

An illustration on a teal background. A large, dark blue hand with a white cuff reaches down from the top left, holding a dark blue gift box with a white ribbon and a small tag featuring three stars. Below the hand, three stylized people are shown. One person with long dark hair and a light blue sweater stands on a large purple circle, pointing up. Another person with curly dark hair and a light blue sweater is also pointing up. A third person with long blonde hair and a light blue sweater is floating or jumping in the air, also pointing up. Dotted white lines form arcs around the people and the hand, suggesting movement or a path. The overall theme is positive and celebratory, likely representing customer retention or a reward.

Customer retention: 7 expert-backed strategies for 2022



Customer retention is a process of ensuring that customers continue doing business with you.

The better job you do at retaining your customers, the more likely you'll be able to build and **sustain a profitable business.**

After all, a company is only as good as its customers. And a company's most valuable customers are those that stick around for the long-term.

So what is the core business function of customer support?

There are a number of valid answers to this question.

Perhaps it's keeping your customers satisfied, building brand loyalty, validating product-market fit, or simply leveraging a competitive advantage in a saturated market.

Whatever you answer to this question, all roads lead back to one overarching goal: customer retention.

Here we will delve into why customer retention should be the ultimate goal of any customer support team and provide **actionable strategies you can implement to ensure your customers keep coming back.**

What is customer retention and why is it important?



Customer retention is a term for the practice of keeping your customers happy with the service you provide. You want to keep them coming back to you and not going elsewhere, so that they continue to be a source of revenue. And that requires trust.

Customer retention is vital because it means you're getting **repeat business**, which is always nice to have— especially if you've made an investment in some sort of advertising or product development, like buying specific tools or equipment that can only be used for your services.

Plus, if you're doing any type of business, whether it's retail or service-based, **repeat business means more than just guaranteed revenue**: it also means that people will come back and spend more money with you.

You may have heard customer retention referred to as “**churn rate.**”

That’s another way of saying the same thing: the percentage of people lost from one quarter (or one year) to the next.

If a certain number of customers leave over time, and then are replaced by new customers at a similar rate, your churn rate will be relatively low. If many customers leave when they could have been retained, your churn rate will be high.

Customer retention refers to the activities a company takes to both:

- Reduce the number of customers that churn
- Increase the number of repeat customers

Here’s how you calculate it:

$$\text{CRR} = ((E - N) / S) \times 100$$

S= number of customers at the start of a period

E= number of customers at the end of a period

N= number of new customers acquired during that period

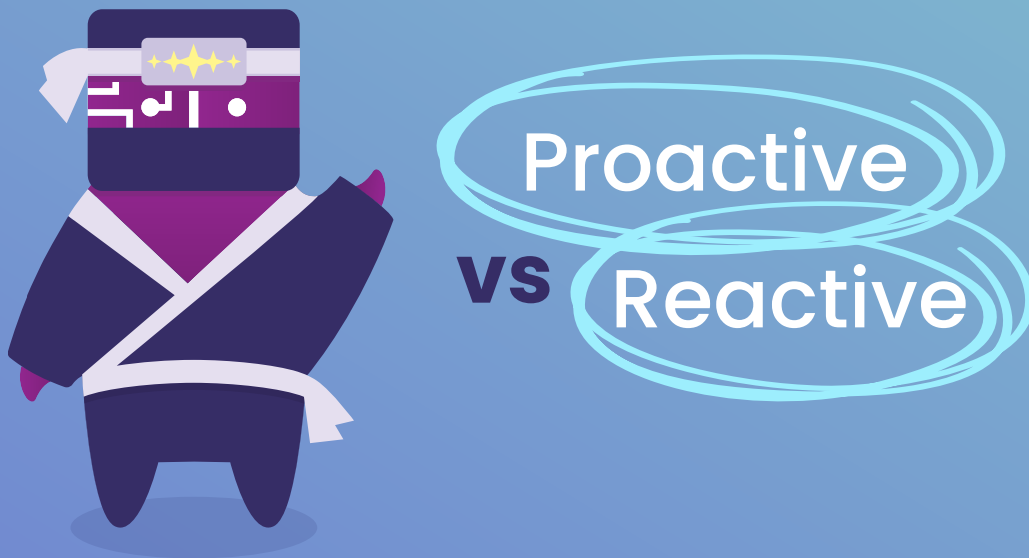
Maintaining an engaged and satisfied customer base is of the utmost importance to your company for a number of critical reasons, as it:

- **Boosts profits** for your company by increasing your customer lifetime value — A **5%** boost in customer retention increases profits by **25% to 95%**.
- **Saves costs on customer acquisition** — It costs **16 times** more to build a long-term relationship with a new customer, compared to keeping an existing one.
- **Leads to customer advocacy** — Customers referred by other customers have a **37%** higher retention rate.

Whose role is it anyway?

A common debate among business experts is whether customer retention should be strategized by a company's sales, marketing, or customer support team.

In the past, this task was separated, with sales and marketing handling proactive retention strategies and customer support handling reactive strategies.



However, as these sectors' functions slowly blur together, so too does their task separation.

