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Retention by Design:

Your Anti-Churn Playbook

Introduction:
Why retention matters

The customer acquisition boom is over. It costs <u>6-7X more</u> to acquire new customers than to get existing customers to make repeat purchases. As brands focus on profitability rather than pure growth, finding ways to hold onto users has become one of the most efficient investments out there.

The result? Following years as an afterthought, retention marketing is having a moment, driving revenue, boosting long-term value, and taking its rightful place in the customer engagement pantheon. But while retention is a hot topic for marketers, the truth is that many brands still haven't cracked the code when it comes to successfully cutting churn and building sustainable customer relationships.

But don't worry—Braze is here to help. We've put together a simple, actionable playbook that brands can follow to embrace retention by design and build anti-churn safeguards into everything they do. Read on to check it out!

Retention spending reached near-parity with acquisition in 2023

While acquisition has been a priority for years, there are clear signs the landscape is becoming more balanced. Nearly as many brands are now spending the bulk of their marketing budget on retention as the number that focus on adding new users.

Retention vs. Acquisition

42%
Of brands spend 50+% of their marketing budgets on **retention**

45%
Of brands spend 50+% of their marketing budgets on **acquisition**

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Match your goals to your retention type

Retention happens when brands hold onto their customers, supporting ongoing relationships. But how each brand chooses to define and measure retention rates can be very different, depending on its industry, audience, and goals. Choose the wrong type and you might find yourself missing the impact of your marketing programs and valuable insights and opportunities.

Classic retention

Chart: Retention rate (y-axis, 0%–25%) vs Day (x-axis, 1–90)
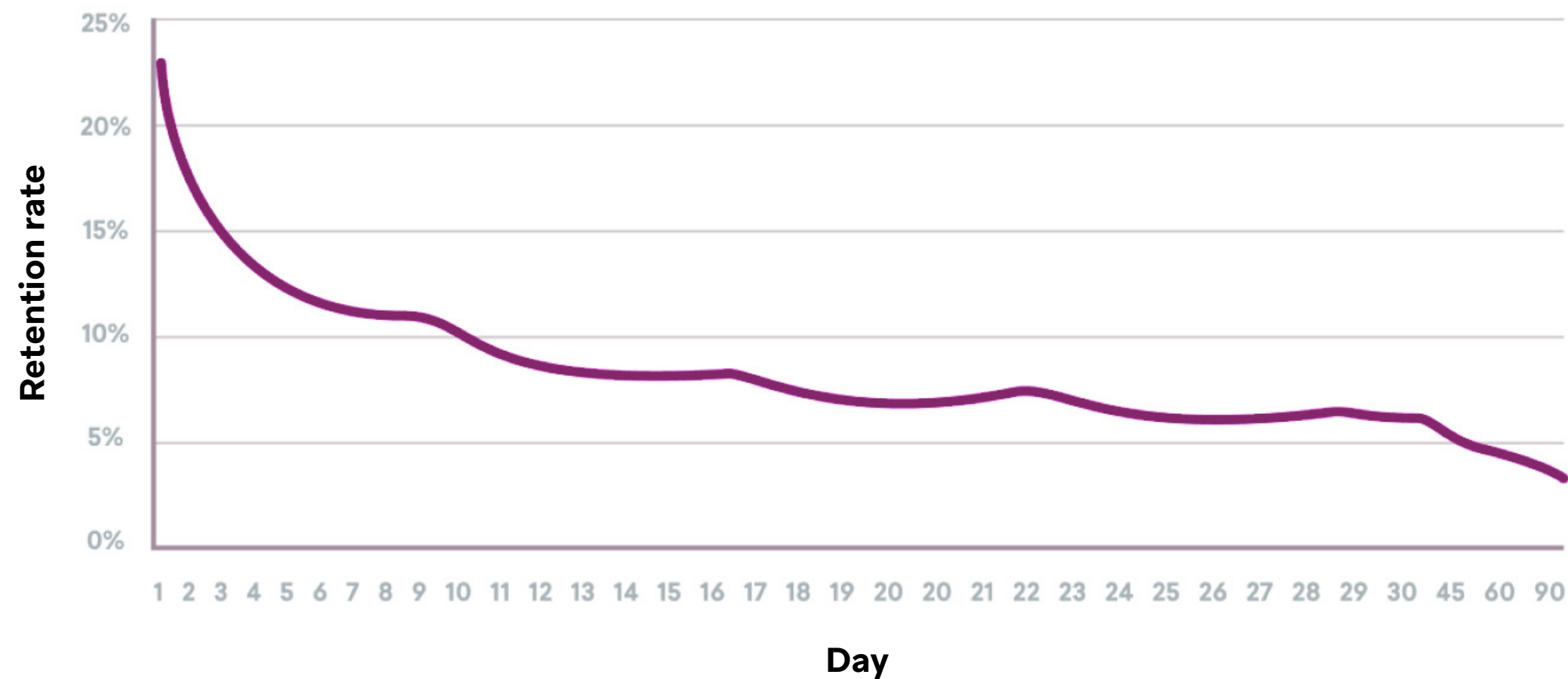
$$\frac{\text{\# of customers who engage with Brand Y the Nth day after day 0}}{\text{\# of customers who first engage with Brand Y on day 0}} = \text{Classic retention rate}$$

Classic retention

The percentage of users who continue to engage over a given period.

Ideal for: Measuring whether customers are still engaged with your company.

Range retention

Customer retention over a given range (often 7 or 30 days).

Ideal for: Brands who tend to see weekly or monthly retention (e.g. apps with monthly subscribers or weekly content drops).

Rolling retention

The percentage of new users who return on or after a specific day.

Ideal for: Brands who see long-term, low-frequency engagement (e.g. life insurance, airlines).

Purchase retention

The time since a customer last made a purchase.

Ideal for: Retailers, since purchases matter more to these brands than sessions for charting engagement.

