimize Personalized Outreach

- Deliver messages based on [customer actions and habits](#)
- Highlight favored items or content 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

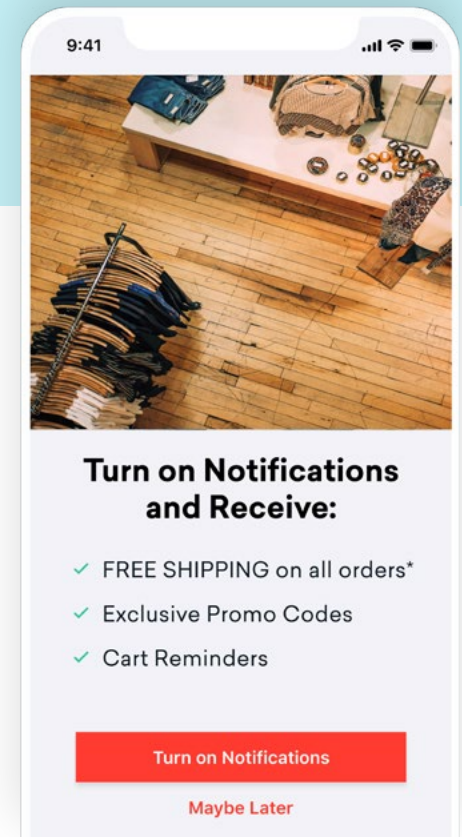
4 Cross-Channel Outreach

While many brands have begun trying to leverage multiple channel to more effectively reach their users, those channels are often operated in silos, leading to broken brand experiences. **To reach your audience as effectively as possible, you need to leverage cross-channel messages by mixing in-product channels (e.g. in-app messages) and out-of-product channels (e.g. email) in a seamless, coordinated way that add real value.**

Braze research has found that using cross-channel messaging can boost sessions by 40% and increase your customers' average user lifetime by 19%.

5 Priming For Permissions

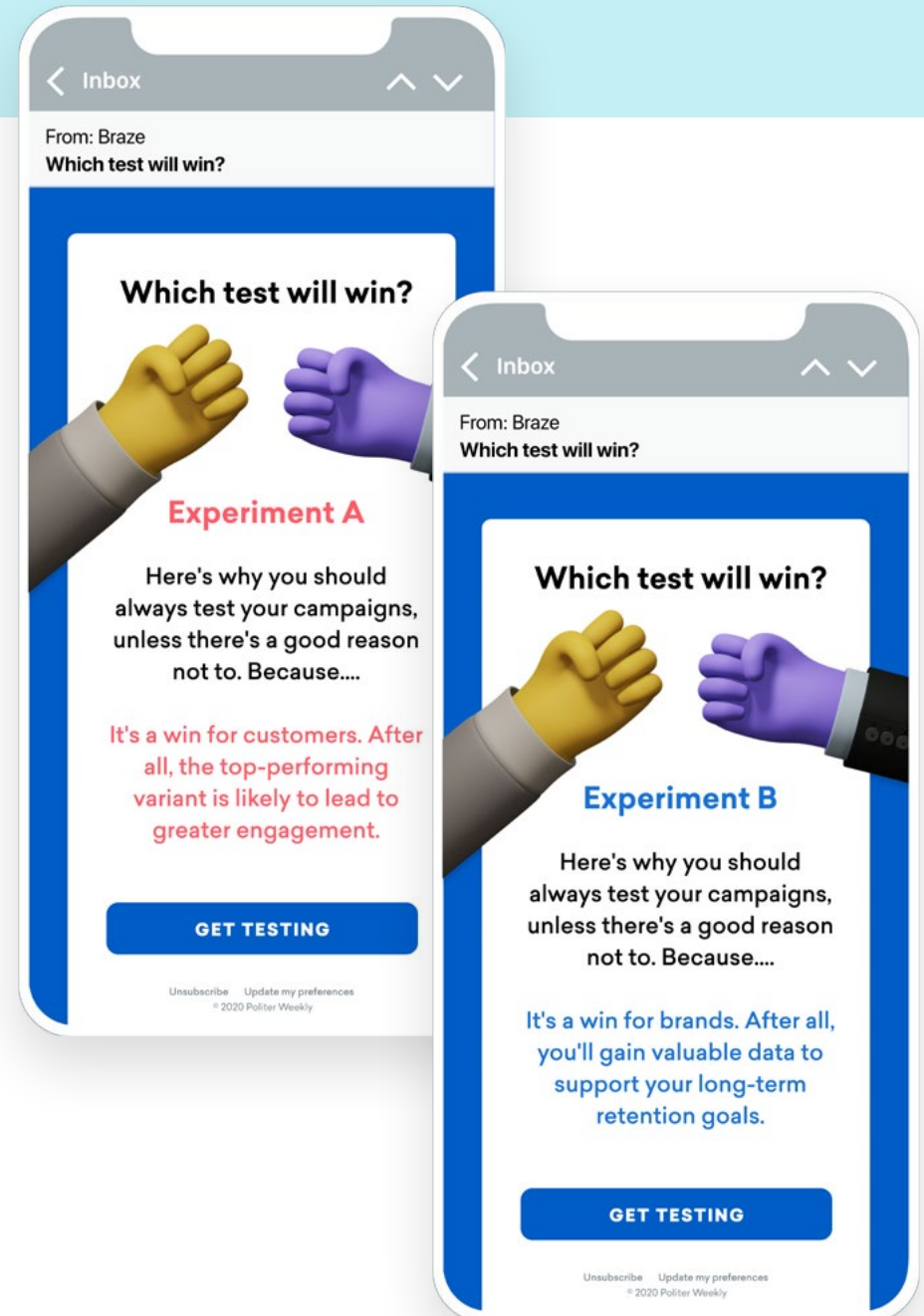
Your ability to send emails and push notifications to customers is limited by your ability to convince them to opt in to receive them. And you'll never get a better opportunity to do this than at the beginning of your relationship. (That said, opt-ins remain important throughout the customer lifecycle—so if a customer doesn't opt in immediately, keep an eye out for signs of positive affinity and consider trying again.) 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 to **prime for permissions**. Don't just [ask them to opt in](#)...make it hard NOT to.