With the rise of AI technology and performance developing tools, **customer support is slowly becoming the key function in ensuring customers are retained, both reactively AND proactively.**

So we chatted with **Jeff Sen**, VP of customer support at WeTransfer, **Mike Miner**, Head of Support at JustPark, and many other prominent experts to find out some key strategies customer support teams can utilize for customer retention.

Customer retention strategies

When it comes to planning your team's customer retention strategy, it is important to have a **balance of both proactive and reactive activities** to ensure your customer's entire experience is satisfactory.

Proactive = Processes and operations that aim to keep customer happy & engaged **before** an issue has arisen

Reactive = Activities that aim to avoid further negative response and boost satisfaction **after** the customer has reached out

Studies show that 95% of customers expect businesses to communicate proactively. So proactive strategies should act as your first line of defense to help minimize the need for your customers to reach out to your team and avoid the question of churning before it's even arisen.

However, in reality, whether it's the fault of your self-service options or the fact that **62% of customers prefer human-to-human interaction, your reactive strategies are equally, if not more important.** These are the tipping points between your customer churning or becoming an advocate.

Regardless of which retention strategies your team implements, at the center of a successful tactic are 3 core ideals:

- Keeping your customers engaged and happy
- Minimizing customer effort/maximizing accessibility to service
- Listening to your customers' needs and adapting

Proactive Strategies

Contrary to popular belief, **proactive retention strategies are not limited to self-service and AI**. Whilst these are majorly important, teams should also implement internal processes that are effective for long-term customer loyalty.

Build a proactive customer feedback loop


Your customers are your greatest source of constructive information that can help your team provide a better customer experience.

Rather than waiting for criticism, **proactively ask your customers for feedback on three main areas:**

- Level of support
- Product/Service
- Operations/Processes

Categorize this input with ticket tags and keyword analysis to identify trends in what your customers expect in order to be satisfied and continue to use your product/service.

To implement this feedback, **hold monthly and quarterly meetings** with your support, product, and operations teams **to construct actionable steps to developing your customer experience.**



"Each of our senior agents has a product team that they work with directly. We have dedicated team members that gather the feedback and data and have regular sessions with product owners on how to improve"

Jeff Sen — Vice President Of Customer Support at WeTransfer



This will ensure your customers are receiving the experience that they expect and as a result, **remain satisfied and loyal to your company.**

Customer Self-Service (CSS)

With **customer self-service (CSS)** usage increasing more than **12%** since 2014, it's no surprise that **enabling customers to solve their own issues** is slowly becoming one of the most favored forms of customer support.

To proactively ensure that your customers are happy, engaged, and are required to give as little effort as possible to solve an issue, support teams can implement 3 keys CSS activities:

- **FAQ/Help center:** Establishing an **intuitive help center containing your most frequently asked customer questions** is the best way to ensure your customers are able to solve any issues they have before becoming frustrated and reaching out to your support team.
- **Peer-to-peer communities:** Creating an active **P2P community for your service/product** allows customers to share and find answers to their issues without the manual labor of setting up an FAQ center. Whilst it needs to be constantly monitored, this strategy is relatively low in effort and keeps your customers informed and satisfied.
- **AI chatbot:** With **69%** of consumers preferring to use chatbots, this a great complimentary first-line tool to **simplify the conflict resolution experience for a customer**.

“Investing in self-service gives you the power and flexibility to provide incredible support to more customers while improving your team’s efficiency and performance”

Phil Byrne — Manager, Product Education at Intercom

At the end of the day, **the key to retaining a customer is listening to their needs and providing what they want**. And what they want is simple, easy to use self-service options.

Be as accessible as possible

When it comes to keeping your customers satisfied and loyal to your company, **one of the most important factors is accessibility.**

This means several things:

- Simplifying processes
- Tailoring your open hours to your customers' needs
- Providing omnichannel support

"In the digital world, we were looking at ways to make payments easier to have a better understanding of availability of products and better performing websites. So we're investing, we're investigating, and we're improving. And it's a steady process."

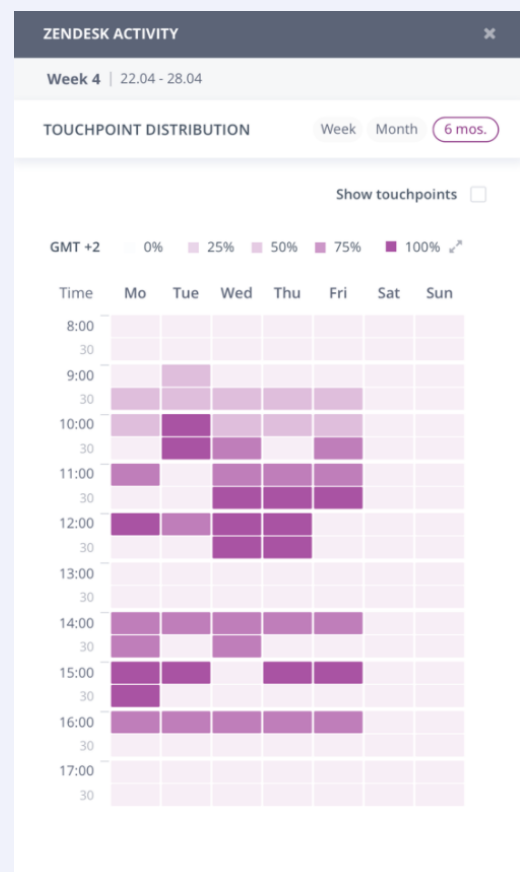
Dirk Soetekouw — Director of Customer Care EMEA at Foot Locker

Tailor your open hours

Being accessible doesn't always mean extending your operating hours. It means proactively getting insights into your peak period and staffing appropriately.

