

# 5 things that affect your churn rate

## What is churn and churn rate?

Churn is an expression that's often used in the business world, but what does it mean?

Churn as an expression is used to explain when a customer decides to end their business and relations with a company. Your churn rate is a measurement that explains the speed at which your churn is happening during a specific time. It's important to know your churn and churn rate to get insights into the health of your business.

A high churn rate indicates that your customers aren't happy with your company, which in turn often leads to a loss of important deals and revenue. By better understanding your churn and churn rate you'll be able to improve your business over time and create better customer relations. Here are some examples of things that can affect your churn.

1

### Bad customer service

Every customer expects fast and efficient service, and bad customer service is one of the biggest reasons for a high churn rate at most companies. If the customer doesn't get the service they expect, the chance of them taking their money somewhere else increases. In the business climate of today, the customers have multiple options, and they know it!

Improve your customer service by using a CRM system. With a CRM system it's easy to collect feedback from customers who's had a bad experience. By documenting it continuously you'll be able to implement solutions to the problem and lower your churn rate.

2

### Low level of customisation

Being able to customize a product or service has become more and more important. Customers expect that businesses understand their needs and can offer a customisable solution that meets their demands. If the customer feels that the business isn't meeting their expectations, there's a high probability that they'll find a different supplier that does instead.

By continuously gathering data on your customers in your CRM, it'll become easier to meet their expectations. You'll get insights into what your customers want from your company, so you can adapt and customize your offer to better meet their demands.

3

### No customer communication

Being active with your customer communication is key to building stronger relations with your customers. If you're not being proactive in your customer communication, it's easier for your customers to forget about you and your business. How appreciated would you feel as a customer to a company that never communicates back to you?

Instead, build up your customer relations with the help of CRM. You can save all important information about the customer in your CRM system and be on top on everything that has been said or communicated to the customer. Maybe it's their birthday or something important has happened at their company? Use this information in your customer communication to deepen your relationship with the customer. Better customer relations will lower your churn rate, that's a guarantee!

4

### The user experience isn't optimal

The user experience you're offering your customers is important to influence your Customers today expect a seamless user experience. If they experience obstacles on their way, it'll affect the way they look upon your company and your products. The more obstacles along the way, the bigger the chance will be that the customer will switch to another supplier that provides a smoother experience.

You can remove obstacles by looking into where your customers experience issues along their customer journey. Is there any way for you to remove the obstacles ahead of time?

5

### Is your price right?

Customers will always be price conscious, especially when the economy is on its downturn. This is true in both B2B and B2C, but B2C customers are usually among the most price sensitive group out of the two. It's not hard to understand why, we all want to get as much as we can for our money!

You can lower your churn by looking into what your competitors are offering for the same price. Are you matching their offer or are you too expensive? Sometimes you can't lower your price, but is there something else you can offer your customers instead? Fill your offer with other values than just price, things such as an unbeatable customer service!

## How can you lower your churn?

It's important to understand some of the issues that might affect your churn if you want your company to become more successful and watch it grow.

Things such as bad customer service, a bad product, price or not allowing customization are all examples of things that can affect your churn. Some of the things are generic, others might be very specific for your business and your industry. By building stronger relations with your customers, it'll get easier to see what the cause of your high volume of churn might be, so you can take the necessary steps to lower it.

With a CRM system you can analyze your customer data and use it to gain insights into what you can do to fix the negative trend. Be proactive and fix the flaws when you see them, it will help your business grow over time!

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*Are you curious about what a CRM system can do for your company and your churn? Contact us for more information, we can help you take the next step in your customer relations!*