AVOID CHURN AND WIN BACK CUSTOMERS

Brought to you by
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Customers come and go …

It's a fact of life but nonetheless pretty painful because it means lost revenues, negative word of mouth, sagging employee morale and constantly seeking new customers, just to replace the defectors … **a costly and exhaustive exercise.**

Fortunately, a lost customer does not have to be lost forever. With rare exceptions, churners seldom reject your company completely and, in fact, remain accessible. This means that you have a **better chance of winning back a former customer** than signing up a new one.

Seeking new customers	Sagging employee morale	Lost revenues	Negative WOM

60-70% chance of successfully selling again to a current customer;
20-40% chance of **winning back** an **ex-customer;**
Only 5-20% chance of turning a prospect into a customer.

(Marketing Metrics)

You can prevent churn and win back lost customers

"Knowledge is key to successfully winning back your lost customers. "

By implementing an effective customer **win-back** program, you can simultaneously lure back lost customers, improve loyalty, increase revenues and reduce customer acquisition costs.

b²sense will assist you in ...

Identifying what experiences or **motives** were severe enough to drive your customers away

Finding out to what extent you can **master** these events and **prevent** the same from happening to your other customers

Learning which **competitors** profited most from your defectors and why they became your customers' preferred supplier

Detecting whether your lost customers are ready to **return** and under which conditions.

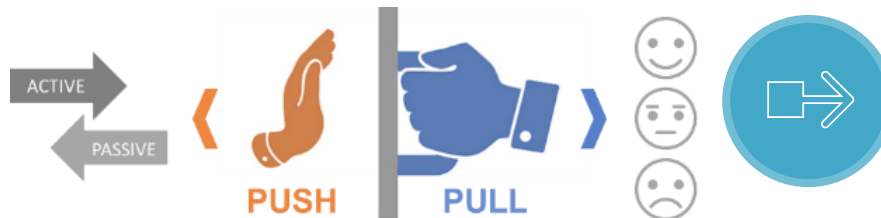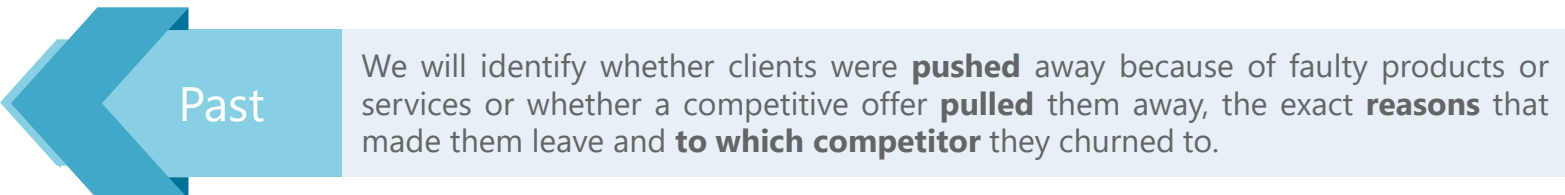We designed a research practice which allows you to answer these very questions.

A 3-stage program to help you perform better and win back your customers

Past	Present	Future

Why did they **leave?** What is their current **experience?** How can we win them **back?**

Past

We will identify whether clients were **pushed** away because of faulty products or services or whether a competitive offer **pulled** them away, the exact **reasons** that made them leave and **to which competitor** they churned to.

In case of **push,** we will reveal …

- which ((non-)controllable) defaults are at the origin of churn
- whether the substitute supplier is actually performing better on these aspects
- whether ex-clients have seen or heard of improvements in these areas with your brand

In case of pull, we need to establish whether churners **actively searched** for an alternative or whether they were **pulled** by attractive competitive offerings.