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It's the retention journey, not just the destination

To build a successful retention strategy, you need to think about this metric in the right way. Retention is an outgrowth of the relationships you build with your customers. If you take a long-term view and take steps to drive sustainable growth at each interaction, you'll be better positioned to see impressive retention than brands that keep chasing short-term fixes.

Four inputs that can boost engagement

In general, there are four specific ways to increase engagement:

- **Add** use cases **to engage customers at more stages of the customer lifecycle**
- **Increase the frequency of product use**
- **Increase the number of features being used**
- **Increase the intensity of each use of the product.**

Some brands may focus primarily on a single approach; others may take a more balanced approach that incorporates all of them. To figure out what will work for you, think about which ones fit your business (e.g. you can't increase the number of features being used if you only have one core feature) and optimize accordingly.

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Supercharge retention with a cross-channel approach

Never be on fewer channels than your customers. To keep customers in your orbit, you need to engage with them wherever they are and make sure your channels match their preferences. Using channels in combinations that match your audience and your goals can be the difference between high churn and strong customer bonds.

Three quick retention wins with cross-channel engagement

Add more messaging channels

Mix in-product* outreach with out-of-product** outreach

Find the right combination of channels

With each new channel marketers add to their messaging mix (for a total of up to six channels), brands see an average **56% uplift in 90-day retention.**

Communicating via both in-product and out-of-product messaging sees:

- A **61% uplift in 90-day retention compared to out-of-product channels alone**
- A **1.4X uplift in 90-day retention compared to only in-product channels.**

Using email, in-app messaging, mobile push, and web push can result in an **80% retention rate after 120 days—58% higher than email alone.**

*In-product channels operate within a brand's app, website, or other digital property and include in-app and in-browser messages and Content Cards
**Out-of-product channels can reach users beyond a given digital property and include push notifications, email, SMS, and more.

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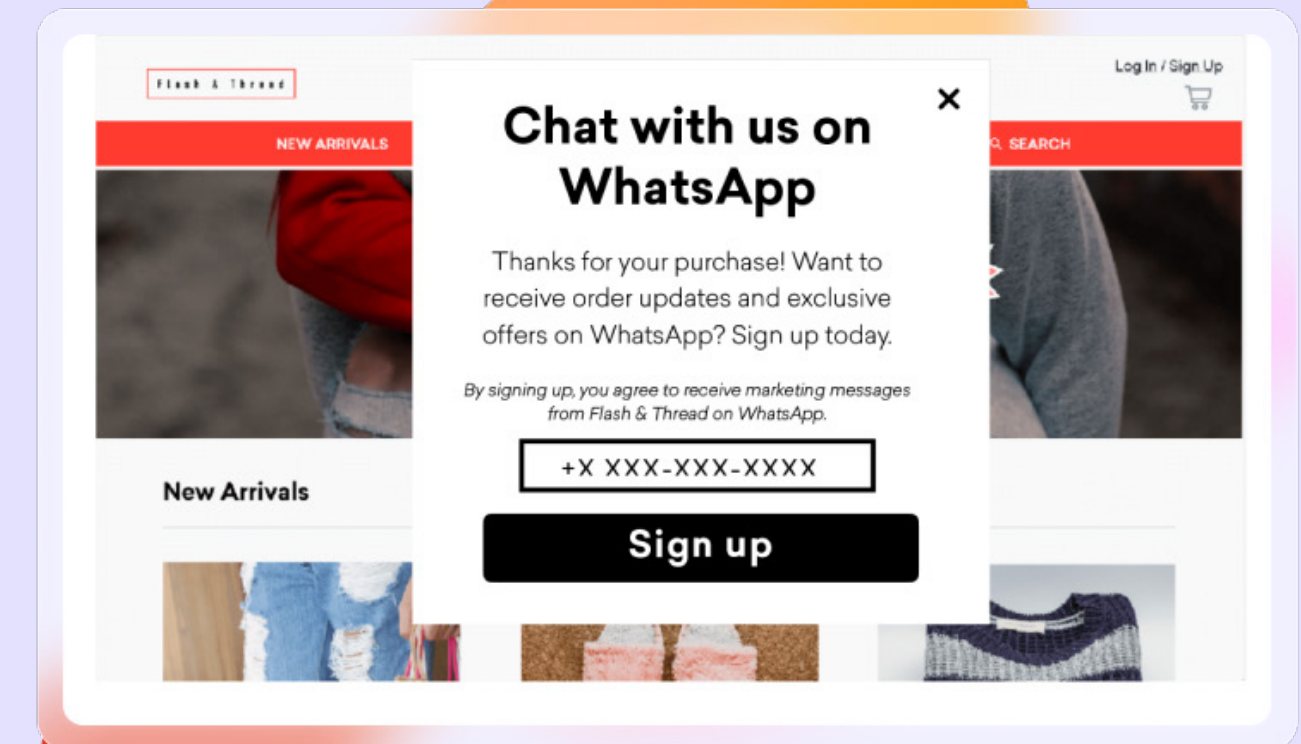# Tricks of the trade: Essential retention tactics

It takes the right mix of tools and tactics to drive retention effectively. Different brands will take different approaches, but successfully executing this approach will be easier if you're working with a comprehensive customer engagement platform. That makes it possible to enable strong first-party relationships, orchestrate cohesive experiences across channels, stream data in real time, and support ongoing AI optimization.

If you have those capabilities, you're well-positioned to leverage these five tactics to drive stronger retention.

1 Customer onboarding

Build relationships, right from the start. A great onboarding flow teaches new users about the value your brand provides and encourages exploration—and that leads to deeper engagement sooner, bolstering retention.

