

10 proven strategies to achieve negative churn

Account Management and the bottom line.
How to go beyond customer retention and achieve net negative churn.



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Customer retention in B2B



On average, it is **five times more expensive to acquire a new customer than it is to retain one**, therefore B2B organizations need to prioritize customer retention. It is also crucial that B2B organizations focus on their customer success strategies to increase their **customer lifespan** as that is where the best ROI can be achieved.

Minimizing churn is essential

Monthly average churn rates can vary from roughly **5% to 10%** depending on the industry, but it is crucial to understand how to reduce churn within your industry and why it is so important to do so.



What is customer churn? Why is it important?



Churn is a metric used by organizations to calculate customer attrition. Simply put, it is the percentage of customers that have stopped using a company's product or service in a set time frame. Typically the churn rate is measured by month, quarter, or year, depending on the industry and the product you're selling.

Churn is an indication of the problems in your product

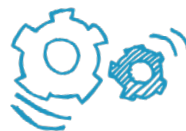


Establishing your customer churn rate is highly informative. In many cases, B2B companies with a high rate of customer churn usually have a large number of dissatisfied customers whose **pain points** have not been properly addressed. It's an indication of the problems with the product or service, sales, customer success management (CSM), or other factors that influence customer adoption. The higher the churn rate, the more a company's viability will be questioned.


Therefore every organization should work towards minimizing its churn rate, and the closer you can get to 0% or below, the better.



Net negative churn



Net negative churn refers to when your expansion revenue from existing customers is more than the revenue lost from existing customers. This metric doesn't account for revenue from new customers, only existing ones.



Net Negative Churn Formula	
Lost Revenue %	3%
— Expansion Revenue %	— 5%
<hr/>	<hr/>
= Net Negative Churn %	= -2%

Adapted from *The SaaS CFO*.

Some factors cause churn that can't be controlled



There are always various reasons why a customer might cancel their business with a company, and many of which are out of the company's control. You can offer an excellent service to a customer, but it simply isn't possible to satisfy every single one. Some customers will simply never be a good fit for your product, and some may only need your product to fulfill a short-term need. But, when it comes to losing a bad-fitting customer, you can learn who your best customers are instead.

So what can your enterprise do with the churn they can control to achieve a negative result?



1. Leverage a high adoption approach



High adoption leads to less abandonment and seat expansion

As a cornerstone for customer success, high adoption should always be a focus in generating revenue. Improving your adoption rate optimization can be achieved by understanding your customer's needs and pain points. With this approach, customers will be less likely to abandon the product or service and are open to finding more value in add-ons and product extensions.

A high adoption rate can also lead to seat expansion — an organic means of increasing your user count. Depending on your product licensing plan, if you charge a fee per software user, seat expansion is an excellent, natural way of moving towards negative churn.



2. Promote resource expansion



You can upsell or upgrade your customers in similar ways by encouraging them to upgrade with an improved version of your service. Rather than simply selling a customer a higher-end version of your product from the get-go, resource expansion occurs when a customer naturally progresses to needing more resources offered by your high-end product.



What is resource expansion?

Resource expansion occurs when a user needs to expand their service to access more storage space in software or if a user needs to export more assets in an online branding platform.

Creating package levels in your product encourages resource expansion

An effective way to promote resource expansion is to create different package levels in your product. This creates a good entry point for customers as it allows more freedom over the package they select depending on their needs. Likewise, when it comes to upgrading, you can retain customers by offering the value they would otherwise find elsewhere.



3. Employ cross-selling tactics



This method of upselling has similarities to resource expansion. Cross-selling refers to the process of encouraging customers to purchase additional services or products to enhance what they've already purchased. An example of cross-selling is when a customer purchases a camera and is offered a discount on memory cards.

B2B cross-selling needs to be nurtured

However, in a B2B setting, cross-selling isn't always as straightforward as it is in B2C; rarely does a B2B customer buy on the spot — sales need to be nurtured. Working with your customer success team, you can leverage and foster the relationships you have with your customers to try and cross-sell to them.



4. Prioritize proactive engagement



For any organization focusing on improving retention and reducing churn, it is wise to adopt a customer-centric ethos across every department. It is important to nurture your customer's ambitions and work with them to achieve their goals. To do this successfully, it's important to proactively improve your brand value and modify your delivery accordingly. When you are proactive you can think and act ahead before your circumstances change.

