

HUSTLE MAG

Hustle in Silence.

EDITION 022

VOLUME II

PREMIUM EDITION

ECONOMICS

The economics of loyalty

INSIGHT

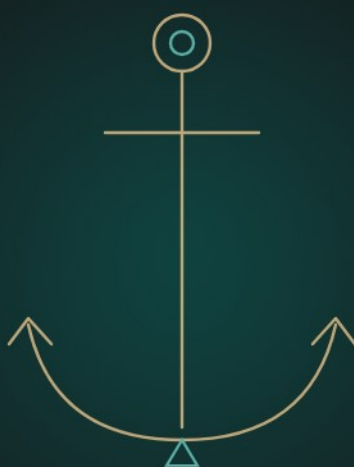
Why customers really leave

REVENUE

Repeat business, honestly

RECOVERY

Winning customers back



THE COVER STORY

RETENTION & LOYALTY

Why Keeping Customers Matters More Than Finding New Ones

HUSTLE MAG — THE COMPLETE BUSINESS COLLECTION · EDITION 022

From the Editors

Most small businesses think about growth as a matter of finding new customers. More visitors, more enquiries, more sales. Yet some of the most profitable growth comes from a quieter source: customers who stay, buy again, spend more over time and bring others with them.

Retention is often overlooked because it is less visible than acquisition. A new customer is an event. A customer who simply continues is easy to take for granted, until they leave without explanation. By then, it is usually too late to ask why.

This issue makes retention deliberate. We look at the economics that make loyal customers so valuable and the real reasons customers leave. We cover how to keep delivering value, how to stay in touch after the sale and how to encourage repeat business honestly. We consider loyalty programmes, winning back customers who have drifted away and the numbers that show whether customers are staying.

Loyalty is not bought with points or discounts. It is earned by being consistently worth returning to.

The Editors, Hustle Mag

EDITION 022 · RETENTION AND LOYALTY

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IN THIS EDITION · EDITION 022

Retention and Loyalty

Why Keeping Customers Matters More Than Finding New Ones

Keeping a customer usually costs far less than finding a new one, and loyal customers often spend more, complain less and recommend more. Small improvements in retention can transform the economics of a small business.

This issue builds a retention strategy step by step. We begin with the economics of loyalty and why customers leave, then focus on ongoing value and staying in touch. We look at repeat purchases and honest upsells, loyalty programmes and winning back lapsed customers, and finish with measuring retention.

Each article ends with one step that helps more customers stay.

The theme: Why keeping customers matters more than finding new ones.

01

The Economics of Loyalty

A customer who stays is usually worth far more than one who buys once. The numbers explain why.

FIGURE 01 · THE ECONOMICS OF LOYALTY

Lifetime value, simply

PROFIT	€40
Per purchase	
FREQUENCY	4
Purchases a year	
DURATION	3
Years as a customer	
LIFETIME	$€40 \times 4 \times 3 = \text{€}480$
Total profit	

Example figures. Compare with what a customer costs to win.

Many businesses measure success by how many new customers they win. New customers are essential, but they are also expensive. Marketing, sales effort, onboarding and early support all require time and money. If customers buy once and never return, the business must constantly replace them.

Loyal customers change the economics. They cost less to serve over time, often spend more and bring others through recommendations.

Acquisition is expensive

Winning a new customer often requires multiple marketing interactions, sales conversations and onboarding. These costs can be significant. A customer who buys once may

barely cover the cost of acquiring them.

A customer who returns repeatedly spreads that acquisition cost across many purchases.

Loyal customers buy more

Customers who trust a business are more likely to purchase additional products or services, renew subscriptions and choose higher-value options. Familiarity reduces risk, making future buying decisions easier.

Loyal customers cost less to serve

Long-term customers understand how your business works. They require less explanation, fewer sales conversations and often less support. Relationships become more efficient over time.

Loyal customers recommend you

Satisfied customers often become your best marketing channel. Their recommendations bring new customers who arrive with trust, reducing future acquisition costs.

Retention improves predictability

When a significant share of revenue comes from returning customers, income becomes more predictable. This predictability supports better planning, investment and cash flow management.

Small improvements matter

Even a modest increase in the number of customers who stay can have a meaningful effect on profitability. If fewer customers leave each year, the business needs fewer new customers to maintain or grow revenue.