TOOLS: Install Attribution | In-App Messages | In-Browser Messages | Content Cards

2 Priming for permissions

Get the data and messaging opt-ins you need to strengthen relationships by clearly explaining the benefits of taking those actions. Priming for permissions boosts these conversions while also building trust with new customers.
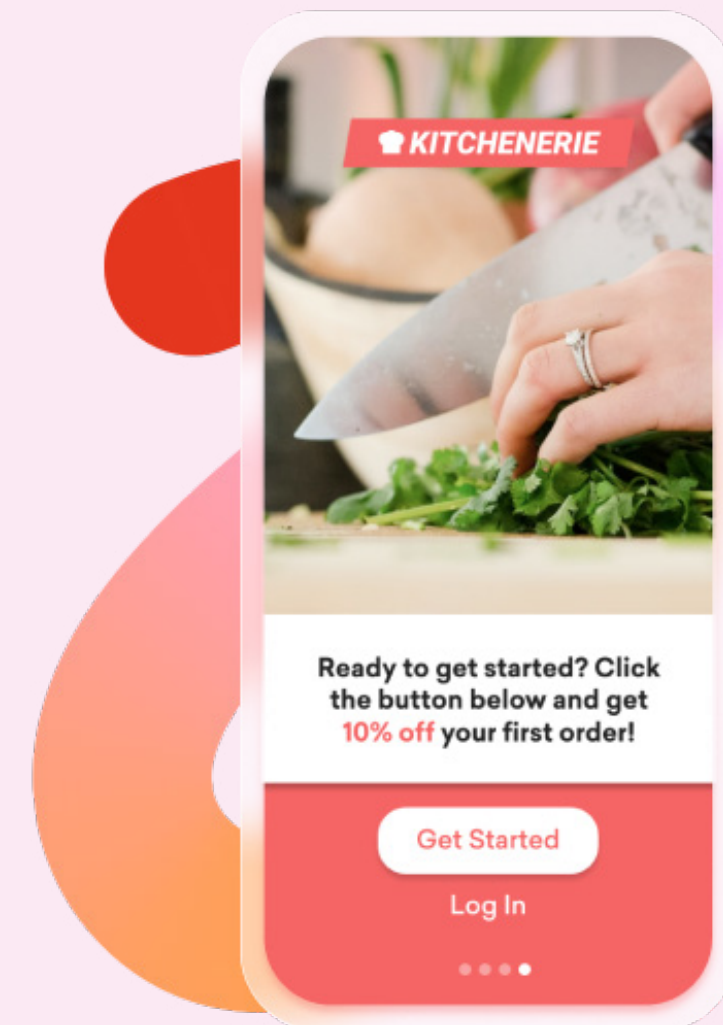
TOOLS: In-App Messages | In-Browser Messages

3 Asking for feedback

Want to understand your audience and tailor each customer's experience? Gathering user insights early and often via surveys, polls, and preference centers is a smart way to surface any pain points and address them before it's too late.

**TOOLS: Surveys | Polls | Preference Centers | In-App Messages | In-Browser Messages | WhatsApp | Email | SMS**

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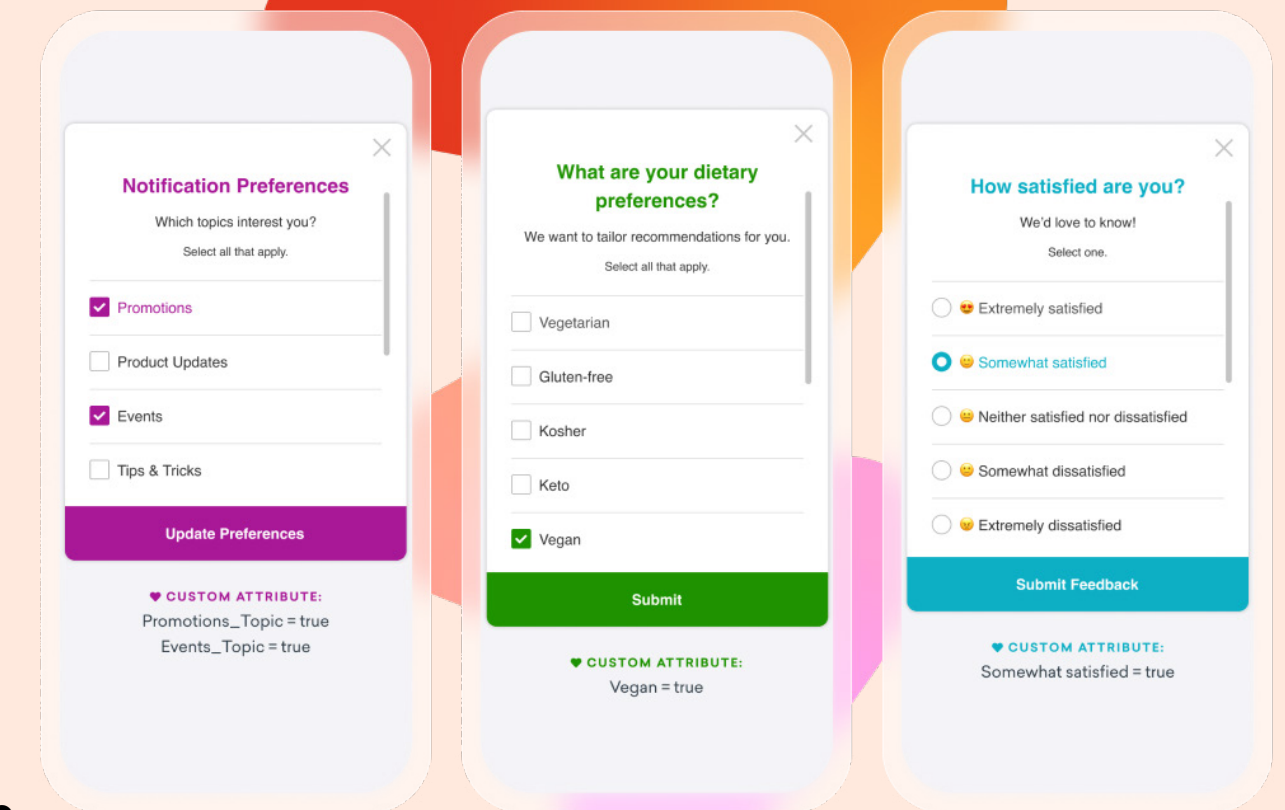
4 1:1 personalization

Today's consumers expect relevant experiences from brands—and if you can serve that up, you're building the foundation for a lasting bond. After all, by tying messaging to user behaviors and automatically highlighting copy, creative, and products that match their preferences, you're showing you know what they care about and giving them reasons to stick around.