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. Plus, experimentation is a great way to address drop-offs in your onboarding flow or your user journey as a whole. When a customer fails to take an HVA like making an additional purchase, try out different approaches and message variants to find the ones that most effectively prevent churn and boost long-term retention.

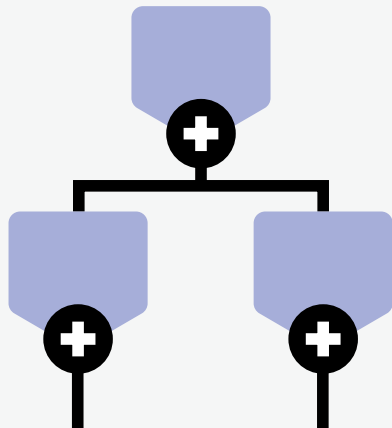


7 Leveraging Data To Support Smart Segmentation

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, 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

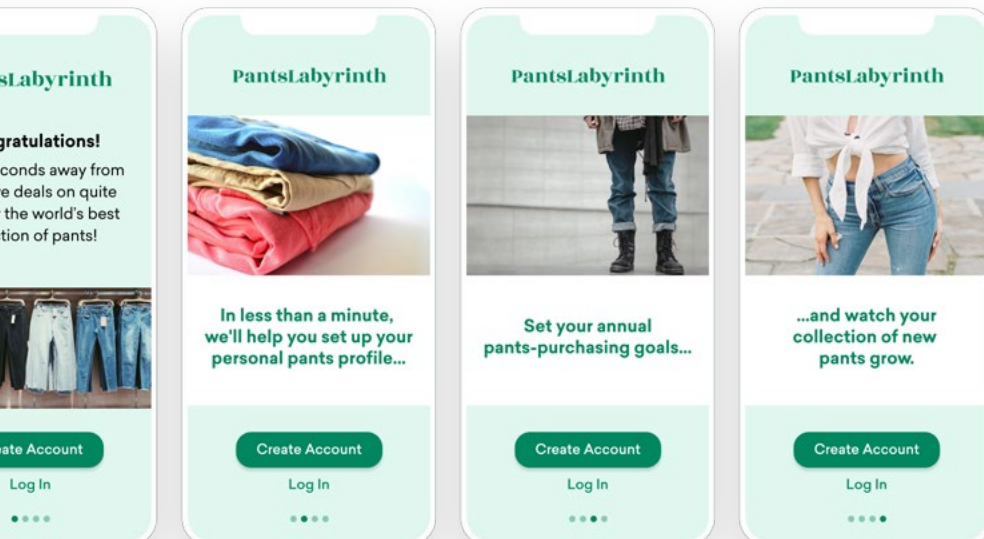
Campaign Types

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.