There may always be external, non-controllable motives which explain why customers stopped using a product/service, such as …
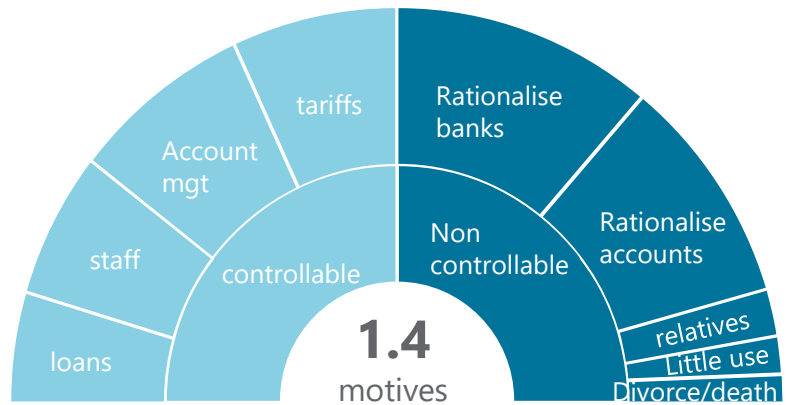
B2B: business closed down, service is no longer used, head office selected other supplier…
B2C: death, divorce, double use, family works with competitor …
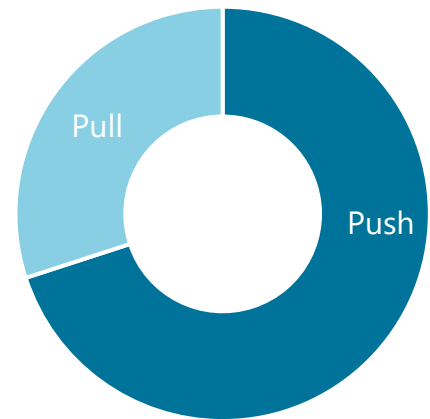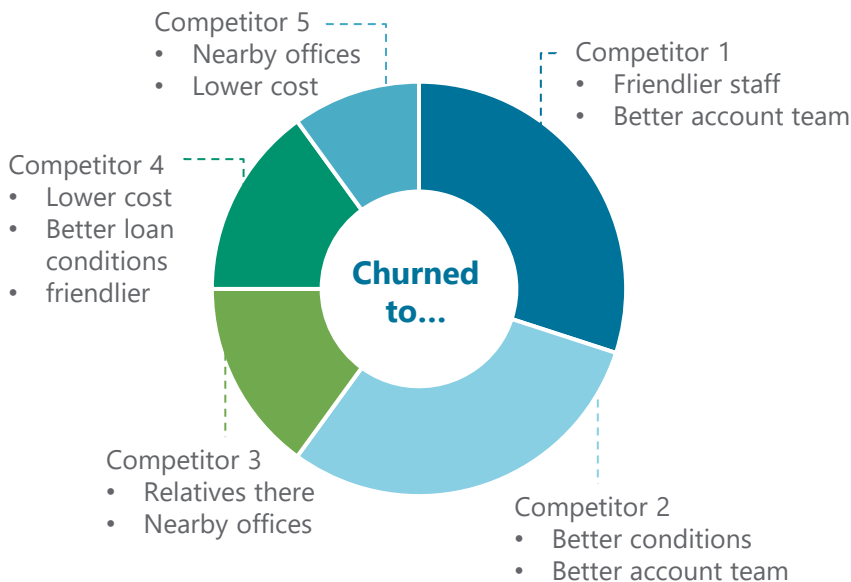
Avoid churn and win back lost customers

EXAMPLE Why did they leave?

Here is an example of churn motives for a bank.

On average, churners gave 1.4 motives for leaving.

Half of the motives were controllable.

The bank's tariffs for daily transactions chased 13% away.

12% left because the new vendor's Account Managers are more competent and helpful.

tariffs
Account mgt
Rationalise banks
staff
Non controllable
Rationalise accounts
controllable
1.4 motives
loans
relatives
Little use
Divorce/death

Staff and Account management problems were a churn motive for 20% of the churners.

EXAMPLE Where did they churn to and why?

Competitor 5
• Nearby offices
• Lower cost

Competitor 1
• Friendlier staff
• Better account team

Competitor 4
• Lower cost
• Better loan conditions
• friendlier

Churned to...