TOOLS: Segmentation | Liquid | Connected Content | Action-Based Campaigns | API-Triggered Campaigns
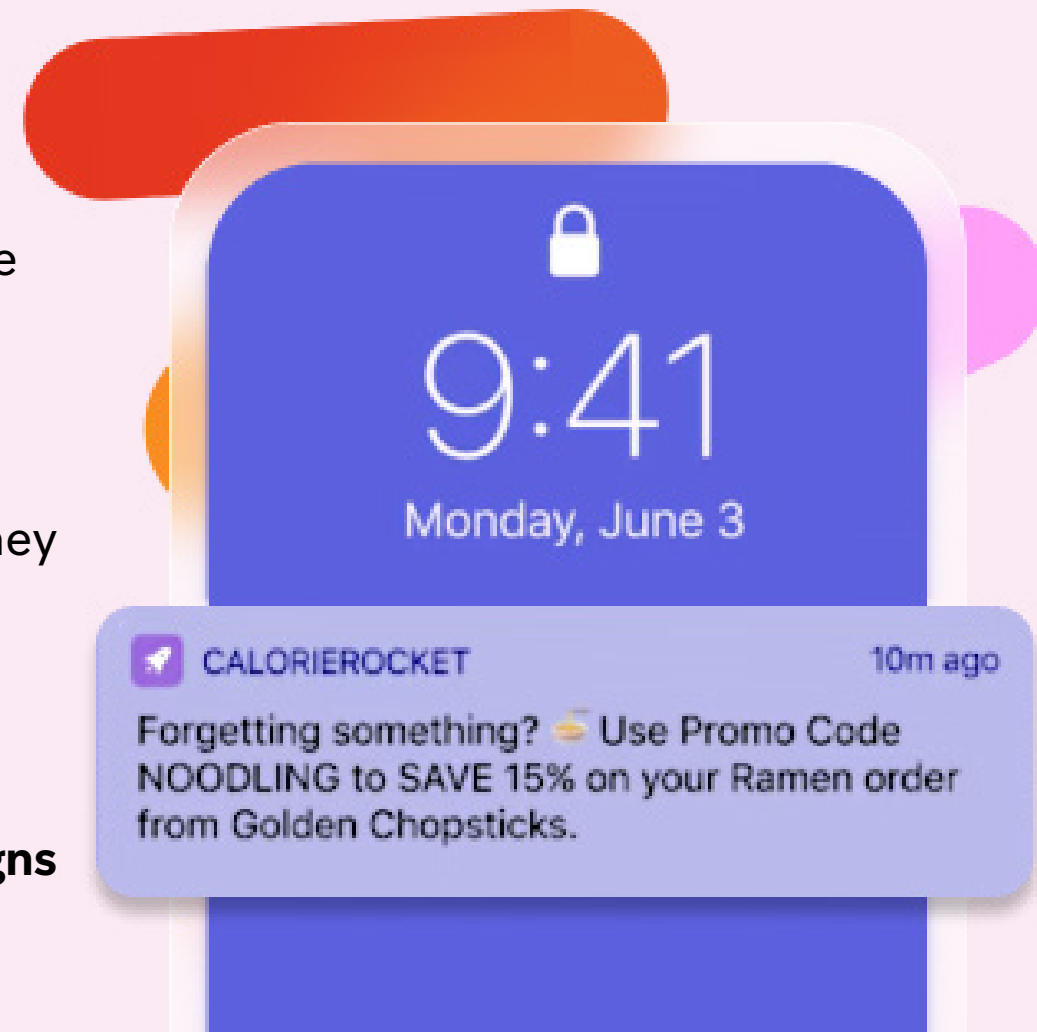
5 Ongoing experimentation

Customer preferences aren't static— your marketing shouldn't be either. By embracing a culture of experimentation and optimization, you can keep current on what your users care about, identify places where your marketing campaigns might be missing the mark, and improve your retention metrics over the long haul.