- 1 Welcome campaigns
- 2 Transactional campaigns
- 3 Discount and sales campaigns
- 4 Social activity messaging campaigns
- 5 General education campaigns
- 6 Continue-your-streak campaigns
- 7 Cart abandonment campaigns
- 8 Lapsing user campaigns
- 9 Win-back campaigns
- 10 Value demonstration campaigns

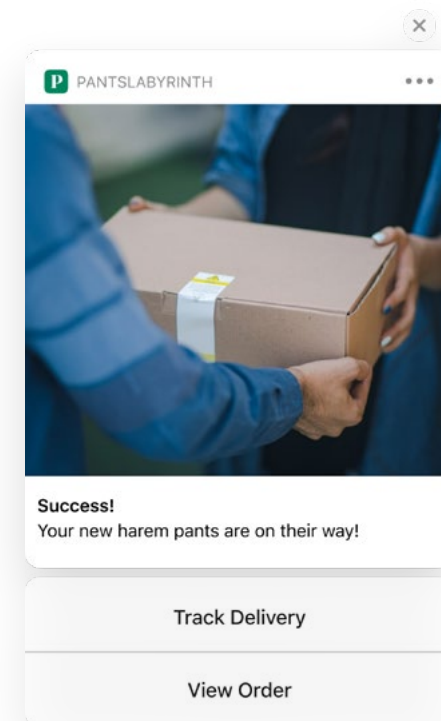
1. Welcome campaigns

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.



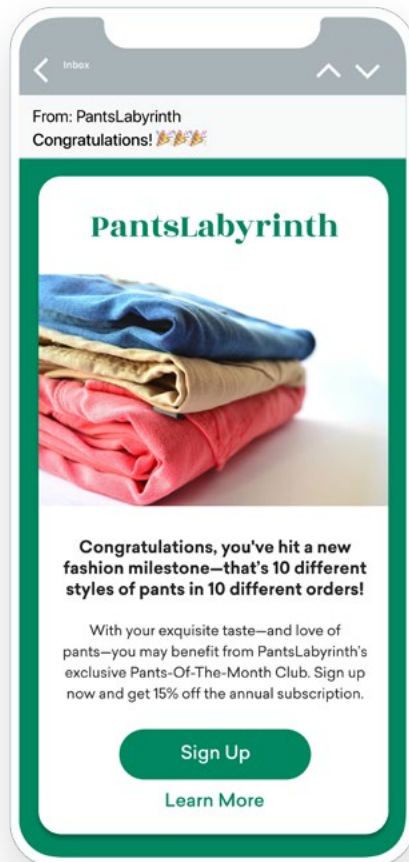
2. Transactional campaigns

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.

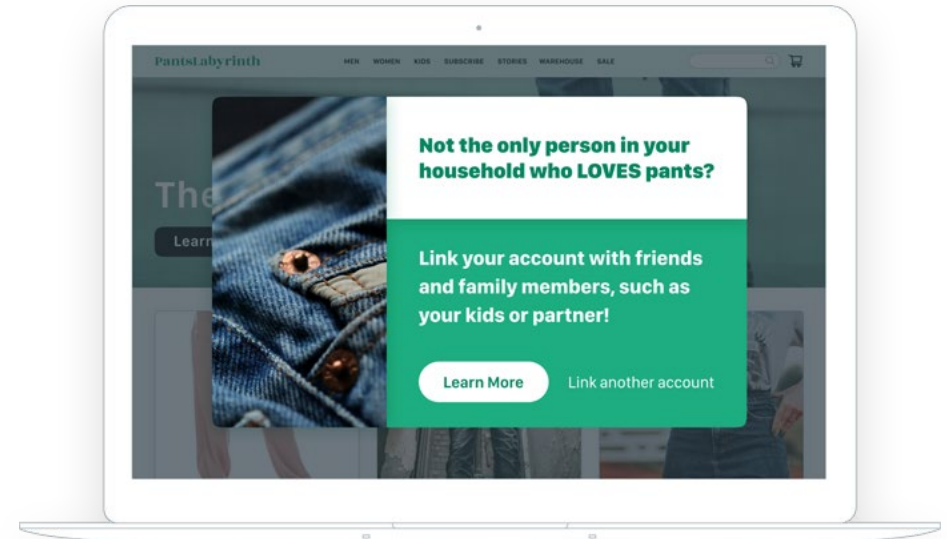


3. Discount and sales campaigns

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.