Competitor 3
• Relatives there
• Nearby offices

Competitor 2
• Better conditions
• Better account team
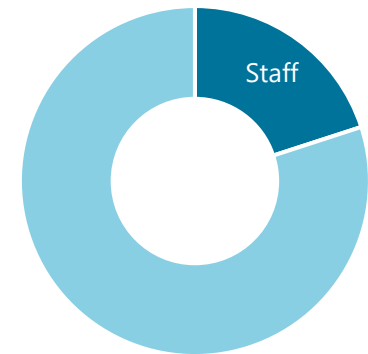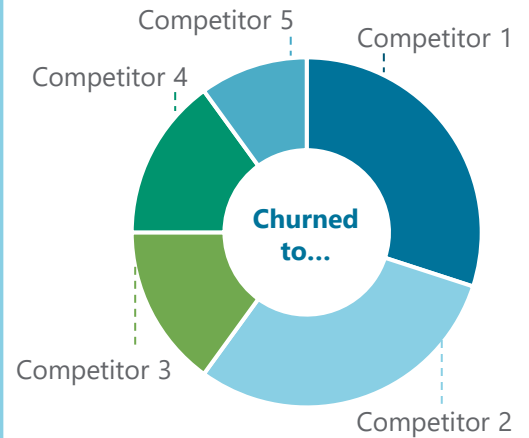
Pull
Push

Churners moved predominantly to competitors 1 and 2, citing their excellent account management as playing a significant role in their decision.. Competitor 2 was successful because it offered attractive tariffs.

Proximity was a motive for churning to competitor 3. Cost and conditions were key for choosing competitor 4. Competitor 5 attracted churners by combining proximity and low costs.

Customers were predominantly searching for a better alternative. A minority was actively chased by competition. This implies that the initiative to retain the customer lies primarily with us.
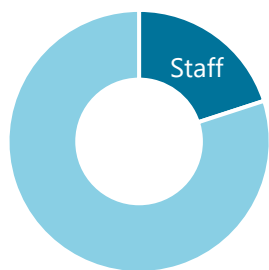
Avoid churn and win back lost customers

EXAMPLE How did the bank react? What should the bank have done?

Staff

Problem areas
- friendliness
- competence
- Commercial dynamism
- Staff rotation
- Staff availability
- discretion
- Personal contact

Competitor 5
Competitor 4
Competitor 1
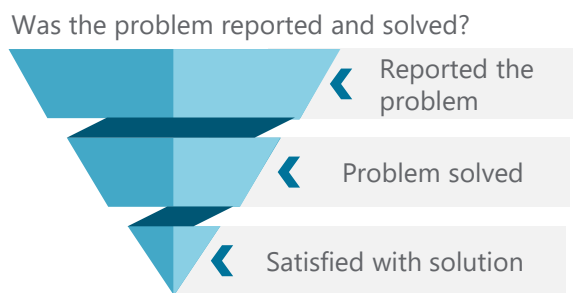
Churned to...

Competitor 3
Competitor 2

3.1 Problems before the customer decided to leave

Poor staff performance chased away 20% of the churners. There was surely a problem with friendliness and competence. Customers left after 3 incidences, implying that the bank had 2 chances to resolve their issues and retain them ... but consistently failed to do so. The third problem was one too many. Competitor 1 and 2 managed to attract most of these customers.

Staff

20% left because of poor staff performance

Was the problem reported and solved?
- Reported the problem
- Problem solved
- Satisfied with solution

What should the bank have done to retain you?
- More polite
- Spend more time with client/listen more to client
- Follow-up on mistakes and correct
- Act faster
- Train staff better on customer handling/service

In only 4 out of 10 cases, churners signaled their discontent to the bank. The others did not offer the bank an opportunity to resolve the issues. Unfortunately, only 1/3 of those complainers received a solution and only 1/5 were satisfied with the solution.

The bank could have retained the churner by being more polite, spending more time with the customers and listening to their concerns, needs and problems, following up on mistakes and correcting them fast(er).
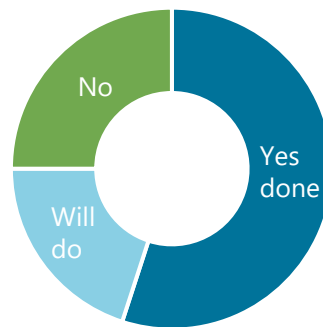Better training should prepare staff to service customers better.

EXAMPLE Did churners talk negatively about us or intent to do so?

Churners | + | = | - |

Current customers | + | = | - |

Have/will they incite others to leave?