TOOLS: A/B Testing | Multivariate Testing | Customer Journey Testing | Analytics
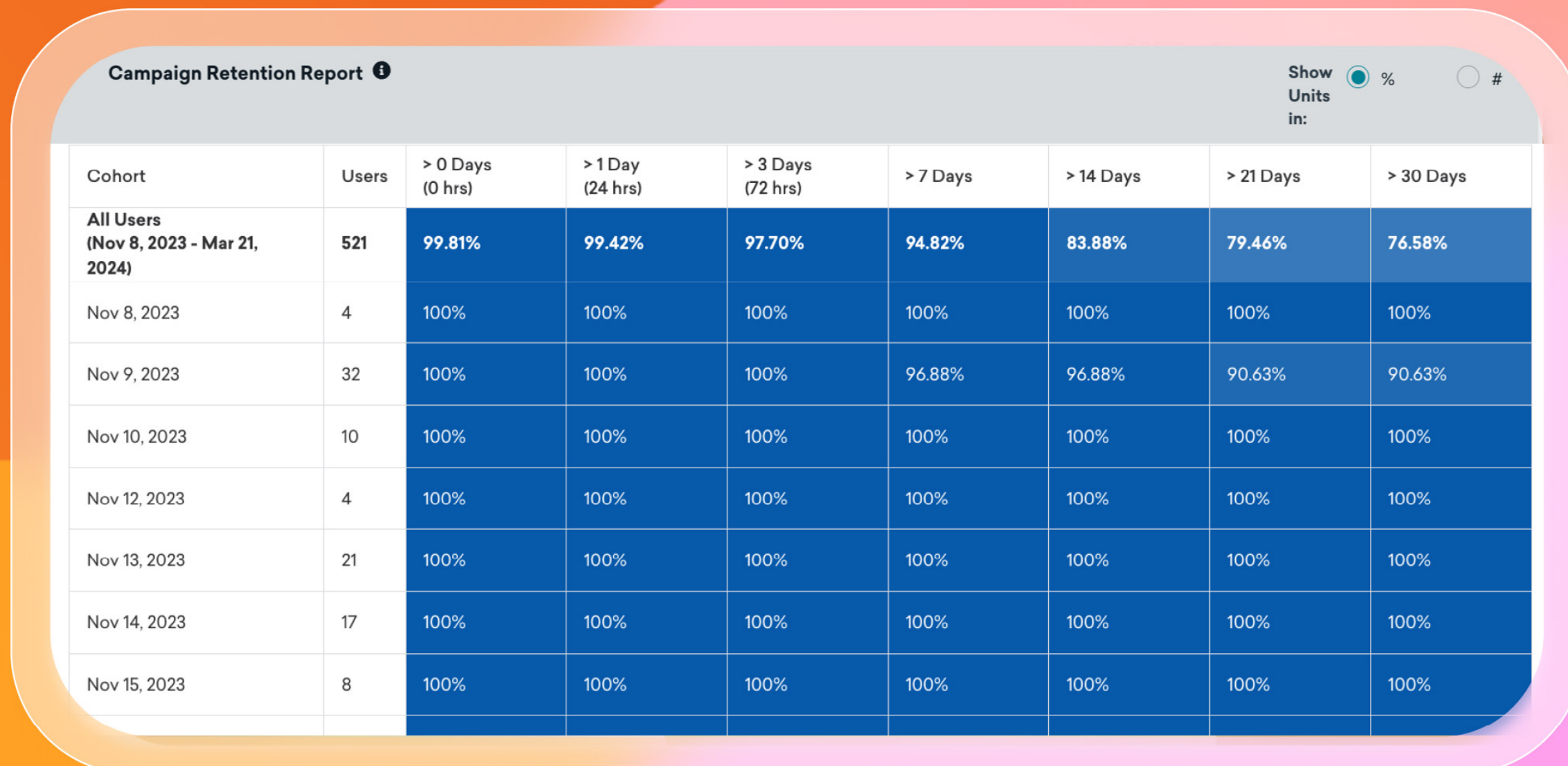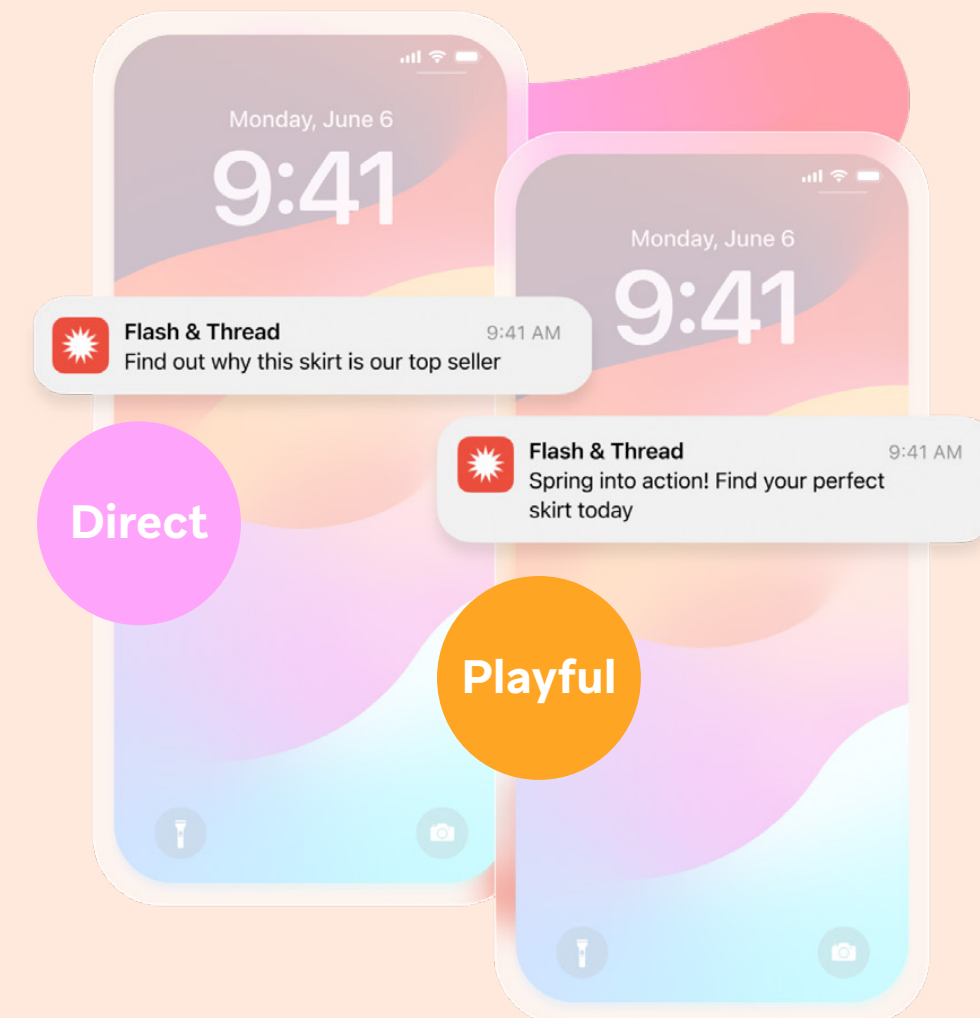
Eye on the prize:
Mapping retention outcomes

Flying blind is no way to build a successful retention strategy. To keep your customers, you've got to know how your efforts are faring—not only day by day but also over the long haul.

With the right tools, you can get a clear picture of the challenge in front of you at every level. Knowing retention isn't where you want it to be is helpful;

knowing the rate is being dragged down by web-only users—for instance—is more helpful, since it gives you a place to focus your efforts.