“When a significant share of revenue comes from returning customers, income becomes more predictable.”

Lifetime value

Customer lifetime value estimates the total profit a customer generates during their relationship with your business. Increasing retention, purchase frequency or average order value increases lifetime value.

Understanding lifetime value helps you decide how much to invest in acquiring and keeping customers.

Retention reflects value

High retention usually indicates that customers receive ongoing value. Low retention may signal problems with product quality, customer experience, communication or fit.

Balance acquisition and retention

Growth requires both new customers and loyal customers. Businesses that focus only on acquisition often face rising marketing costs. Those that focus only on retention may struggle to grow. The strongest businesses invest in both.

Common mistakes

Businesses often celebrate new sales while ignoring customer churn, invest heavily in marketing while neglecting existing customers or fail to measure repeat purchases. Others assume satisfied customers will automatically return without ongoing contact. Understanding retention economics leads to better decisions.

An example in practice

A small skincare brand spent most of its marketing budget acquiring new customers through advertising. When it calculated customer lifetime value, it discovered that customers who made a second purchase were several times more profitable than one-time buyers. The brand introduced follow-up emails, product refill reminders and personalised recommendations. Repeat purchases increased, and overall profitability improved without increasing advertising spend.

A simple lifetime value calculation

Estimate three numbers from your records: average profit per purchase, average number of purchases per year and average number of years a customer stays. Multiply them together. A customer worth €40 per purchase who buys four times a year for three years has a lifetime profit of about €480. Seeing this number often changes how much attention existing customers receive.

Where to start

If you have never focused on retention, start with your most recent customers. They remember their experience clearly and are most likely to buy again soon. A simple follow-up and a relevant recommendation to this group often produces quick, measurable results and builds the habit of looking after existing customers.

THE TAKEAWAY

Loyal customers transform the economics of a business. **Estimate the lifetime value of a typical customer, compare it with your acquisition cost and identify one change that could encourage customers to return more often.**

02

Why Customers Really Leave

Most customers do not leave because of price. They leave because they feel forgotten, disappointed or unsure of the value.

FIGURE 02 · WHY CUSTOMERS LEAVE

Reasons beyond price

REASON	EARLY SIGN
Feeling ignored	Contact only when selling
A problem handled poorly	Unresolved complaint
Value unclear	Using the product less
Expectations unmet	Disappointed feedback
Needs changed	New circumstances
Price	Often a symptom of unclear value

When customers stop buying, businesses often assume price is the reason. Sometimes it is. More often, customers leave because of experiences: slow responses, unresolved problems, unclear value, changing needs or simply feeling ignored. Many leave silently without explaining why.

Understanding the real reasons customers leave is the first step towards keeping them.

Customers feel ignored

One of the most common reasons customers leave is lack of attention. If businesses communicate only when they want to sell, customers may feel undervalued. Regular, useful contact helps maintain relationships.

Problems are handled poorly

A single bad experience can damage trust, especially if it is handled slowly or defensively. Customers who feel their concerns were dismissed are more likely to switch to competitors.

Value becomes unclear

Customers may stop buying if they no longer see clear benefits. For subscription businesses, this often happens when customers do not use the product enough or forget why it matters. For service businesses, customers may not realise the results they are receiving.

Remind customers of the value they gain.

Expectations are not met

When the experience does not match what was promised, customers feel disappointed. Unclear marketing, unrealistic timelines or inconsistent quality can all create unmet expectations.

Needs change

Customers' circumstances evolve. A business may outgrow a service, change direction or face budget constraints. Not every departure can be prevented, but staying informed about customers' changing needs may reveal opportunities

to adapt your offer.

Competitors offer a better experience

Customers may switch because a competitor provides better communication, convenience, support or features. Monitoring competitors and listening to customers can help you identify gaps.

“Unclear marketing, unrealistic timelines or inconsistent quality can all create unmet expectations.”

Price can be part of the story

Price matters, especially when customers do not see enough value or face financial pressure. However, price concerns often reflect deeper issues with perceived value or experience.

Ask customers who leave

Whenever possible, ask departing customers why they stopped buying. Keep the request short and respectful. Their answers may reveal patterns you can address.