No
Yes done
Will do

Churners have spoken twice as much than current customers about the brand and did so mostly negatively.
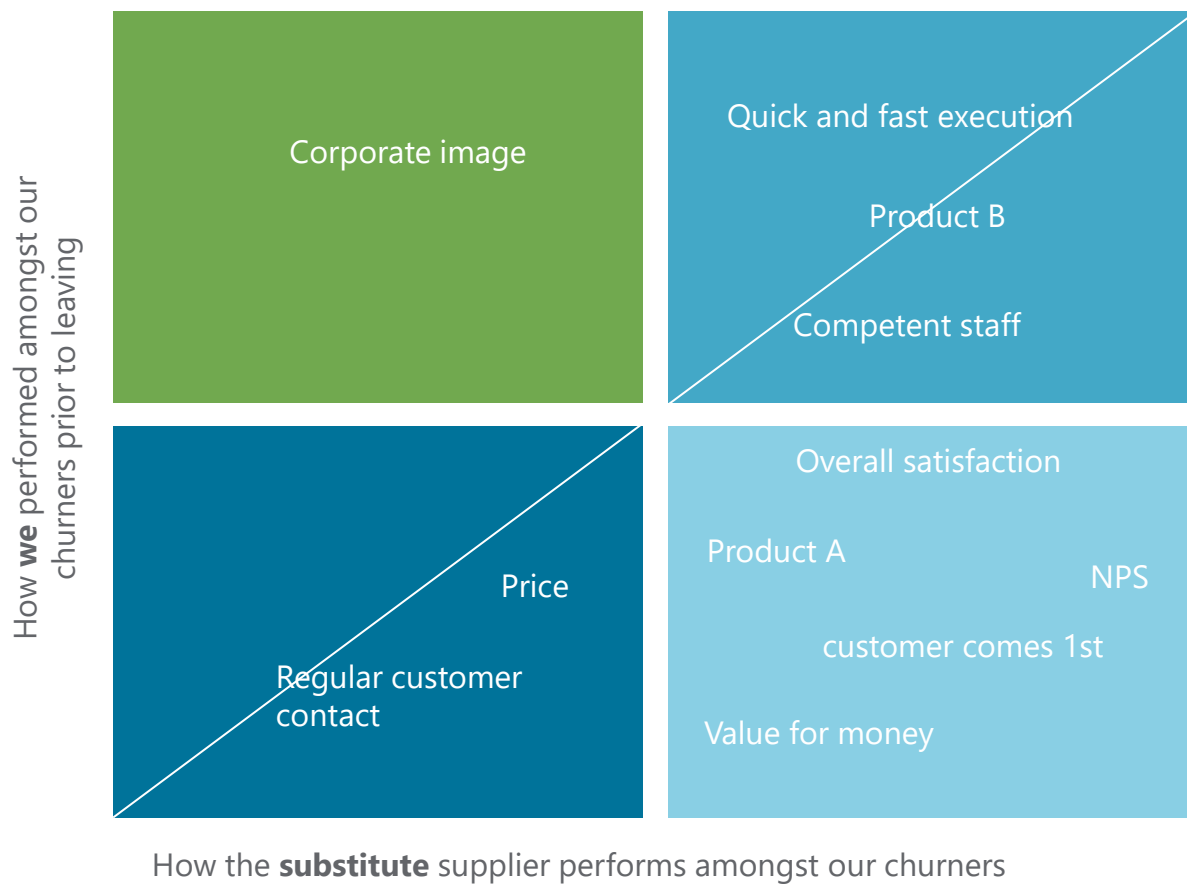Current customers predominantly talked positively.
Of most concern is that quite a lot of churners still plan to spread negative word of mouth to talk others into leaving.

Avoid churn and win back lost customers

| **Present** | In this section, we analyse what churners' **current experience** is with their new vendor and how it **compared to their previous** experiences with us. |

EXAMPLE How do we differ from the new vendor?