Make retention reporting an ongoing focus, investigate potential problem areas, and use these insights to inform future campaigns and support an iterative approach to retention marketing.

Cohort	Users	> 0 Days (0 hrs)	> 1 Day (24 hrs)	> 3 Days (72 hrs)	> 7 Days	> 14 Days	> 21 Days	> 30 Days
All Users (Nov 8, 2023 - Mar 21, 2024)	**521**	**99.81%**	**99.42%**	**97.70%**	**94.82%**	**83.88%**	**79.46%**	**76.58%**
Nov 8, 2023	4	100%	100%	100%	100%	100%	100%	100%
Nov 9, 2023	32	100%	100%	100%	96.88%	96.88%	90.63%	90.63%
Nov 10, 2023	10	100%	100%	100%	100%	100%	100%	100%
Nov 12, 2023	4	100%	100%	100%	100%	100%	100%	100%
Nov 13, 2023	21	100%	100%	100%	100%	100%	100%	100%
Nov 14, 2023	17	100%	100%	100%	100%	100%	100%	100%
Nov 15, 2023	8	100%	100%	100%	100%	100%	100%	100%

Campaign Retention Report

Show Units in: ◉ % ○ #

Campaign retention

Spotlight: Braze Retention Reports

This feature makes it possible to:

- **Get a high-level look at retention trends**
- **Measure retention for any campaign/journey by variant**
- **Use a control group to isolate the retention impacts of different tactics.**

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# Retention's crystal ball: Using Braze Predictive Churn

Churn is painful for marketers, but the truth is, not every customer is going to stick around. However, the sooner you understand which customers are deeply engaged and which are flight risks, the easier it is to maximize the number of users who stay with your brand.

Thankfully, advances in machine learning (ML) now make it possible to predict how likely different users are to lapse, letting marketers pinpoint behaviors associated with churn risk.

With Braze Predictive Churn, you can zoom in on related behaviors (e.g. app usage, whether a purchase is made in the first month), and then segment customers based on their churn likelihood for targeted campaigns. The upshot? Smart, focused outreach that helps retain high-risk customers and deepen the loyalty of engaged users is easier than ever before.

Identify

Use your churn prediction results to understand who is at the highest risk of churn and what behaviors and demographics are correlated with that high risk.
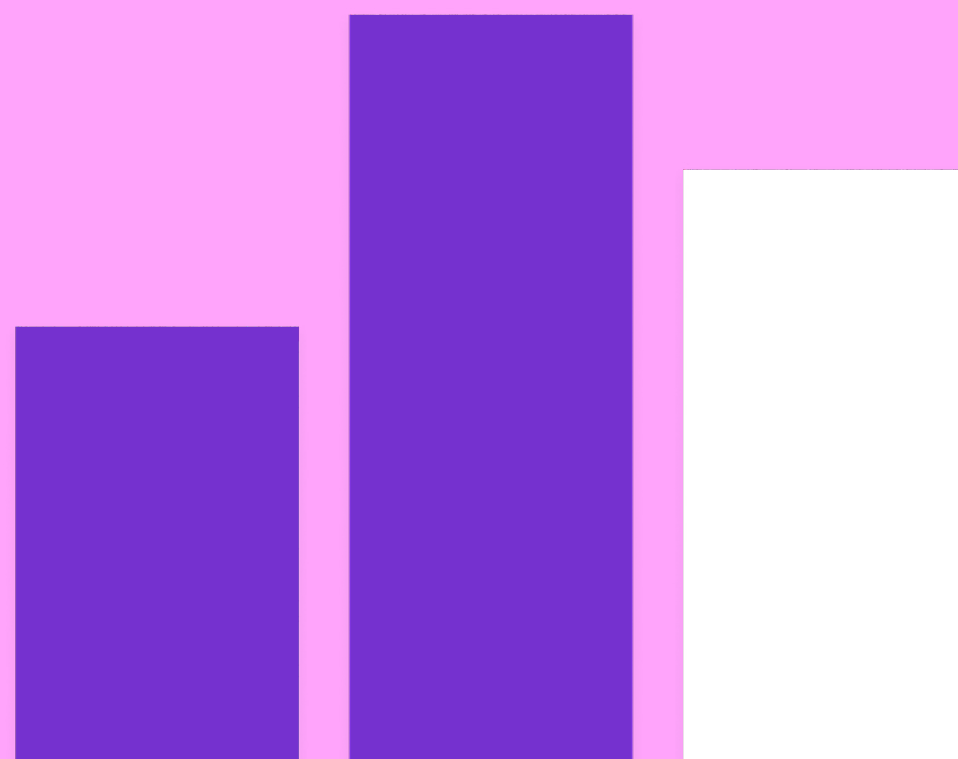
Segment

Build a dynamic segment of these high-risk users and layer on additional filters to fine-tune your target audience.

US users who have our app and have an LTV > $50

Message

Create a campaign or journey to send relevant messages to these high-risk users, based on what you know about the behavior and what they're worth to your business.

