

A Simple Definition and 5 Advanced Strategies

I get it. There's nothing like acquiring new customers. That said, customer acquisition is no longer enough to stay afloat in this increasingly complex business world. You must focus on another metric, one that may be flying under the radar: customer retention.



Customer retention is a metric that measures your ability to retain

customers over time.

HOW TO CALCULATE CUSTOMER RETENTION

[(#Customers at End of Period — #Customers Acquired During Period) / #Customers at Start of Period] x 100

The total number of customers at the beginning of the year.

The total number of customers you have at the end of the year.

The total number of new customers acquired during the past year.





Customer Retention is the percentage of customers who have stayed with you over a certain period of time. Customer Churn is the number of

customers you've lost over a period of time.

5 More Customer Retention Metrics to Consider



You can get the RPR by dividing the total number of

customers who have made multiple purchases by your total number of customers.

Customer Lifetime Value =

(Customer Value * Average Customer Lifespan)



NPS measures customer satisfaction, brand loyalty and

how likely a customer is to recommend you to others (word-of-mouth advertising). **Net Promoter Score = % of Promoters -**

% of Detractors



it takes for you to receive payment for a sale.

Annual Days Sales Outstanding =

(Accounts Receivable / Annual Revenue) × 365 Days



Time Between Purchases tells you how long the average customer goes between making a purchase.

Time Between Purchases = Sum of Individual

Purchase Rates / Number of Repeat Customers

Customer Lifetime Value (CLV)

money (revenue) you'll earn from a particular customer over the lifetime of your business relationship **Customer Lifetime Value =**

Customer Lifetime Value (CLV or LTV) tells you how much

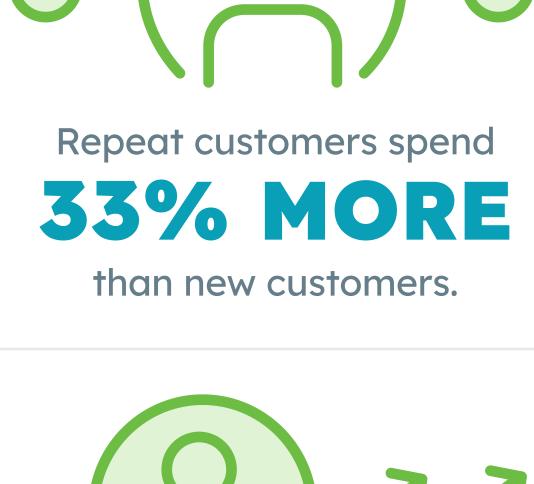
Why's Customer Retention Important?

(Customer Value * Average Customer Lifespan)

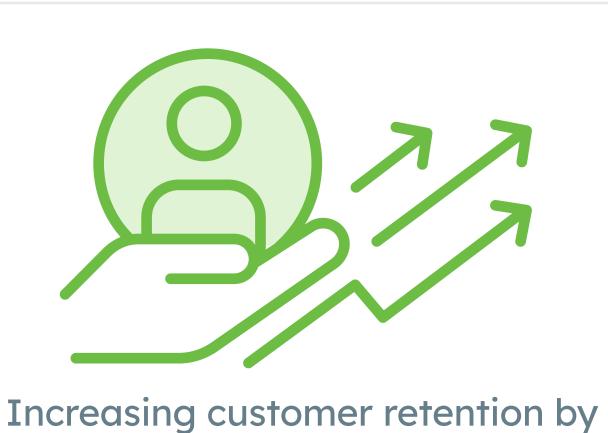






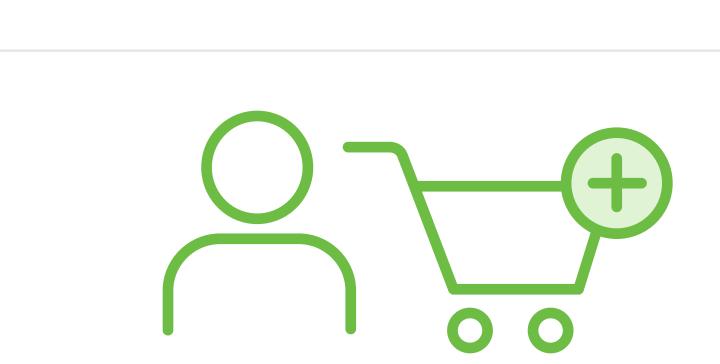






5% CAN INCREASE

profits from 25-95%.



Existing customers are 31% MORE LIKELY



Acquiring a new customer can

COST 5x MORE

than retaining an existing customer.