How **we** performed amongst our churners prior to leaving

Corporate image

Quick and fast execution

Product B

Competent staff

Price

Regular customer contact

Overall satisfaction

Product A

NPS

customer comes 1st

Value for money

How the **substitute** supplier performs amongst our churners

The new vendor scores better on nearly all aspects except corporate image, which is typical for a market leader.
Notice that overall satisfaction for our brand – before leaving – was just under 50%, implying that this is the alarm level at which customers start leaving.
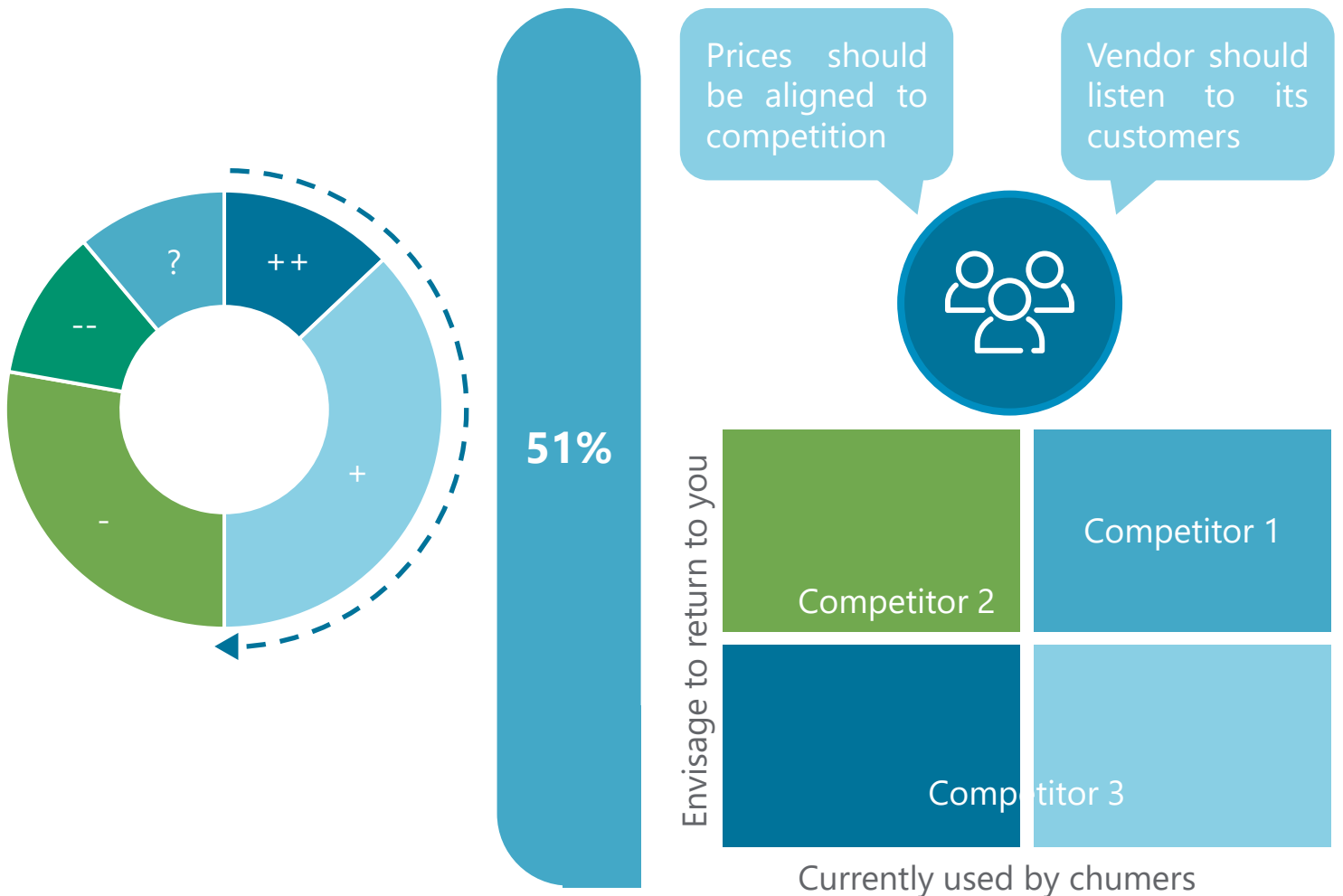Both we and the new vendor score well on staff competence, fast service and product line B.
Both score weak for customer contact frequency and price, but the new vendor does offer a much better value for money and satisfies its customers with a good product A and customer-centric actions. This is why churners are ready to reward the new vendor with positive word of mouth.

Avoid churn and win back lost customers

Now, we will look at the future and find out whether churners can be **won back** and how.

EXAMPLE Is there a win-back potential? What should be done? Where will they come from?

++

?