Identifying growth opportunities for customers is a great way to reduce churn

Simply providing the product, providing support, and checking in with your customers periodically, won't cut it. You need to make consistent efforts in identifying the growth opportunities for the customers using your product. This way, they will feel fully supported and will see great ROI on your product.



5. Increase investment in customer journey mapping



The journey for your customers doesn't start or end when they buy your product; this is especially true in B2B sales. This process begins with awareness and goes through advocacy, and the entire customer journey. You need to have a solid understanding of their behavior to improve their overall experience.

Customer journey mapping is very important and can help you to achieve an understanding of your customer. It allows you to:

- Assess the effectiveness of your touchpoints.
- Improve the alignments between customer success and other departments.
- Measure and optimize the customer experience.
- Monitor customer success and define milestones.



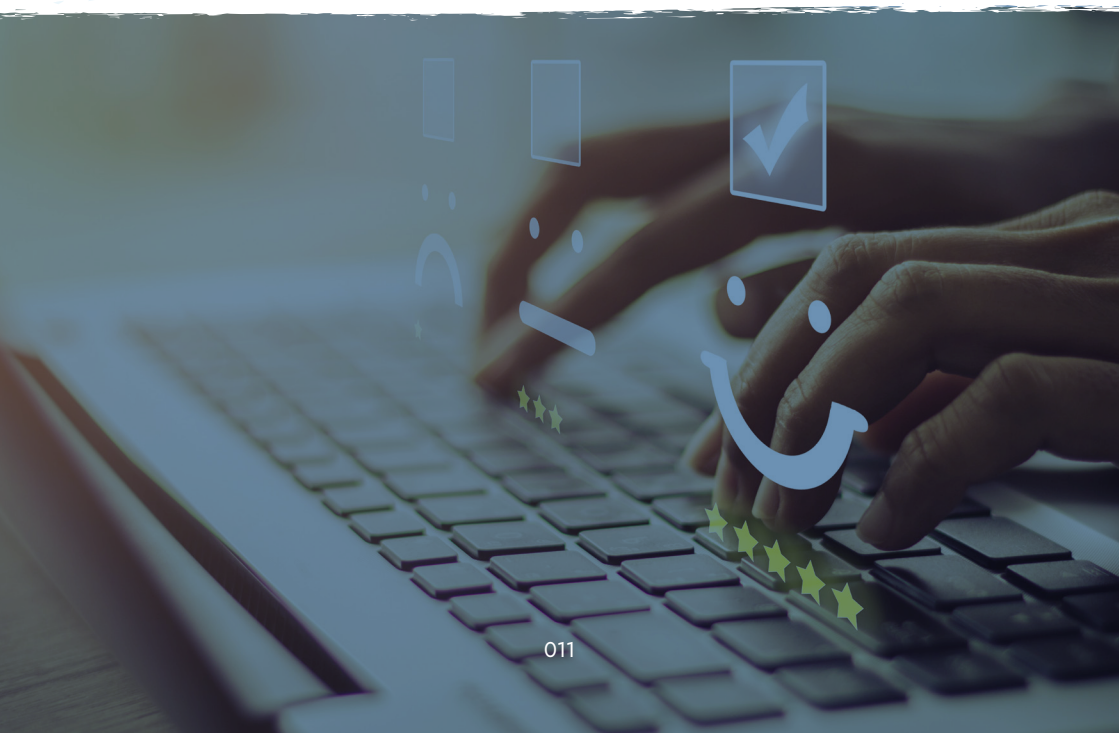
6. Focus on getting honest feedback from customers



Complaints are just the tip of an iceberg; they indicate that a bigger part of the problem is hidden from view. Adding to this difficulty, on average only **1 in 25 unhappy customers will complain directly to you**, the rest will say nothing and their pain points won't be addressed.

Feedback is the most direct way to identify and solve customer problems

Keeping your customers happy and ensuring your product adds value to them is essential in retaining them. Focus on improving your strategy to obtain honest feedback from customers. Remember, if you are not proactive in identifying and solving your customer's problems, they'll find a solution to them elsewhere.





7. Increase awareness of customers at risk of churning

There are always going to be customers that are more likely to churn than others. Therefore, it is crucial to know exactly who is balancing on that edge and might cancel their business with you, meaning you have the chance to mitigate this churn.

Develop methods to identify at-risk customers

Identifying at-risk customers is an effective tactic to reduce churn for B2B companies.