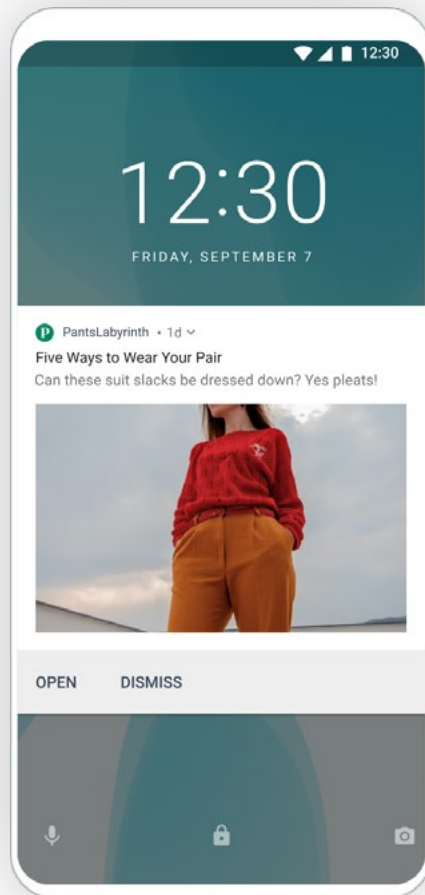
4. Social activity messaging campaigns



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.

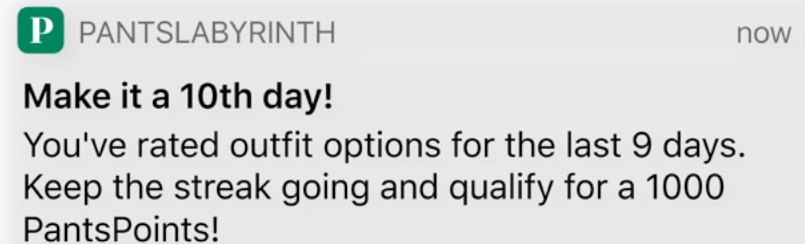
5. General education campaigns

Boost habit-forming behavior and make your company an integral part of your customer's digital life by surfacing relevant content to users via cross-channel messaging. Trigger these messages based on user behavior—or inactivity milestones—to create automated touchpoints and enhance each customer's holistic perception of your product's value.



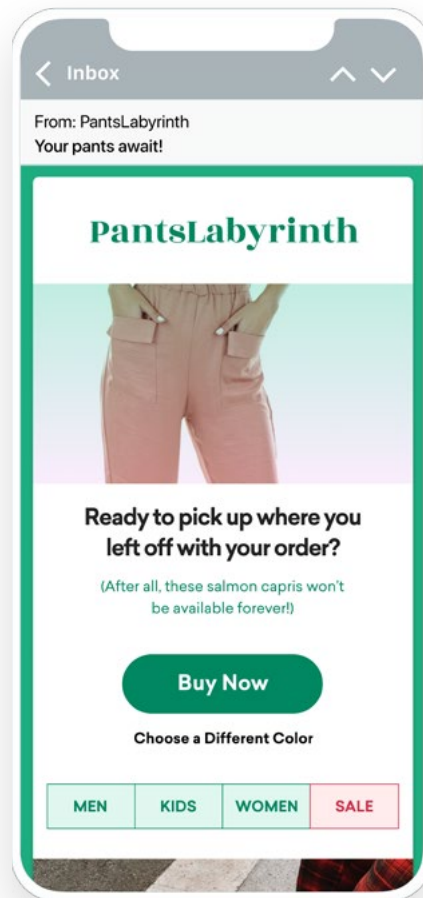
6. Continue-your-streak campaigns

A key component of long-term retention is making sure active customers keep you top of mind. So capitalize on consistently strong engagement from individual users by sending targeted, personalized messages calling out notable engagement streaks (i.e. “You’ve meditated for seven straight days!”), effectively gamifying future engagement and giving users another reason to come back tomorrow.