--

-

+

51%

Prices should be aligned to competition

Vendor should listen to its customers

Envisage to return to you

Competitor 2

Competitor 1

Competitor 3
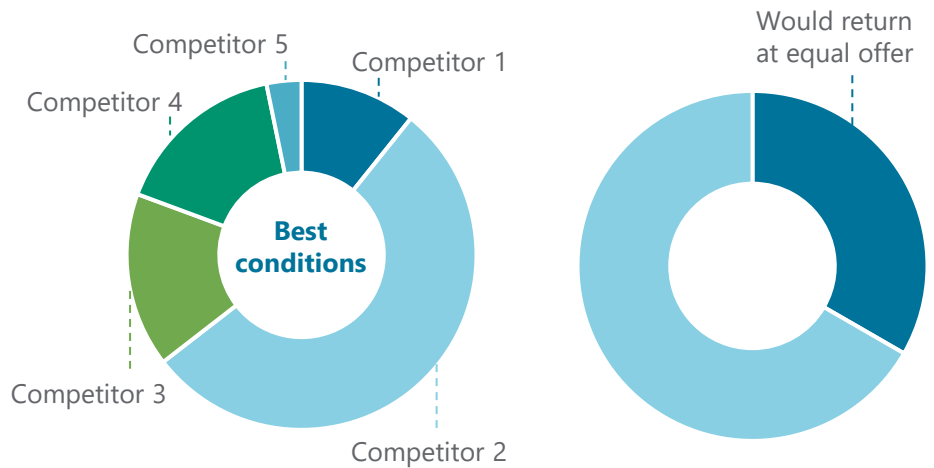
Currently used by chumers

Half of the churners would be inclined to return and 14% are pretty confident in doing so. It would, however, require a price alignment to competition and more customer-centricity. Chances are highest to win back ex-customers from competitor 1.

Avoid churn and win back lost customers

EXAMPLE Price is often a key churn- and win-back-motive

Competitor 2 practices the best prices in the market.

40% of ex-customers would be ready to return when we align our prices.

Competitor 5

Competitor 4

Competitor 1

Best conditions

Competitor 3

Competitor 2

Would return at equal offer

The average price drop expected is 20%. Prices should at least drop 3%.
Can we afford a price reduction without endangering profitability?

1/3 of our churners noticed that we dropped our prices already since they left … but probably not enough to win them back.

minimum

3%

average

20%
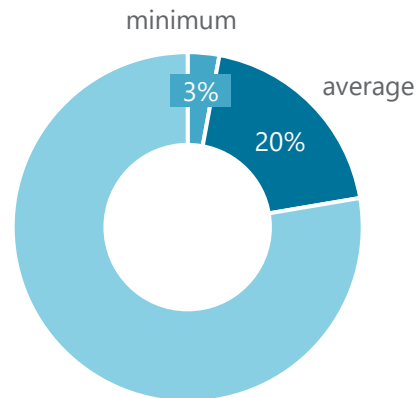
33%
Noticed that prices have dropped in the mean time

In practice, we operate as follows …

1

We start with **one** simple, **open-ended** question: "Why are you no longer using the products/services of …?"
We clearly distinguish **internal** motives (the ones that you can control) and **external** motives.

Then we **dig deeper** and ask questions for each potential churn motive, such as …

- Product/service portfolio aspects
- Servicing aspects
- Human aspects
- Logistical aspects
- Price aspects

That is, all possible relevant process related and personal touchpoints.

For doing so, it is essential that **interviewers** are **briefed** extensively and can grasp, explore and **reflect** the respondents' motivations correctly.
Therefore, interviewers focus on the conversation rather than coding of answers. Coding is performed right after completing the interview in specially designed response grids.

In most cases, interviews take a maximum of **15 minutes** and can therefore be easily administered by phone. Because interaction, interpretation and response rate are important, online research is less adequate.