Learn from loyal customers too

Customers who stay can also provide insight. Ask why they continue buying and what they value most. Understanding what keeps customers loyal helps you strengthen those factors.

Look for early warning signs

Declining usage, fewer purchases, reduced engagement, unanswered emails or support complaints may indicate that a customer is at risk of leaving. Identifying these signs early allows you to intervene.

Common mistakes

Businesses often assume price is the main reason customers leave, fail to ask departing customers for feedback or ignore early warning signs. Others react only after customers have already left. Listening and acting early can prevent many departures.

An example in practice

A small marketing agency lost several long-term clients and assumed competitors had offered lower prices. When it contacted former clients, it discovered that most felt communication had become infrequent and they no longer understood the results being achieved. The agency introduced monthly reporting calls and clearer

performance summaries. Client retention improved significantly over the following year.

Questions to ask departing customers

Keep the request brief and genuinely curious: "What led you to stop using our service?", "Was there anything we could have done differently?" and "Is there anything we could do now to help?" Thank them regardless of the answer. Many departing customers appreciate being asked, and some return once their concern has been addressed.

Building an early warning list

Create a short list of signals that a customer may be at risk, such as no purchase in twice their usual interval, declining usage, an unresolved complaint or unanswered messages. Review it monthly and contact anyone who appears on it with a helpful, personal message before they quietly disappear.

THE TAKEAWAY

Customers usually leave for reasons beyond price. **Ask five former customers why they stopped buying, ask five loyal customers why they stay, identify recurring themes and address the most common reason customers leave.**

03

Delivering Ongoing Value

Customers stay when the value keeps arriving, and when they can see it clearly.

Many businesses focus heavily on the first sale but give less attention to what happens afterwards. Customers who receive value only at the beginning of the relationship may gradually lose interest. Retention depends on continuing to deliver value and helping customers recognise it.

Ongoing value turns satisfied customers into loyal ones.

Help customers achieve results

Customers stay when they achieve the results they wanted. Support them in using your product or service effectively. Provide guidance, resources, check-ins or training where appropriate.

Results matter more than features.

Make value visible

Customers may not always notice the benefits they receive. Show them. Share reports, progress updates, before-and-after comparisons, usage summaries or milestones achieved.

For example, a bookkeeping service might send a monthly summary showing time saved and key financial insights.

Keep improving the offer

Customer needs evolve. Regularly improve your product or

service based on feedback and changing circumstances. Communicate improvements clearly so customers understand that the business continues to invest in them.

Offer useful resources

Share helpful content that supports customers beyond the core product: tips, guides, templates, webinars or industry insights. Useful resources strengthen relationships and reinforce your expertise.

Anticipate future needs

As customers achieve their initial goals, consider what they might need next. Suggest relevant next steps, upgrades or complementary services that genuinely support their progress.

Personalise support

Different customers value different benefits. Understand each customer's goals and tailor advice, recommendations and communication accordingly.

“Useful resources strengthen relationships and reinforce your expertise.”

Celebrate progress

Acknowledge milestones and achievements. Recognising progress reinforces the value customers receive and strengthens emotional connection to your business.

Remove friction

Small frustrations can reduce perceived value. Review billing, support, communication and processes for unnecessary complexity. Making the experience easier increases satisfaction.

Review customer outcomes

Regularly assess whether customers are achieving the results they expected. If not, investigate why and offer additional support or adjustments.

Common mistakes

Businesses often stop engaging after the first sale, assume customers recognise the value they receive or fail to improve their offer over time. Others promote new products before customers achieve results from existing ones. Continuous support and visible value encourage retention.

An example in practice

A small software company noticed that many customers cancelled after three months. It discovered that customers often stopped using key features because they did not understand their benefits. The company introduced monthly usage reports, short feature tutorials and quarterly check-in calls for larger clients. Customers began using more features, and cancellations decreased significantly.

A monthly value summary

Consider sending customers a short monthly or quarterly summary of what they have received: work completed, results achieved, time saved or problems solved. Even a few lines can transform how customers perceive your service, because value that is shown is remembered far longer than value that is simply delivered.

Planning the next milestone

At the end of each project or period, agree the next meaningful milestone with the customer: a goal, an improvement or a result to aim for. A shared next step gives the relationship direction and makes continuing feel natural rather than routine.

