



THE ANATOMY OF CHURN

CHURN IS A MARKETING PROBLEM

CHURN IS THE RATE AT WHICH CUSTOMERS STOP DOING BUSINESS WITH YOU.

This causes a negative impact on both the former customers and the businesses they leave. To give you some perspective on the financial implications of the issue:



COMPANIES LOSE \$1.6 TRILLION PER YEAR DUE TO CUSTOMER CHURN

And according to the [Forrester](#), it costs **5 times more** to acquire new customers than it does to keep an existing one.¹



REDUCING CHURN BY 5% CAN INCREASE PROFITS BY 25-125%

In business, everything is about the bottom line, and reducing your churn rate will substantially increase your profit margin.²



THE PROBABILITY OF SELLING TO AN EXISTING CUSTOMER IS 60-70%

The probability of selling to a new prospect is 5-20%. Existing customers already know, are satisfied, and trust your brand. With a new prospect, you need to convince them that you are the brand for them. The odds are in your favor to sell to an existing customer!³

This paper breaks down how churn is affected by marketing and is just a piece of the overall picture of churn.

Churn is an organization-wide issue that is affected throughout the customer journey. This is a special concern for businesses with a recurring revenue

model and/or additional products/services to sell to existing customers. The Anatomy of Churn white paper breaks down each section of the customer journey, while this paper focuses solely on marketing. You can download The Anatomy of Churn [here](#) or visit anatomyofchurn.com.

MARKETING MATTERS WHEN IT COMES TO CHURN.



CHURN IS A MARKETING PROBLEM.

KOLSKY CONCLUDED THAT CUSTOMER CHURN CAN BE REDUCED BY 67% IF COMPANIES SUCCEED IN SOLVING CUSTOMER ISSUES DURING THE FIRST INTERACTION ¹

Marketing is the beginning of any new customer relationship. It's where **opinions begin to form about your business, where expectations begin, and where promises are made.**

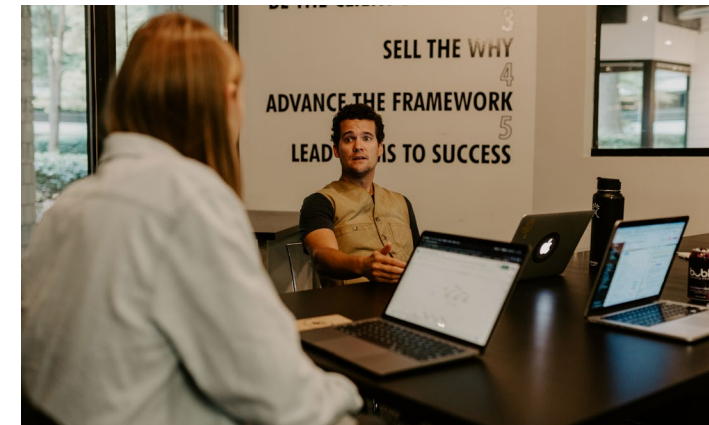
OVERPROMISING

This is probably the most common consideration when thinking about promises made and unmet in the market. It means that businesses can often overstate what their services or products can do for their customers. At the solution level. At the brand level. It is likely an overstatement of things such as customer experience, service, brand ethos, global impact, purpose, and meaning of the business. What you promise at the beginning of a relationship will begin to sow the seeds of unhappiness in future customers. It is against this baseline that they will compare the impact feeling or benefits of working with you or using your products.

UNDERPROMISING

Less obvious attribute of failed promises is underpromising. This is where the clarity of your message comes into play. Failure to truly articulate the benefit, value, and impact of your services and/or products or your brand message, has the same effect as overpromising. Only in this case, rather than set up future disappointment, it is more likely to either deter good customers from engaging or engaging people to buy from you for the wrong reasons. This is how underpromising or unclearly promising drives future churn in your customer base.

Yes, there is such a thing. Especially when your organization values a low churn metric. The idea here is to only market to people who are likely buyers and be a likely buyer still working with your organization for a long time. The idea of marketing leading to transactions only or a client who is unlikely to stay for very long is the problem here. Taking your message to too broad of an audience is the driver. In the context of businesses where churn matters, this is the benefit of a targeted and/or account-based marketing approach. In the context of churn, the merits of these approaches are geared towards only talking to people who are highly likely, not just to divert, but also to stay with you for a long time. Of course, there are also benefits to conversion efficiency and cost of acquisition, which are outside the scope of this whitepaper. Furthermore, internal teams who conduct the product demonstrations, for example. Their performance objectives may be getting demonstrations of your product without regard for them being the right customer.



CHURN IS A BUSINESS PROBLEM WORTH SOLVING.

IT HAS MULTIPLE CAUSES, SPANNING THE ENTIRE CUSTOMER EXPERIENCE, NOT JUST MARKETING.

In the full Anatomy of Churn white paper, we break down the entire customer journey, laying out how churn happens. Churn can't be solved just by fixing marketing issues. Download Anatomy of Churn below.

[DOWNLOAD FULL REPORT](#)

Or visit anatomyofchurn.com for full report

Sources:

1. [Customer Churn: 12 Strategies to Stop Churn Right Now!](#)