Tools such as **Kaizo's Heatmap** can give managers real-time insights into when agents are most active. **It shows which days during the week or time periods during each day require more agents and resources and which require less.**

This allows teams to **proactively identify trends of busy periods** and staff accordingly to provide the best level of service possible for their customers.



Provide omnichannel support

It's no secret that providing omnichannel support is important. In fact, businesses that adopt omnichannel strategies achieve **91%** greater year-over-year customer retention rates.

However, simply extending your support to all channels, not only doesn't help efficiency but may be detrimental to your customer's experience.

There are 2 strategies you can take to ensure your omnichannel support is what your customers want:



- Tools like **Kaizo's Scorecard** allow managers to easily track the number of tickets received per channel. Making it easy to know on which channels to focus your efforts to provide high-level service.
- Add a question to your proactive customer feedback survey **asking which channels your customers would like to use**. This will give you insights on where to focus your resources and keep your customer satisfied.

"One of the biggest annoyances of customers is not being able to get in touch when and how they want. It's important to make sure customers feel assured that if something goes wrong you'll be there for them"

Mike Miner — Head of Support at JustPark

Reactive Strategies

Whilst proactive strategies can be extremely effective, the reality is that customers are still going to need to contact you. **When a customer needs to contact support, it usually means they're unhappy.** That's why reactive strategies are important to turn your customer's negative experience into a positive one.

Surprise & delight your customers

Oftentimes, customers will reach out to your team with an issue that could be the catalyst for them churning. However, you're confined by limitations to give them the help they deserve.

Rather than sending them a standardized macro or telling them there is nothing you can do, every so often go the extra mile where possible. Do something out of the ordinary to turn their negative into a positive.

"We had a customer who told us his app was broken and that if it really did work, we should come over and show him how it functions. So the next day, we called him, jumped on a train and did just that"

Mike Miner — Head of Support at JustPark

Whilst this strategy may not be scalable, it ensures the **retention of one valuable customer and potentially the acquisition of more through word of mouth advocacy** and social media sharing of the unique experience.

Tackle your backlog efficiently

In peak periods, it is very common for teams' backlogs to grow quickly. This is basically 'make or break' time for customer retention vs churn.

The key to tackling this backlog is to find a balance between quality and speed of responses.


Leave a ticket too long, the customer will be likely to churn. Answer a ticket sooner but to a lesser quality, the customer will be unsatisfied and you'll have a multi-touch ticket on your hands.

So how do you steer your agents towards a balance between the two?

Incentivization.

Kaizo uses a unique form of gamification to help you proactively steer your team to provide a high-level balance of quality and speed in peak periods and stay on top of backlogs.

To do so, each agent is allocated a ninja avatar and weekly Missions that give clear, actionable, and time-bound goals they need to achieve in order to receive a reward.



"Using elements of gamification helps not only diffuse the stress of a massive backlog but incentivizes agents to tackle it head-on. It can turn it from a dreaded task into a friendly competition"

Jan Brenneke — Chief Supply Officer at Talixo

This gamified incentivization helps you guide your team towards achieving a faster and higher level of service at all times.

Establish customers for life

Whilst it may seem obvious, **one of the most powerful strategies for retaining a happy customer base lies in building trust, being human and fair.**

This can be on many fronts. For example, refunds.

If a customer has been using your service for 3 years and suddenly their business goes under and they want to opt-out early. Allow it.

“We would rather have a happy free user than a disgruntled premium user who didn’t get their refund. You KNOW they will never return to the service”

Jeff Sen — Vice President Of Customer Support at WeTransfer

Of course, this has to be within reason. However, don’t underestimate the power of a customer who has received fair service vs one who feels like they are just another number.

It could be the difference between churn and advocacy.

Balance is key

Customer service isn't about the one time you go out to eat at a restaurant, or where you buy your clothes, or even where you purchase your car.

It's not even about being there for the times when things go wrong.

Customer service is a relationship between a company and its customers that continues over time, and it begins with how you treat people when they first become customers.

The best way to catch new fish with your service is to make sure that your current ones don't wriggle off the hook. There's a variety of ways to do this, but they all come down to the same thing: **keeping your customers happy in order to keep them coming back.**

Customer support will undoubtedly continue to play a larger role in companies' customer retention strategies. Whether it is proactive or reactive, what is important is keeping customers engaged and happy, minimizing their effort, listening, and adapting.



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customer service
processes?**

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