But, only **35%** of B2B companies utilize this to reduce customer churn.

You can identify the at-risk customers quickly through negative feedback, but they can also be identified by their behavior, such as website activity. If you have access to these metrics, you might be able to see if they've viewed downgrade or cancellation pages — a sign that they may want to move away from your product.



8. Develop an effective loyalty program



Leveraging customer loyalty

Creating an emotional connection with a customer will evoke loyalty and ensure repeat business. After all, **in many industries 80% of business comes from just 20% of customers**. One of the most effective ways to do this is with an innovative loyalty program.

Benefits of a loyalty program

It pays to invest in, and reward, customer loyalty. That's because **80% of customers are more loyal to brands that offer rewards programs**. A customer who signs up to your loyalty program is also **47% more likely** to buy from you again.

A loyalty program will ensure you retain your customers and reduce customer churn; **research conducted by Frederick Reichheld**, the inventor of the net promoter score, shows that increasing customer retention rates by just 5% increases profits by 25% to 95%.



9. Refine your customer service



Great customer service will always be integral to achieving negative churn

While this is one of the more obvious methods to reduce customer churn, it cannot be underestimated how crucial excellent service is to ensure a customer stays with you.

As much as **82% of consumers will churn due to bad customer service**, not because of a bad product.

Great service goes beyond just solving problems; building strong relationships with customers is key

The relationship between brand and customer begins with the sale but shouldn't end there. Consistent communication and effective handling of issues are critical components in creating a trusting, positive relationship with your customers. This isn't solely concerning pain points, either. As mentioned, your customer success team needs to work closely with customers to help them thrive and get the most out of your product.

10. Leverage website visitor identification software

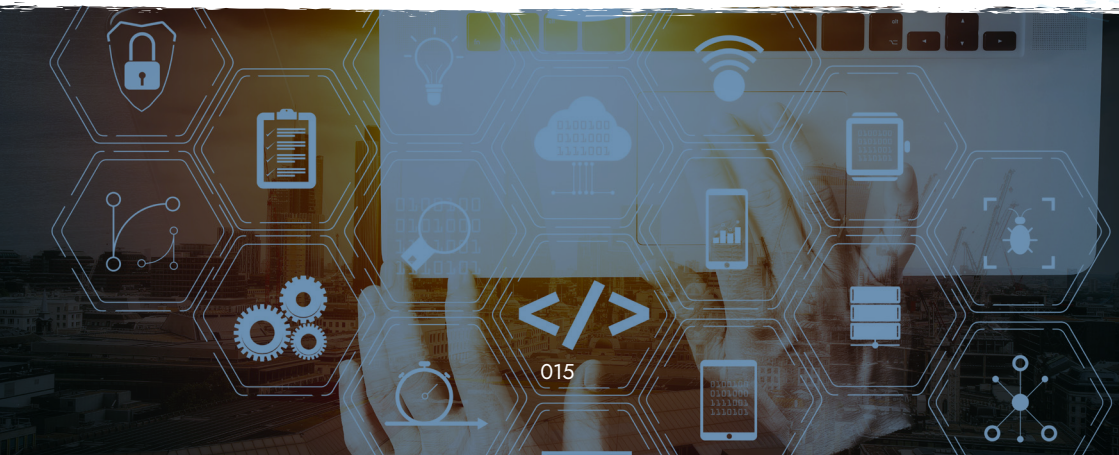



Website visitor identification software, such as **Web Insights**, serves as an excellent tool for customer success to leverage in achieving negative churn. This software provides total visibility on your website visitors' activity, including where they have come from, what pages they have viewed, and how long for all in real-time. It can also identify existing contacts in the CRM alongside their activity, allowing you to keep track of your high-value accounts' movements.

This provides direct, real-time data that helps to reduce churn:

- These data-informed insights benefit your customer journey mapping. You can assess where a prospect or customer is on their journey, aiding a high adoption approach by enabling real-time, personalized communications.
- With in-depth metrics on their behavior, this will promote opportunities for resource expansion, cross-selling and other forms of upselling as it will allow you to identify their needs with ease.
- With automated prompts on which pages they have visited, and when they viewed them, you can more effectively spot the customers at risk of churning.

High-level automation is incredibly effective in uncovering new business whilst being an excellent tool to nurture relationships with customers — allowing you to achieve negative churn and maintain it.





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