Value for product businesses

Ongoing value is not only for services. Product businesses can provide care guides, usage tips, refill reminders, recipes or project ideas, and invite customers to share how they use what they bought. These touches help customers get more from their purchase and keep the relationship active between orders.

Common signs value is slipping

Watch for customers who use your product less, ask fewer questions, skip check-ins or stop opening your messages. These signs often appear months before a cancellation. A personal message offering help, a short review call or a reminder of an unused benefit can restore the relationship while there is still time.

THE TAKEAWAY

Customers stay when they continue receiving and recognising value. **Identify one way to make customer results more visible, provide one useful resource for existing customers and schedule regular check-ins to ensure customers are achieving their goals.**

04

Staying in Touch After the Sale

Customers who hear from you only when you want to sell will eventually stop listening.

After a purchase or project ends, many businesses go quiet until they have something new to sell.

Customers may forget about the business, choose competitors for future needs or assume the relationship has ended. Staying in touch keeps your business in mind and maintains goodwill.

The goal is not constant promotion, but consistent, valuable contact.

Follow up after delivery

Shortly after a purchase or project, contact customers to ask how things are going. Check that they are satisfied, answer questions and offer support if needed.

A thoughtful follow-up shows care and can identify problems early.

Share useful updates

Send occasional updates that help customers: tips, relevant articles, product improvements or industry developments. Choose content that relates to their needs and interests.

Useful communication strengthens relationships.

Use a newsletter

A regular newsletter can keep past customers connected to your business. Focus most content on value, with

occasional updates about new products or services.

Personal check-ins

For service businesses or high-value customers, personal check-ins can be especially effective. A short message or call asking about progress, goals or upcoming plans keeps relationships warm.

Remember important dates

Anniversaries, renewal dates, project milestones or seasonal needs provide natural opportunities to reconnect. A timely message can be helpful and appreciated.

Invite feedback

Ask customers for feedback periodically. Invite suggestions about how you could improve or what additional support would be useful. Feedback shows that you value their opinion.

“Focus most content on value, with occasional updates about new products or services.”

Offer relevant opportunities

When appropriate, let customers know about new services, upgrades, events or products that genuinely suit their needs. Relevance matters more than frequency.

Respect preferences

Allow customers to choose how often and through which channels they receive communication. Excessive contact can be as damaging as no contact.

Use simple systems

Keep a record of customer contact dates and planned follow-ups. Reminders in a calendar or customer relationship tool can help ensure customers do not drift away unnoticed.

Common mistakes

Businesses often stop communicating after a sale, contact customers only when promoting products, send generic messages or overwhelm customers with frequent emails. Others rely entirely on customers to initiate future contact. Consistent, relevant and respectful communication builds stronger relationships.

An example in practice

A landscape gardener completed many garden projects but rarely heard from clients afterwards. He introduced a simple system: a follow-up call one month after each project, seasonal maintenance tips by email and a reminder each spring offering garden reviews. Many past clients booked maintenance services and recommended him to neighbours.

A post-sale contact plan

Write a simple plan for the first year after each sale: a follow-up within the first two weeks, a useful tip or resource after one month, a check-in at three months, a relevant seasonal message and an anniversary note at twelve months. Five or six thoughtful contacts a year keep you in mind without overwhelming anyone.

Making contact easy to keep

Most businesses fail to stay in touch not because they do not care, but because they forget. Add follow-up dates to your calendar at the moment of sale, use templates you can personalise quickly and review upcoming contacts once a week. The system matters more than good intentions.

What to send when you have nothing to sell

Useful reasons to get in touch include: a tip that helps customers get more from their purchase, a relevant article or resource, an invitation to an event, a reminder of an upcoming seasonal need, a thank-you on the anniversary of working together or a simple question about how things are going. None of these requires a sales message, yet each keeps the relationship warm.

THE TAKEAWAY

Regular, valuable contact keeps customers connected. **Create a post-sale follow-up process, plan one useful update for past customers each month and set reminders to check in with your most valuable customers regularly.**

05

Repeat Business and Honest Upsells

*The best additional sales help customers achieve more.
They never feel like a trick.*

FIGURE 05 · HONEST UPSELLS

The upsell test

QUESTION 1 Would this genuinely help them reach their goal?

Does it help?

QUESTION 2 Have they already experienced value?

