How to Improve Customer Retention

Highlight case studies during the sales process.

Set expectations early and often.

Communicate results on a regular basis.

Create a roadmap for the future of the relationship.

Make memories around your shared successes.

Ask for feedback and act on this information.

Map out a consistent customer experience.

Keep a record of communication and any past problems.

Use reciprocity to increase loyalty.

By now, you probably already know that the key to business and revenue growth isn't just bringing in new customers.

It's about retaining the customers you have, too.

Bain & Company research found that increasing customer retention rate by just 5% can increase profits by 25-95%. And when acquiring a new customer can be 5-25X more expensive than retaining an existing one, it's absolutely imperative to invest just as much time and resources in retaining existing customers as in closing new ones -- and maybe even more.

Read this blog post to learn how to calculate your customer retention rate -- and then, how to use these strategies for improving it.

How to Calculate Customer Retention Rate

((Customers at End of Period)-(New Customers))/(Customers at Start of Period) x 100%

Determine the time period you're going to measure (one year, one quarter, one month).

Calculate the total **number of customers at the start** of the time period.

Calculate the total **number of customers at theend** of the time period.

Calculate the **number of new customers** earned during the time period.

Subtract the number of new customers from the number of customers at the end of the time period.

Divide the difference by the number of customers at the start of the time period.

Multiply the result by 100% to calculate your **customer retention rate.**

For example, if you had 100 customers at the start of the year, and earned 20 new customers but lost 10 customers by the end of the year, **your customer retention rate would be 90%.**

Once you know your customer retention rate, you should consider doing an audit of your lost customers to determine similarities in reasons for leaving, or types of customers that churn. Consider if you can add more qualifying questions to your sales process or revise your buyer persona to better reflect the attributes of loyal, returning customers.