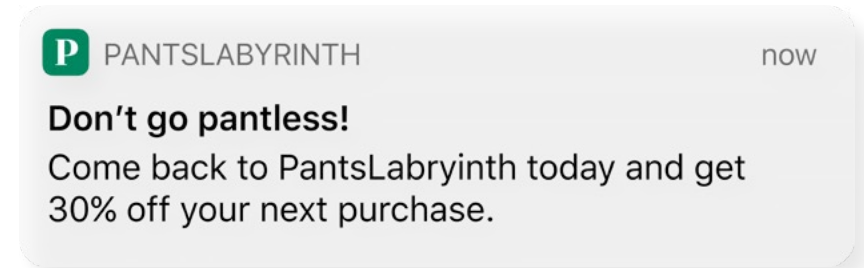


7. Cart abandonment campaigns

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.

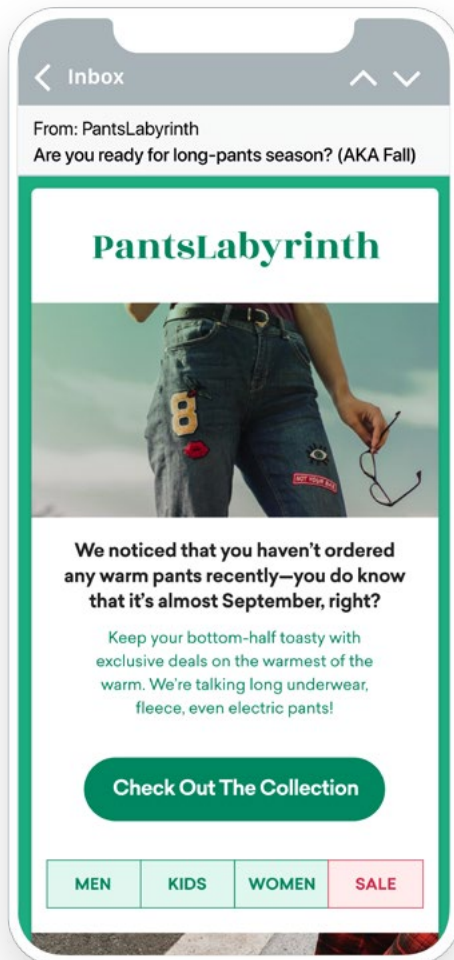


8. Lapsing user campaigns



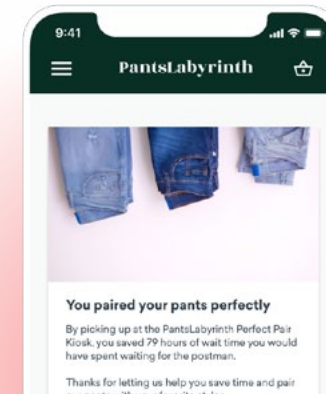
By using conversion, purchase, or engagement data to segment customers who are beginning to drift away, these campaigns can send targeted messaging reminding them of the value of your brand, highlighting new features that may be of more use to them, or simply asking them what's going on and how you can improve. Want to take it a step further? Consider using personalization to customize the size of the discount offered to each customer or run experiments on discount size to find the best-performing amount in terms of ROI.

9. Win-back 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. Consider using testing to determine which message variants drive the most win-backs and personalization to tailor any incentives you might offer to each recipient.

10. Value demonstration campaigns



Personalize messages with information about how each customer has benefitted from your product. Depending on your brand and your business model, that might mean highlighting how much money a customer has saved with your service, or how much time they've spent engaged in an activity. Want to take it further? Personalizing messages can [boost conversion rates by 11–55%](#) for loyalty-related campaigns, so customize away.

Retention and Cross-Channel Engagement

While retention has always had a role to play in customer engagement, we're seeing today's focus on this key marketing goal reflected not just in the campaigns being sent, but also in the money being invested by leading brands looking to strengthen their retention programs. The 2022 Global Customer Engagement Review (CER) from Braze found that 92% of brands are currently allocating 25-75% of their marketing budget toward retaining existing customers, a shift from the acquisition-centric approaches of yesteryear.

The CER also found that brands who operationalize their customer data and orchestrate effective cross-channel experiences can engage with customers that elicit deeper loyalty and bolster long-term user retention.



Longer average
user lifetimes

Single-Channel Messaging

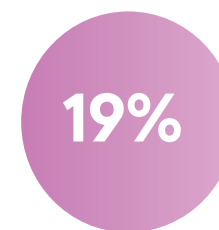
Messaging matters. Brands who send messages to US customers in just one channel see 3.1X longer average user lifetimes, when compared to customers who receive no messages at all.