SANDWICH EMPEROR now

Look at this beaut'
^ 'nuff said. Take a bite for yourself.
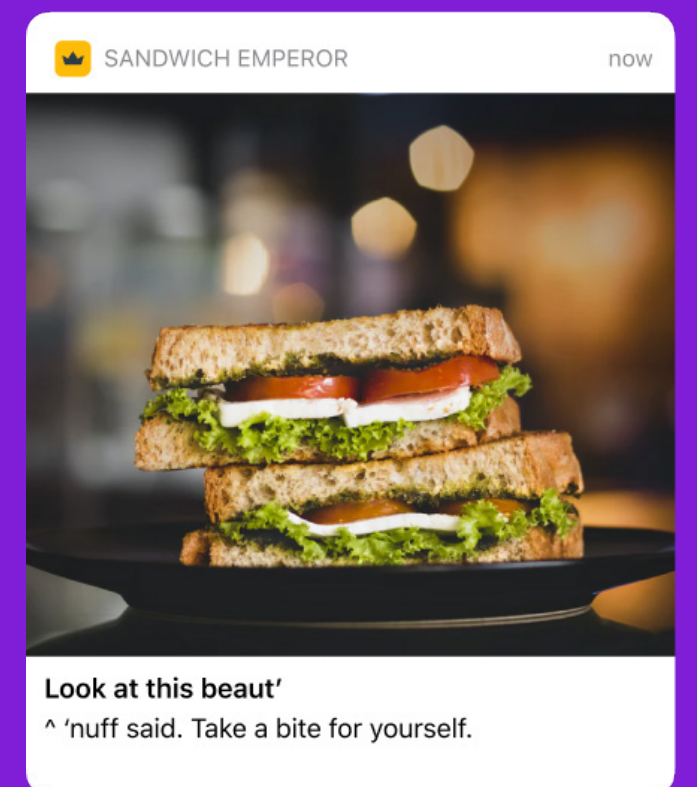
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Retention for the win: Real-life success stories

Immobiliare.it boosts retention by 28% with Braze Canvas
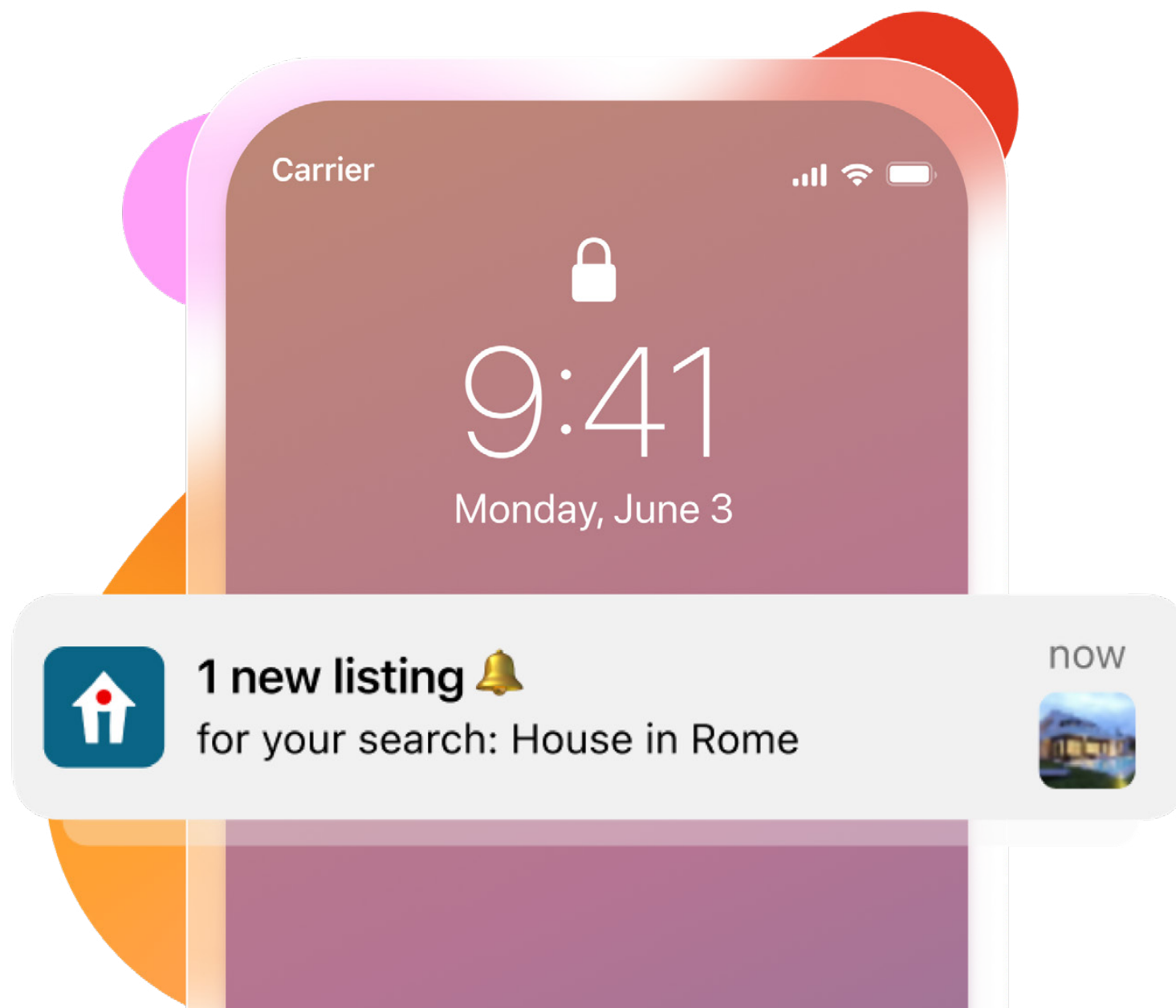
Leading EU real estate brand Immobiliare.it created tailored cross-channel flows that alert customers about new listings via their preferred channels and based on their individual behavior, driving a **28% increase in retention** within their first 15 days of engaging and a **16% lift in interactions** between users and real estate agents.

Read the full case study here.

Peacock cuts churn rate 20% with year-in-review campaign

Streaming service Peacock leveraged user data to power a personalized year-in-review recap campaign, **reducing churn among recipients by 20%** while also **boosting free-to-paid conversions by 6%.**

Read the full case study here.