**Is it the right
moment?**

QUESTION 3 Comfortable if they saw exactly why?

**Would I explain it
openly?**

IF ALL YES Clearly priced, easy to decline.

Offer it

Existing customers are often the most likely people to buy again. They already trust your business and understand its value. Encouraging repeat purchases and offering relevant upgrades can increase revenue while helping customers achieve better results.

The key is honesty and relevance. Additional offers should solve real needs, not simply increase sales.

Make repeat buying easy

Simplify the process of buying again. Save customer preferences, offer reorder links, send reminders when products are likely to run out or provide easy booking for repeat services.

Convenience encourages repeat business.

Time offers thoughtfully

Customers are most receptive to additional offers when they are achieving results or approaching a natural next step. For example, after completing a beginner programme, customers may welcome an advanced option.

Avoid promoting upgrades before customers have experienced value from their initial purchase.

Recommend complementary products

Suggest products or services that complement what customers already use. A customer who buys a camera may need a memory card or case. A client who receives a new website may benefit from maintenance or content support.

Recommendations should make the customer's experience better.

Offer upgrades that create more value

Upgrades should deliver meaningful benefits, such as more support, additional features, faster results or greater convenience. Explain clearly why the upgrade may help and who it is best suited for.

Be transparent about pricing

Clearly explain the cost and benefits of additional products or services. Avoid hidden fees, pressure tactics or

automatic upgrades without consent.

“Some are perfectly satisfied with their current purchase.”

Respect customer choices

Not every customer needs more. Some are perfectly satisfied with their current purchase. Respect their decision and continue providing excellent service.

Personalise recommendations

Use what you know about customers to suggest relevant products. Personalised recommendations feel more helpful than generic promotions.

Reward loyalty appropriately

Some businesses offer benefits to repeat customers, such as early access, priority support or loyalty discounts. Rewards should feel genuine and sustainable.

Track repeat purchase patterns

Monitor how often customers return, which products lead to repeat purchases and which customers buy multiple services. These insights help you design better offers and

identify opportunities.

Common mistakes

Businesses often push upgrades too early, recommend irrelevant products, use aggressive sales tactics or make repeat buying difficult. Others ignore existing customers while focusing only on new sales. Relevant, honest recommendations create long-term value.

An example in practice

A coffee roaster noticed that customers often ran out of coffee before remembering to reorder. It introduced reminder emails based on typical consumption, offered convenient reorder links and recommended brewing accessories to customers who purchased certain coffees. Repeat orders increased significantly, and customers appreciated the timely reminders.

The upsell test

Before presenting any additional offer, ask three questions. Would this genuinely help this customer reach their goal? Is now a sensible moment, after they have experienced value? Would I be comfortable if they later reviewed exactly why I recommended it? If the answer to all three is yes, the offer is likely to be welcomed rather than resented.

Designing a natural next step

Many businesses benefit from a clear "next step" offer for customers who succeed with their first purchase: a maintenance plan after a project, an advanced course after a beginner one, a refill subscription after a first order. Designing this next step in advance means you can suggest it naturally at the right moment, rather than improvising a sales pitch.

Measuring additional sales fairly

Judge repeat and upsell offers by customer outcomes as well as revenue. If customers who accept an upgrade stay longer and report better results, the offer is working. If upgrades lead to refunds, complaints or cancellations, the offer is probably being presented to the wrong customers or at the wrong time.

THE TAKEAWAY

Repeat business grows when additional offers genuinely help customers. **Identify one natural next step for existing customers, make repeat buying easier and offer recommendations only when they clearly add value.**

06

Loyalty Programmes That Work

A loyalty programme cannot create loyalty. It can reward and reinforce loyalty you have already earned.

Loyalty programmes can encourage customers to return, recognise valuable customers and create a sense of belonging. However, many programmes fail because they offer rewards customers do not value, are too complicated or rely entirely on discounts. A loyalty programme should strengthen a good customer experience, not replace it.

The best programmes reward behaviour that benefits both customers and the business.

Start with customer value

Before designing a programme, consider why customers choose your business and what they value most. Some customers value savings; others value convenience, recognition, exclusive access or personalised service.

Design rewards around those preferences.

Keep it simple

Customers should understand how the programme works immediately. Complex rules, confusing point systems or rewards that are difficult to redeem reduce participation.