Longer average
user lifetimes

Multi-Channel Messaging

You can get more out of the messages you send if you add a second channel to the mix. Brands who send messages to US customers in two channels see 2.2X longer average user lifetimes, when compared to customers who receive messages in only one channel.



Longer average
user lifetimes

Cross-Channel Messaging

Want to optimize your customer engagement program for stronger retention. Sending messaging in both in-product (e.g. in-app messages) and out-of-product (e.g. email, SMS) channels leads to 19% longer average user lifetimes US customers, when compared to customers who were messaged in any two channels.

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)

Use these signs of churn as a starting point and keep in mind that different customers—and different customer segments—can have different warning signs for churn.

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

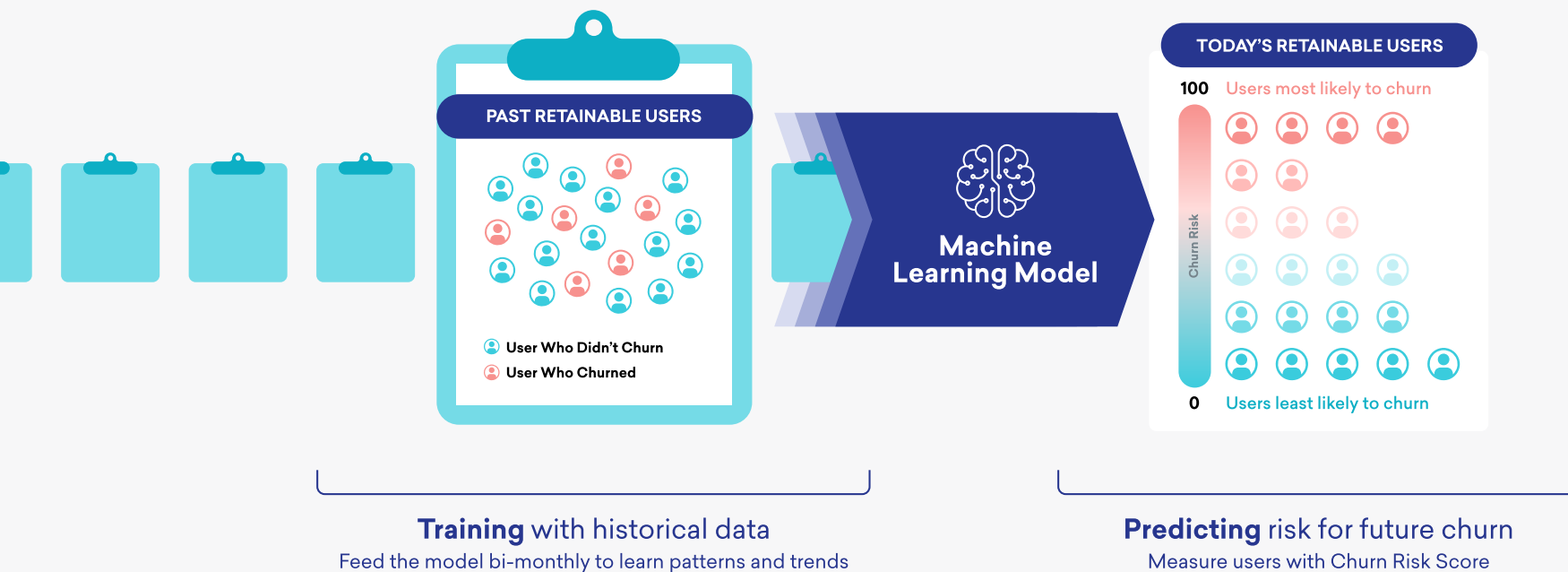
For simple, straightforward ways to gather more intel, figure out what's not working and why, and make amends to users who might be on the brink:

