Reducing Customer Churn

SAILTHRU
Best Practices

The "leaky bucket" problem is a frequently discussed one in the customer retention world:. Once you've made significant and timely investments in acquiring valuable customers, how do you make sure they don't stop buying? These tried and true tactics have helped Sailthru clients across all verticals to plug their leaky buckets and drive strong ongoing customer retention:

Personalization

Just as personalization is incredibly powerful for activating new customers, it is equally as valuable for retaining customers. Personalization gives way to stronger user experiences that ultimately result in improved stickiness and increased brand loyalty. (Note: we mean really personalize; we're not just talking about inserting a first name into a subject line. Truly effective personalization extends well beyond attributes like demographics, recency and frequency and looks at behavioral data, device information, etc.). Sailthru client delivery.com has seen very tangible lift from doubling-down on relevance with a 25% improvement in the active buyer base and a 3% lift in average order value. On the media side, American Lawyer Media (ALM) has improved visits by 58%.

Initial Cadence

If any metric is consistent across our client base, it's that customers are most likely to opt out of emails in their first 30 days as subscribers. Because average revenue per user (ARPU) for an opt-in is materially higher than an opt-out, mitigating the risk of opt-outs is very important. We recommend that brands treat customers a bit differently in their first 30 days. We recomend slowing down the typical sending cadence and really focus on your points of differentiation (perhaps even an activation series?) in new customers' earliest days. Additionally, you should always present your customers with an opt-down option via a robust preference center.

Loyalty Programs

In addition to improving purchase frequency, loyalty programs do precisely what they promise. They breed loyalty. When there are points or rewards on the line, customers will be substantially less likely to churn.

Ongoing Frequency

Clients oftentimes ask us for the ideal email cadence: should they send daily, every other day, weekly? Unfortunately we have to give the standard consulting answer: it depends. The ideal cadence differs for every business and the only way to determine what's ideal for you is to test. But don't just increase your cadence from one day to another without understanding the long-term impact (beyond open and click rates) you might drive. Put more pragmatically, write vars to user profiles to identify different test groups (e.g. daily email cadence vs. every-other-day emails) and conduct longitudinal analysis on those groups over time such as how does the 30 day opt-out rate differ, how does AOV and purchase frequency look like for each of those groups?

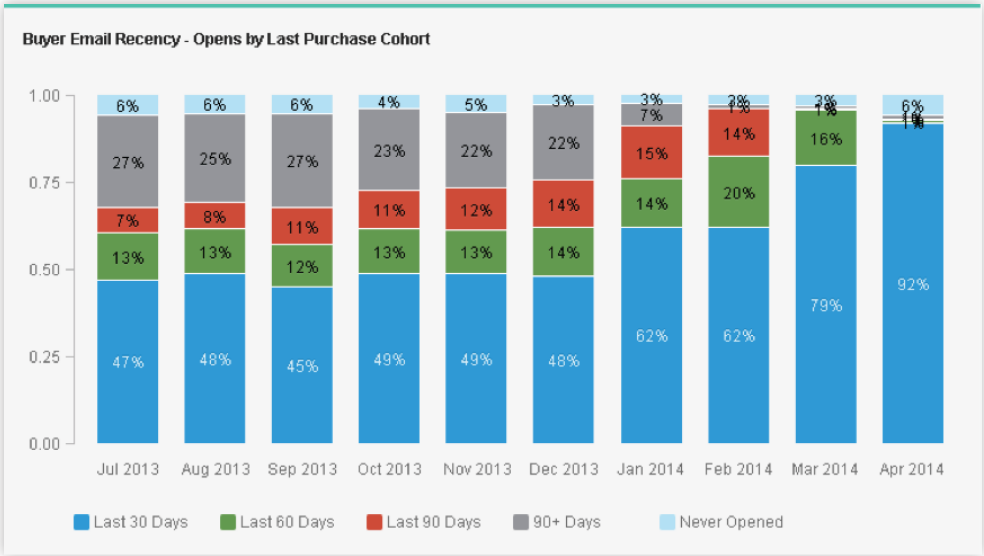
Customer Feedback

Customers want to be heard, plain and simple. Solicit feedback from your customers both proactively and reactively and more importantly, keep them in the loop as you implement their suggestions (hence all of those "You asked, we listed…" subject lines). Remember, you can collect feedback both online and offline. It turns out that direct phone calls are often highly effective win-back tactics!

Diversified Content

To effectively reduce the likelihood of customer churn, it is extremely important to understand the buying patterns of your customers and diversify your content accordingly. If you sell expensive art, for instance, chances are that your customers are not buying as frequently as they would on a day-to-day apparel site. In this example, once a customer buys, there's a good chance she won't be that receptive to pushy promotional emails for some time. And as a result of that reality, she may start losing interest in your brand. That said, maybe this customer is also interested in learning more about the artist, upcoming exhibitions, private views, etc. Diversifying the content base beyond just product promotion can go far for long-term customer value.

Example 1: note that most buyers have a strong propensity to have opened an email in the past 30 days, but this dwindles materially over time. Look for other ways to engage "older" customer segments.



Opt-Downs

When a customer clicks the "unsubscribe" button, she may be opting out due to disinterest, but more likely the opt-out is a function of too much email. As always, marketers should respect the user's preferences, but too many marketers take an "all or nothing" approach to doing so. We highly recommend building out an email preference center (similar to the Fab.com example provided below) and giving customers full control over how often they hear from you. Sailthru client Open Sky recently reduced opt-out rates by more than 12% after introducing an opt-down option, thereby allowing the company to recapture over $800,000 in annual revenue.