



White Paper

Customer Churn Rate

Retail Industry

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ENABLING TECHNOLOGY

Introduction

Retailers understand the importance of retaining customers, however in the digital age with umpteen number of new companies joining the wagon and rapidly increasing competition on a daily basis it is not so easy even for the established retailers to win customer loyalty without creating significant value addition to their brand/services.

The mathematical representation of the number of customers lost during a particular period of time is estimated through the concept of Customer churn rate.

To determine the percentage of customers that have churned, take all the customers you lose during a time frame, such as a month or a week, and divide it by the total number of customers you had at the beginning of the month/week.

Let's assume, if Company 'XYZ' had **300** customers at the beginning of the month and only **250** customers at the end of the month, its customer churn rate can be calculated as follows:

Customer Churn Rate = (No. of Customers at the beginning of the month – No. of Customers at the end of the month) / Customers beginning of the month

$$(300-250)/300 = 50/300 = 16.66\%$$

It becomes inevitable for retailers to have a centralized view of data across all platforms to estimate the influence of any action that has been taken considering challenges faced by the business.

One of the factors that can turn around the fortune of a business would be customer churn rate in the digital era, retailers make profits only when the customers are willing to repeat their purchase from the same brand.

How does Customer Churn Rate harm your business?

Customer engagement is one of the key differentiator of your business, people have long forgotten the brands that failed miserably in customer engagement.

Customers who were once buying your products and had stopped transactions with your brands are the ones to be considered to calculate your churn rate.

There are many reasons for a customer to cease engagement with brands, in the case of automobile industry we have learnt many companies running out of business when their service after sales is not satisfactory.

Customers who are in the process of buying a car does not get convinced with promise that is conveyed on the

brand's traditional advertising campaigns they go deeper in evaluating whether the promises on the ad campaigns are fulfilled.

Marketing campaigns are expensive, it becomes very important these days to not lose a customer due to inconsistencies in customer experience.

Cost of acquisition is critical in expanding your customer base, once customers loses traction with your brand, spending involved in acquiring those customers would go in unproductive.

Lower the customer churn rate higher the profitability of business.

Growing Customer

Life Time Value through Analytics

Each customer has a unique customer behavior, a marketer would have spent considerable efforts, time and money in attracting a customer to choose your brand among the hundreds of brands available offering similar services or products.

As an organization you may not recover the cost involved in acquiring a customer through one transaction, the customer should be willing to revisit your website more frequently to fulfill their needs.

Naturally earnings per customer goes up as the cost was only once to acquire a customer which has led to many transactions from the same buyer without any additional efforts or spending.

Customer's do not repeat purchase behavior from the same shop or online store until and unless their expectations are either met or exceeded.

Exceeding customer expectations can be achieved through understanding customer preferences from

from their past purchase history, frequency of their visits and their feedback.

Unifying all data in one platform can help data analysts to view holistic insights about a large data base of customers and their common behavior patterns to realize better customer segmentation and marketing communication.



Personalized Marketing Communication

Businesses these days operate on a two-way model, offline and online retail.

It becomes obvious to integrate customer data base from both offline and online retail sales to understand, evaluate and execute personalized marketing campaigns.

More relevance your campaigns has to the customer needs, more loyal they become to your brand.

For example, a customer whose historic purchase data suggests inclination towards premium offerings may not be interested in learning about the discounts what a sub premium brands are ready to offer.

To achieve greater ROI a marketer should integrate data base and leverage analytics predictions and prescriptions for each segment of the customers and create unique set of messaging that will resonate with customer persona that a brand is targeting.



Customer Nurturing



of retailers have expressed their concern over shopping cart abandonment rate in the online sales channels, there is no definite reason to comprehend why customers dropping purchase decision is high at the last minute.

As a brand you may want every customer who visits your site or store to convert to business conversion, in case of an offline retail outlet a sales person working at the shop could validate the reasons for a customer not purchasing through interacting and understanding their preferences, which is not possible on online sales campaigns.

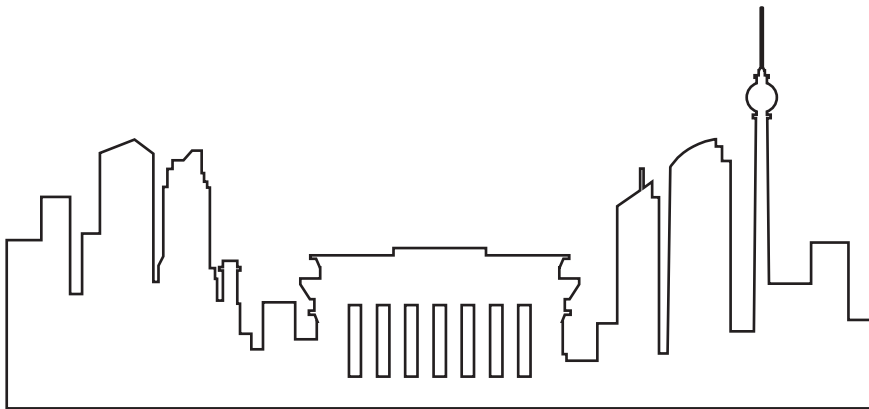
Brands these days are leveraging analytics to recognize customer behavior pattern at an in depth level to take informed decisions that will induce the customer to purchase the product.