- 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

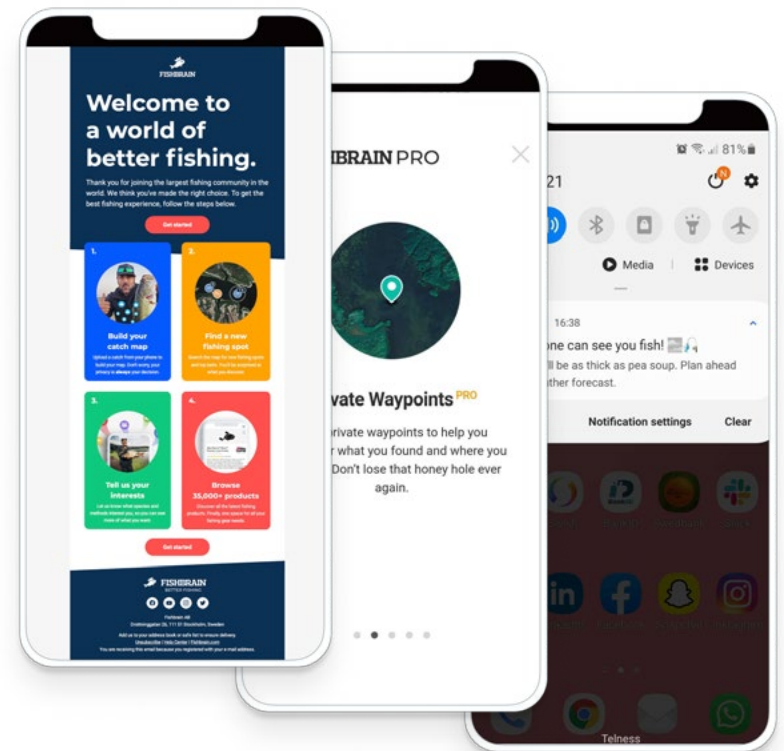
Powered by machine learning, the [Braze Predictive Suite](#) enables marketers to effectively leverage and act on data seamlessly. With Predictive Churn, marketers can define the parameters of what churn means for their business and generate actionable predictions to increase retention. Brands that utilize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



Fishbrain Boosts Subscriptions and Retention With Personalized Experiences

Fishbrain, the fishing app that helps anglers sharpen their skills and connect with other fishing fans, needed new innovative ways to retain more users after signup. The company used the Braze platform's Canvas customer journey management tool in concert with [Braze Alloys partner Amplitude](#) to guide members through onboarding and encourage them to check out more Fishbrain features. The Braze/Amplitude integration allows Fishbrain to seamlessly flow customer data from Braze into Amplitude via the Braze Currents high-volume data export feature, helping the company understand the impact that conversion behavior has on retention—while using that knowledge to retool the app and its onboarding flow. By segmenting users and personalizing the onboarding experience, Fishbrain saw a 33% increase in paid Fishbrain Pro subscriptions, and a 24% increase in retention compared to a control group. Fishbrain also worked with their Braze customer success manager (CSM) to bolster email testing and personalization, improving email deliverability by 10X.

[Read Full Case Study here](#)



33%

Increase in paid
subscriptions

24%

Increase in
retention

10X

Rise in email
deliverability

How Showmax Used Personalization To Increase Retention

South African video streaming service Showmax needed to stand out from the competition. Their library of films and movies in multiple languages appeals to a range of viewers, so by creating a messaging campaign centered around dynamic content personalization and localization, they were able to supercharge their conversion rates. Numerous data points were fed from the app to create target segments—subscribers got viewing recommendations, lapsed users were tantalized with new content, and new sign-ups were gently nudged to enter payment information. The upshot? Showmax increased their ROI by 37% and saw a massive 204% increase in subscribers, while driving retention of 71%.

Read Full Case Study [here](#)