Simple programmes often perform better.

Types of loyalty programmes

Common approaches include:

- **Points programmes:** customers earn points for purchases and redeem them for rewards.
- **Tiered programmes:** customers unlock benefits as they spend more or remain loyal longer.
- **Membership programmes:** customers pay a fee for ongoing benefits.
- **Surprise rewards:** unexpected gifts or recognition for loyal customers.
- **Exclusive access:** early product releases, private events or special resources.

Choose the format that suits your customers and business model.

Avoid relying only on discounts

Frequent discounts can reduce profit margins and train customers to wait for offers. Consider rewards such as free shipping, priority support, extra services, exclusive content or personalised experiences.

“Rewards that feel unattainable discourage participation.”

Make rewards achievable

Customers should be able to earn meaningful rewards within a reasonable timeframe. Rewards that feel

unattainable discourage participation.

Recognise loyal customers personally

Recognition can be as powerful as financial rewards. Thank long-term customers, celebrate anniversaries or offer personalised benefits. Feeling appreciated strengthens emotional loyalty.

Communicate the programme clearly

Explain the benefits during onboarding, on your website and in customer communications. Remind customers of their progress and rewards.

Measure results

Track participation, repeat purchase rates, average order value, retention and profitability. Ensure the programme creates value for both customers and the business.

Review and adjust

Customer preferences change. Review the programme periodically and adjust rewards or rules based on feedback and results.

Common mistakes

Businesses often launch loyalty programmes without understanding customer motivations, create complicated systems, offer rewards that cost too much or fail to promote the programme. Others use loyalty programmes to compensate for poor service. A simple, valuable and well-communicated programme works best.

An example in practice

A small café offered a stamp card with free coffee after ten purchases. Participation was modest. It replaced the card with a simple digital programme: regular customers received occasional free pastries, early access to seasonal menus and invitations to tasting evenings. Customers valued the experiences more than the discounts, and repeat visits increased.

Calculating the cost

Before launching, estimate what the programme will cost: the value of rewards, administration time and any software fees. Compare this with the expected increase in repeat purchases or retention. A programme that costs more than the additional profit it generates should be redesigned, however popular it is with customers.

Starting with recognition

If you are unsure whether a formal programme suits your business, start with simple recognition: thanking customers on their anniversary, offering long-standing customers early access to new products or adding a small surprise to occasional orders. These gestures cost little, require no system and often reveal what your customers value most.

Testing before a full launch

Test a programme with a small group of regular customers for a few months before launching widely. Ask what they value, track whether their behaviour changes and adjust the rewards before committing. A small test avoids the cost and awkwardness of withdrawing a programme that customers have come to expect.

THE TAKEAWAY

Loyalty programmes work best when they reward relationships customers already value. **Identify what your best customers value most, design a simple reward or recognition idea around it and measure whether it increases repeat business.**

07

Winning Customers Back

Former customers already know you. A thoughtful approach can bring many of them back.

Customers sometimes stop buying without explanation. They may have changed priorities, found another provider, experienced a problem or simply forgotten about your business. Many businesses assume these customers are gone forever, but former customers can be easier to win back than new customers are to acquire.

A thoughtful win-back approach can restore valuable relationships.

Identify inactive customers

Define what inactivity means for your business. For example, a customer who has not purchased in six months or a subscriber who has not engaged with recent emails. Review your records to identify these customers.

Understand why they left

Before attempting to win customers back, try to understand why they stopped buying. Ask directly through a short survey or personal message. Their answers can reveal problems worth fixing.

Reconnect with value

Start with useful communication rather than an immediate sales offer. Share new resources, product improvements, relevant tips or updates that may interest them.

Remind customers why they chose your business originally.

Address previous issues

If a customer left because of a problem, acknowledge it and explain what has changed. For example, if delivery times were slow, explain how you have improved them.

Demonstrating improvement can rebuild trust.

Offer a reason to return

A relevant incentive can encourage customers to return, such as a special offer, free consultation, product sample or exclusive access. Incentives should feel appropriate and not undermine the value of your products.

Personalise the message

Personalised outreach is often more effective than generic campaigns. Refer to previous purchases, interests or projects where appropriate.

“Incentives should feel appropriate and not undermine the value of your products.”