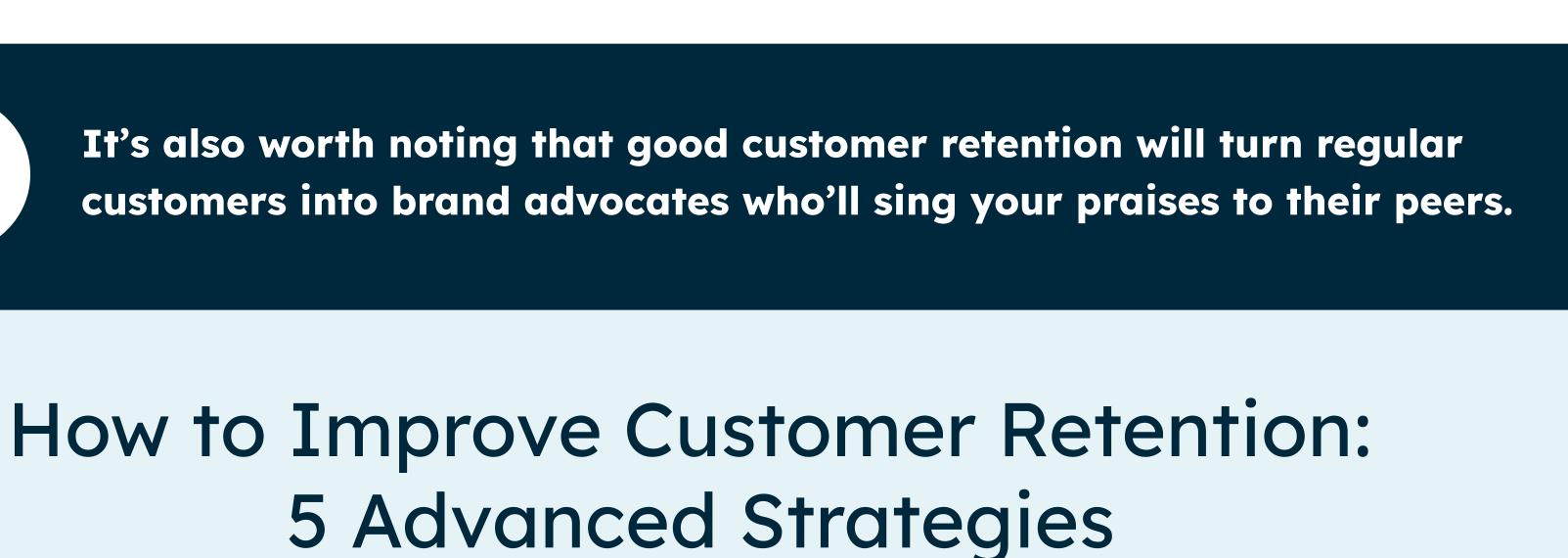
to spend more on their average order value.





Build and Maintain Relationships

Relationships are human. It doesn't matter if you have the



Encourage Feedback — A lot of It

Make it known that not only do you want their feedback,

but you need it. You can do this by sending quarterly best product or service on the market — although that surveys or dedicating time on your regular calls to certainly helps — if you fail to build and maintain meaningful relationships with your customers, you're telling discuss what's working, what's not as well as what they'd like to see in the future. them you really only see them as a source of revenue.

favorite out-of-work activity or important dates such as their upcoming wedding. With this information, you can have more authentic conversations that strengthen your relationship.

Be Honest and Transparent

Retaining customers is just as much about selling them

on the current state of your product as it is about

painting a picture of a prosperous future. This is why

PRO TIP

Keep detailed notes on your customers' lives. For example, their



Personalize Content

The last thing you want is for your customers to get the

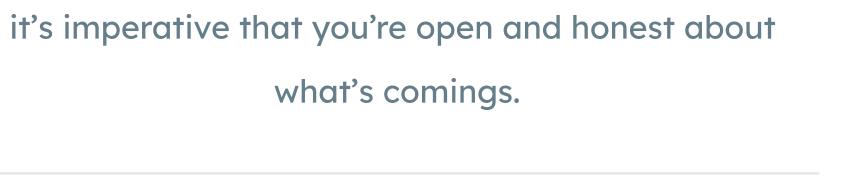
sense that they're just a number; that they're no different

than anyone else. Every interaction you have with them

should be unique and tailored to them.

feedback, make sure you communicate it back to them and let

them know that they were a driving force behind the update.



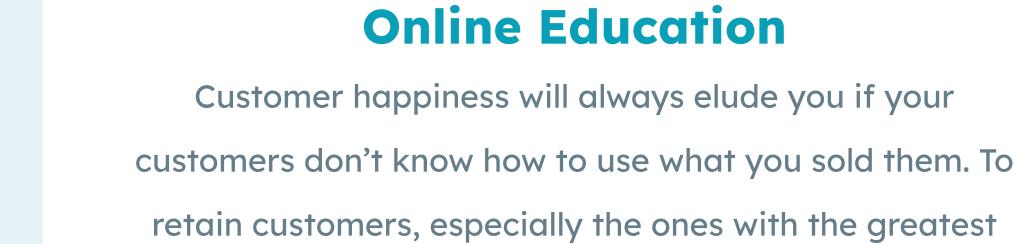
Have quarterly conversations with your customers and fill them in on what they can expect and how any changes may apply to them.



Send personalized success plans to customers based on their

industry and learning objectives to help them be successful

with their unique situations.



disposal to fully take advantage of your product.

Use a <u>learning management system (LMS)</u> to automate all of these processes to ensure your customers are getting exactly what they need, exactly when they need it.

CLV, it's imperative that they have every resource at their

BOOK A DEMO

Want to see how Northpass can help you boost customer retention?

Click the link below and we'll be in touch.

northpass