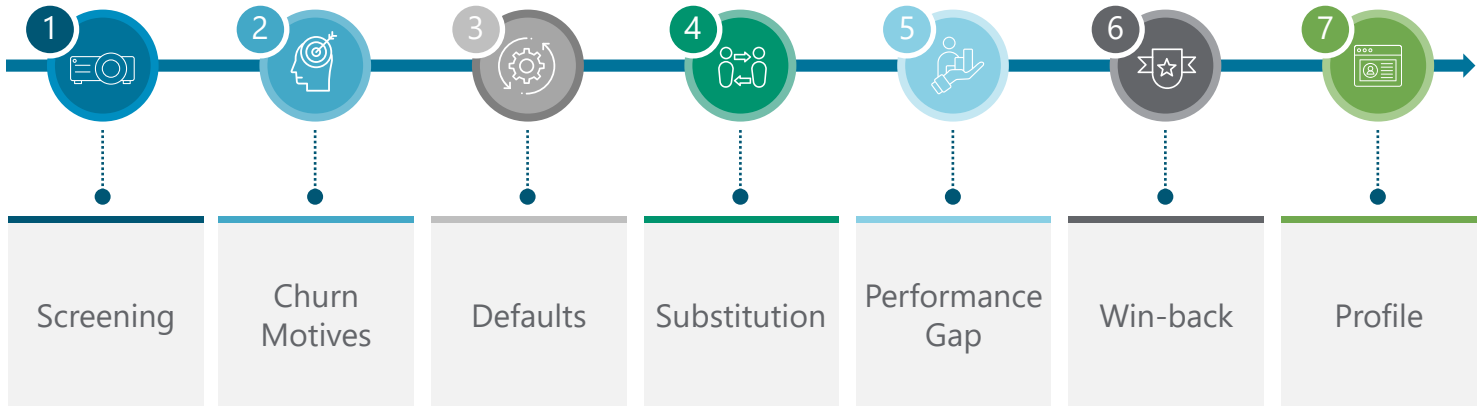**Sample** size varies between 200 and 1,000 depending on the number of customer segments involved.
We suggest a minimum of 200 interviews per segment, bearing in mind that not all motives will be controllable.
Respondents are recruited from your defectors' database.

Our experience points out that up to **50%** of churners will be ready to talk to us. They will honestly explain why they left and what you can do to win them back.

A typical churn questionnaire contains 7 modules:

| ① Screening	② Churn Motives	③ Defaults	④ Substitution	⑤ Performance Gap	⑥ Win-back	⑦ Profile

1 **Checking** whether we talk to the right company/respondent, whether respondents are real defectors. They may have slowed down their business, operate under a different account number/name or stopped using one product/service but not others or simply ceased to exist. Your classification may not correspond to the customer's perception. In some cases, we filter out up to 40% presumed defectors that still consider themselves mentally and emotionally customers.

Identifying primary and secondary churn **motives** with an open-ended question with legion prompting. **2**
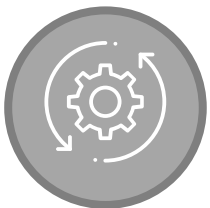
3 **Digging** deeper for each churn motive to understand well what the problem was about, whether and how your reacted to a complaint.

Finding out which suppliers took over your business, why the churners chose this or these suppliers and whether the substitute **supplier(s)** performs better or worse than you did. **4**

Avoid churn and win back lost customers

1 Screening	2 Churn Motives	3 Defaults	4 Substitution	5 Performance Gap	6 Win-back	7 Profile
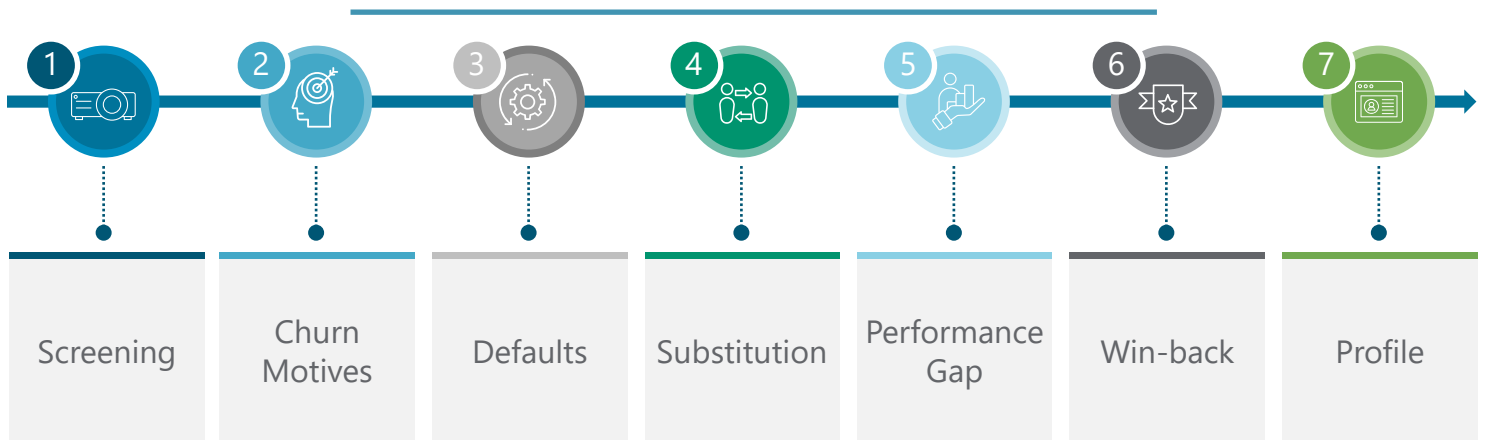
5 Spotting the **differences** between you and the substitute supplier(s) in terms of relevant processes and overall satisfaction.