Picklebet lifts retention 13% with cross-channel engagement
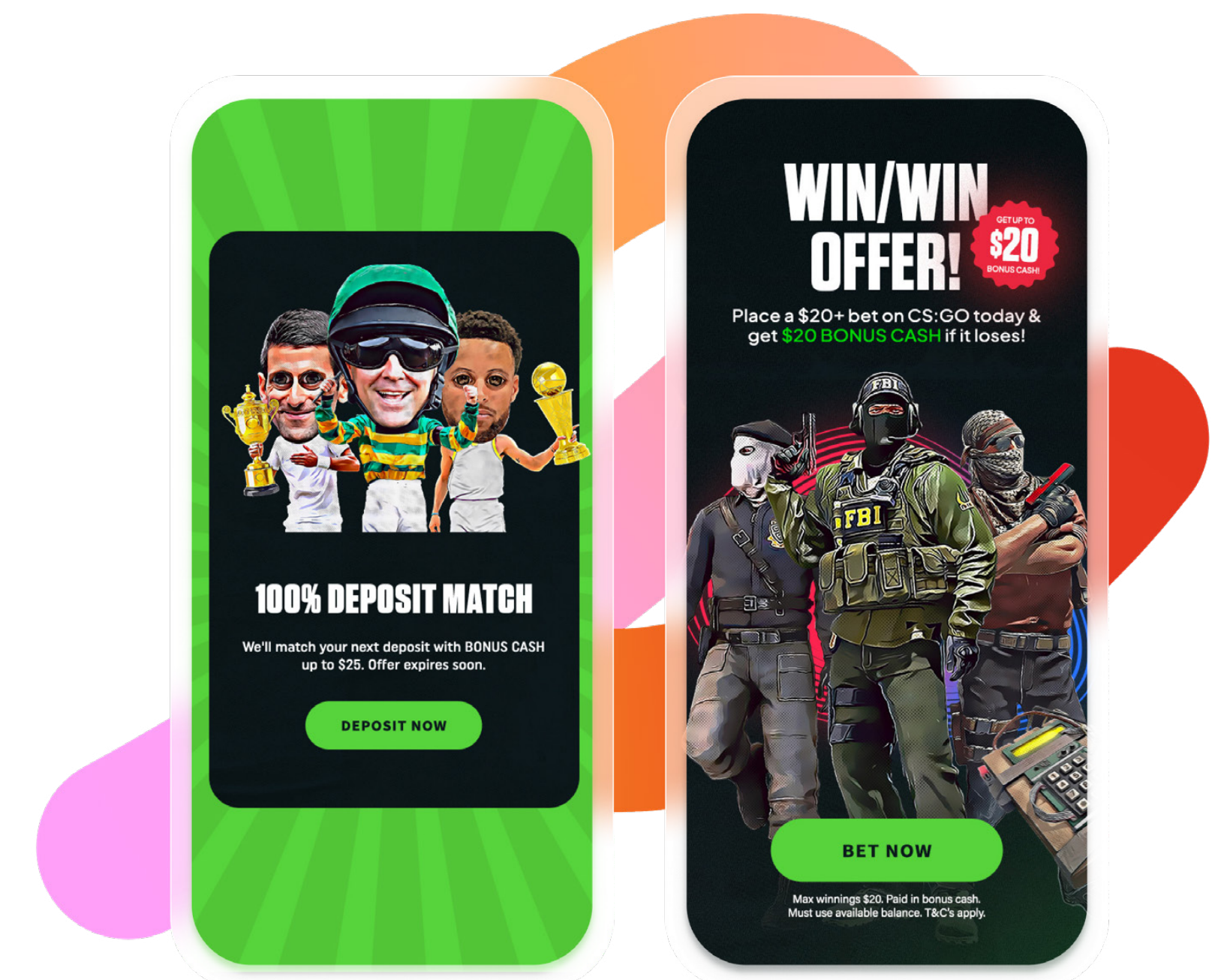
Australian sports betting app Picklebet revamped their onboarding program using push notifications, in-app messages, SMS, email, and paid ads, **increasing retention by 13%, boosting sessions per user by 116%,** and doing it all without overextending the company's budget.

Read the full case study here.

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Conclusion: Embracing retention by design

Don't wait until customers start to slip away before turning your attention to retention—build churn prevention into your customer engagement efforts from the very start.

Exceptional customer relationships are built moment by moment and message by message; if you aren't taking a "retention by design" approach and thinking about how to hold onto customers at every stage and touchpoint, you won't see the full potential of your marketing efforts.

Already seeing strong retention rates but want to take things to the next level?

Check out Test and Learn: Driving Value with Smart Optimization to discover the best ways to optimize your retention programs—not just campaigns, but across funnel stages, full user journeys, or even your entire customer engagement program.

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Survey data

Wakefield Research conducted research among 1,900 marketing executives with a minimum title of VP, working at B2C companies with an annual revenue of $10M across three global regions: The Americas (Brazil, Mexico, and the US), APAC (Australia, Indonesia, Japan, New Zealand, Singapore, and South Korea), and EMEA (France, Germany, Spain, the UAE, and the UK). The survey was conducted December 5–15, 2023, using an email invitation and an online survey. Global quotas of at least 100 respondents were set for each of the following industries: CPG, financial services/FinTech, health and wellness, media and entertainment, retail and eCommerce, and QSR and on-demand food/beverage delivery.

Braze data

For this analysis, Braze pulled anonymized and aggregated behavioral data from nearly 1,000 Braze customers to analyze app activity, message engagement, and purchasing trends by industry. These statistics span January 1, 2023 to December 31, 2023 and include data from over 9 billion users and 30 sub-industries. All metrics have been cleaned using volume and company count checks so that no one brand or group of brands is over-represented. All uplift figures greater than 100% are rounded to the nearest decimal point, and all uplift figures below 100% are rounded to the nearest whole percent. When comparing two rounded numbers, percent change metrics are calculated as the difference between the two numbers after rounding.

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Get in touch to learn more.

Connect

Braze is a leading comprehensive customer engagement platform that powers interactions between consumers and brands they love. With Braze, global brands can ingest and process customer data in real time, orchestrate and optimize contextually relevant, cross-channel marketing campaigns and continuously evolve their customer engagement strategies. Braze has been recognized as one of Fortune's 2023 Best Workplaces in New York, 2023 UK Best Workplaces for Women by Great Place to Work, and Fortune's 2022 Best US Workplaces in Technology. The company is headquartered in New York with 10+ offices across North America, Europe, and APAC. Learn more at braze.com.