One quick way to do that is to push instantaneous promotions online, control prices real time so that concurrent visitors in your site will be encouraged to buy.



Success Stories Across the Globe

One of **USA's** well established retailers wanted to increase footfalls for their retail outlets promoting through digital ad campaigns, they not only increased the number of people visiting stores but increased revenue by **280%**



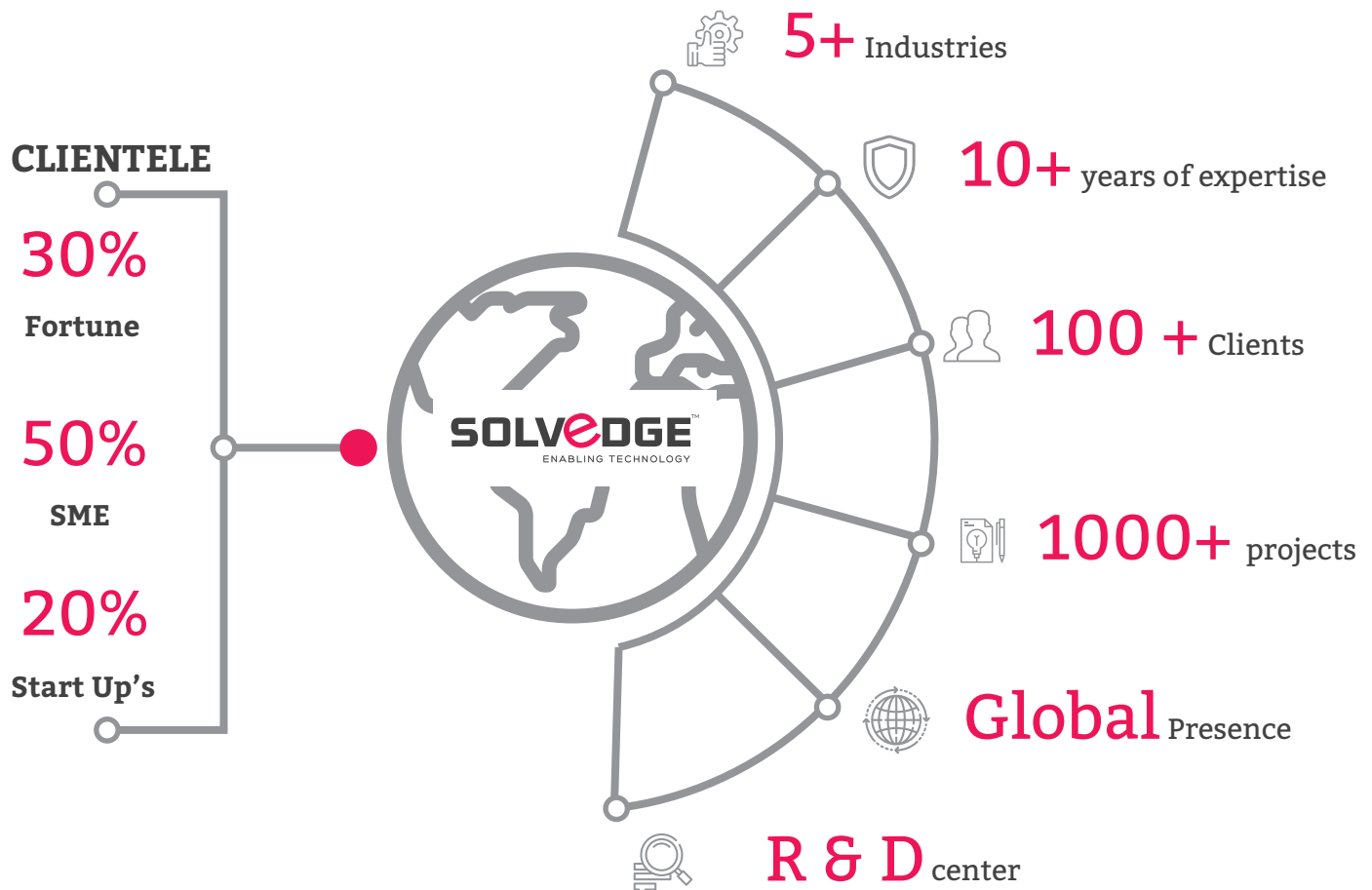
Canadian retailer achieved remarkable strides from leveraging data analytics & visualization tools to view curated insights that helped turning few loss making outlets profitable and profitable outlets more profitable in less than a year's time.

An **Indian Conglomerate** backed online retail brand has entered into engagement with a predictive analytics firm in delivering multi-dimensional personalized user engagement on their platform which has seen reaping competitive advantage already.



SolvEdge Advantage – New Client's

- Avail 20 hours of Non-Obligatory Consulting
- Request us for a Proof of Concept
- Establish Pre-Agreed project expectations along with our Data Scientists & Technology experts
- Engage with us on an outcome based pricing model, where a portion of our billing will depend on successful business outcomes
- Getting the full benefit of our R & D labs advancements



ABOUT US

SolvEdge provides a gamut of services which enables organizations to leverage their growth, increase efficiency, and lower costs with simplified and streamlined communications across multiple channels.

Since its incorporation in 2005, SolvEdge has empowered many organizations to achieve higher goals, moving to a whole new level in the industry. Our clientele ranges from SMB's to Fortune 500 companies across the globe.



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