Learning which **actions** your staff took to regain the customer, whether there is a possibility to win back the customer if equal conditions are offered and what concrete action should be taken by you to recuperate the business. **6**

7 **Describing** the profile of your customer in terms of demo/firmographics and internal data on product/service use, turnover, profitability etcetera.

Our Mission

We foster a caring spirit and a result-driven objective: to **deliver impactful insights via a tailored research approach aimed at easing our clients' business challenges beyond the operational level**. Via inventive solutions, vast multi-sector experience and a drive for efficiency we continue to meet the evolving expectations of local and global business communities of tomorrow. **Because when people thrive, so do their businesses.**

Our Vision for the future

To become the go-to-reference for resolving **challenging queries across the customer chain**, for both local & global businesses through inventive research and impactful insights.

B₂B₂C

With end-consumers playing an increasingly important part, the need for integrated **b2b** and b2c research is on the rise. Our roots in b2b research combined with our capabilities in end-user and consumer research means we can help our clients with any b2b2c requirements.

solutions

Our research team brings a wealth of methodological- and sector **expertise** in **Brand**, **Customer experience**, **Innovation** as well as **market opportunities**. Combined with an inventive and forward-thinking approach, it is important to us to think with our clients and find **solutions** that work for them.

full circle

Via our in-house call center and our extensive **eco-system** of local and global research partners, we can cover **any** type of research in just about any market that our clients require.

We work as part of a larger community where like-minded partners like **Minds&More** and links with academic communities provide additional tools and opportunities to stay up to date with, teach and **make sense** of our business and social environments.

Our enthusiastic team built legion experience in numerous industrial and services sectors. We know how to reach the relevant target groups and retrieve relevant insights, using our own data-collection capabilities and trusted fieldwork partners and applying research methods and models, aligned to target groups in each country.

- Building & construction
- Business services
- Energy
- Food
- Finance & insurance
- Health Wellbeing
- Industry & Technology
- Telecom & ICT
- Transport & Logistics

Our DNA leads to satisfied advocates

Connect
Understand your challenges business issues and needs for insights

Customize
Blank page approach, identifying the best solution to your problem. Sharing our experience and expertise

Commit
Senior project management team with pro-active, can-do and "team" attitude, committing to full customer satisfaction

90%
Satisfied clients

90%
Of our clients is (very) likely to **recommend** us

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Based in Belgium, Dominique is a founding member of b²sense after a management buy out from Kynetec. With more than 35 years' experience in BtoC- and BtoB-market research, Dominique is widely experienced in domestic and international market research working for many reputable companies across a wide range of sectors.

Dominique is a marketer and researcher with a wide spectrum of interests. Research has drawn his attention since the very beginning of his career, being very eager to learn, understand, grasp, collide ideas, develop, trigger, listening and advising. He had the opportunity to work for a whole series of great international clients and government bodies, gaining knowledge about a wide pallet of sectors and solutions. For Dominique, research should translate into actions and that is what he promises to deliver at the end of each piece of research … data- and marketing driven action points.

His mission is to help businesses achieve their business goals and protect their long-term assets: their customers, their employees and their brands. To accomplish this, he subscribes to a set of core values: maintain the integrity of the data, protect the confidentiality of client information, aspire to the highest standards of intellectual honesty, remain flexible to new ideas, achieve the epitome of client service and fulfil our promises with exemplary research.

With a thirst for innovation, Dominique has developed numerous programs in the area of customer and employee engagement surveys for blue-chip companies and international bodies such as the European Commission.