37%

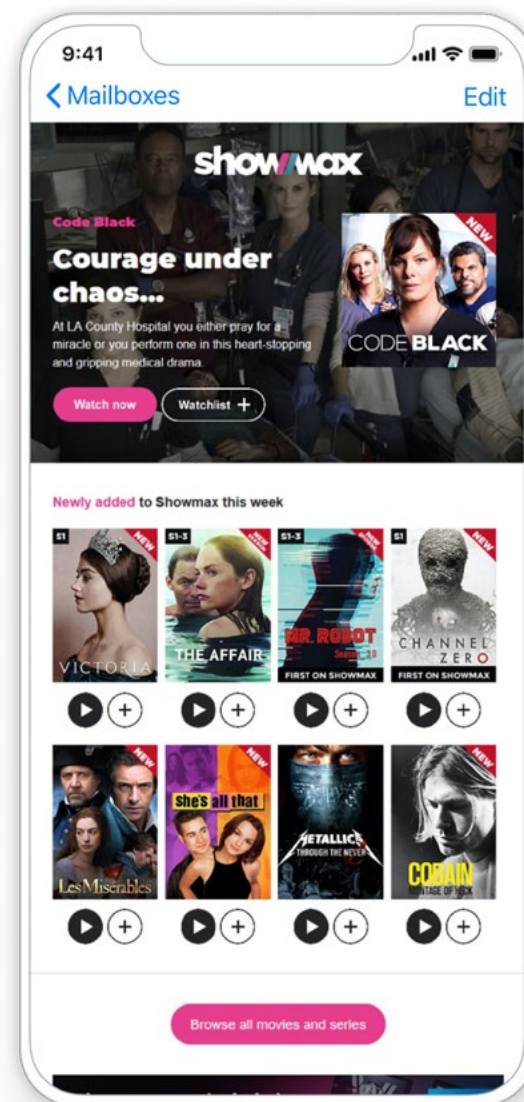
Increase
in ROI

204%

Increase in
subscribers

71%

Retention
rate



Getaway Increases Bookings, Retention, and Revenue With Personalized Messaging

Getaway, the company that offers escapes to tiny cabins in nature, wanted to create tailored campaigns to help expand their presence and increase revenue. Using Braze Canvas, our customer journey builder, the team developed a flow of personalized transactional emails for customers who booked a stay. The emails helped result in a 30% increase in repeat customers. When launching their new Chicago Outpost, Getaway created an announcement email targeting its existing customer base. After identifying the right segments, the brand used Braze Intelligent Timing, which calculates optimal send times based on past interactions, to deliver the email when customers were most likely to open it. The email helped drive over \$300,000 in revenue during the first week of launch.

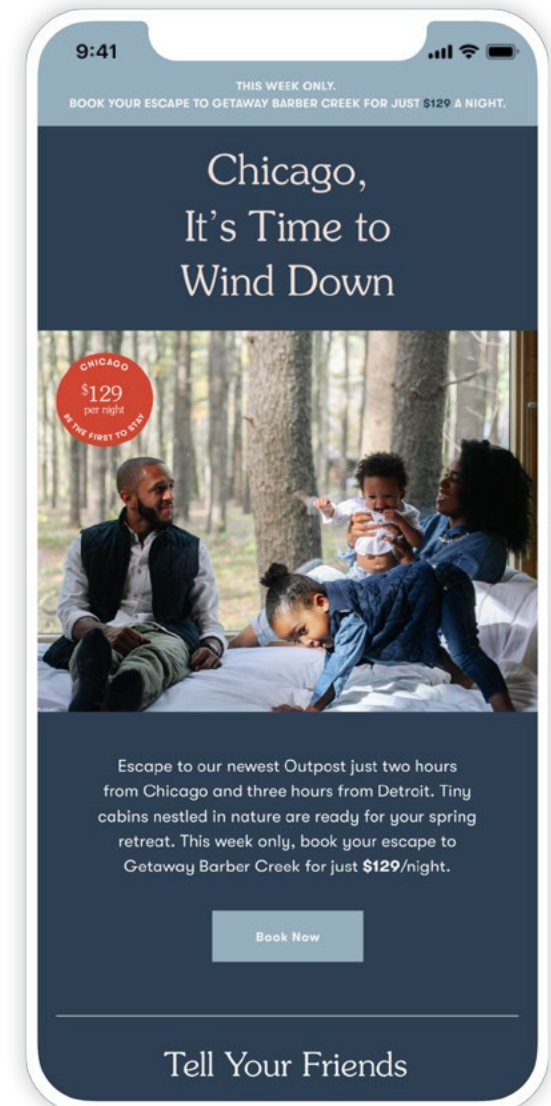
[Read Full Case Study here](#)

\$300K+

Total revenue in
first week of launch

30%

Increase in repeat
customers



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. With customer expectations on the rise, brands need to ensure they have the tools and tactics they need to provide exceptional, human marketing experiences.

That's why we put together the [Braze Inspiration Guide](#). This exclusive, inspiring collection highlights over 40 customizable campaigns that have been leveraged by the world's savviest brands to effectively activate, monetize and retain their consumers. Take advantage of these insights and bring your retention game to the next level.



braze

Get in touch to learn more

[BRAZE.COM/CONNECT-WITH-SALES](https://braze.com/connect-with-sales)