Respect their choice

Some customers will not return, and that is acceptable. Allow them to unsubscribe easily and avoid repeated pressure.

Make returning easy

Simplify the process of buying again. Provide direct links, saved preferences or a quick booking option. Remove barriers that may discourage customers from coming back.

Learn from win-back efforts

Track how many customers return and which approaches work best. Use the insights to improve retention strategies and prevent future churn.

Common mistakes

Businesses often ignore inactive customers, send generic discount emails without understanding why customers left or contact former customers too frequently. Others fail to address the problems that caused customers to leave.

Thoughtful, personalised and value-focused communication works best.

An example in practice

A pet grooming salon noticed that many customers who had visited regularly stopped booking after moving to a new appointment system. It contacted former clients, explained that the booking process had been simplified based on feedback and offered a complimentary nail trim with the next appointment. Many customers returned and praised the improved system.

A three-message win-back sequence

A simple sequence often works well: first, a friendly message sharing something useful and asking how they are getting on; second, a note explaining any improvements since they last bought, with an easy way to return; third, a short final message offering a relevant incentive and confirming you will not keep contacting them if they prefer. Space the messages a week or two apart.

Preventing the need for win-back

The best win-back strategy is not needing one. Use the reasons customers give for leaving to fix underlying problems, and watch for early signs of disengagement among current customers. Every improvement made because of a departing customer protects many others from leaving for the same reason.

Timing win-back messages

Contact inactive customers soon after the usual buying interval has passed, while the relationship is still recent. A customer who usually reorders every two months is easier to win back at three months than at a year. Use your records to trigger win-back messages at sensible points rather than in occasional large campaigns.

THE TAKEAWAY

Former customers can often be won back with thoughtful communication. **Identify inactive customers, ask why they stopped buying, share useful updates or improvements and make it easy for them to return.**

08

Measuring Retention

If you do not measure whether customers stay, you cannot tell whether loyalty is improving.

FIGURE 08 · MEASURING RETENTION

Four retention numbers

Retention rate Customers kept over a period.	Churn rate Customers lost over a period.
Repeat purchase rate Customers who buy again.	Lifetime value Total profit per customer.

Track by customer group, alongside feedback.

Retention is one of the most important indicators of business health, yet many small businesses never measure it. They know how many customers they acquire but not how many remain. Without retention metrics, it is difficult to identify problems, evaluate improvements or understand long-term profitability.

Measuring retention helps you understand whether customers continue to find value in your business.

Customer retention rate

Retention rate shows the percentage of customers who continue buying over a period. A simple calculation is:

Customers at the end of a period, excluding new customers, divided by customers at the start of the period.

For example, if you began the year with 100 customers and ended with 80 of those same customers, your retention rate is 80 percent.

Churn rate

Churn rate is the percentage of customers who stop buying during a period. It is the opposite of retention. Subscription businesses often measure monthly churn.

Lower churn usually indicates stronger customer loyalty.

Repeat purchase rate

For businesses with one-time purchases, measure the percentage of customers who buy more than once within a period. This shows whether customers return after their first purchase.

Purchase frequency

Track how often customers buy. Increasing purchase frequency can significantly increase revenue without requiring more customers.

Customer lifetime value

Customer lifetime value estimates the total profit a customer generates over their relationship with your business. Improvements in retention, frequency and average order value all increase lifetime value.

Track by customer group

Retention may vary between customer groups, products, channels or time periods. For example, customers acquired through referrals may stay longer than those acquired through advertising.

Segmenting retention data helps identify strengths and weaknesses.

“Customer lifetime value estimates the total profit a customer generates over their relationship with your business.”

Combine numbers with feedback

Retention metrics show what is happening. Customer feedback explains why. Combine retention data with surveys, interviews and complaints to understand the reasons behind trends.

Review regularly

Review retention metrics monthly or quarterly. Compare results over time and investigate significant changes.

Regular review helps identify problems early.

Set improvement goals

Choose realistic retention goals, such as reducing churn or increasing repeat purchases. Test improvements such as onboarding changes, follow-up processes or loyalty initiatives and measure their impact.

Common mistakes

Businesses often measure only new customer growth, calculate retention inconsistently, ignore differences between customer groups or fail to investigate declining retention. Others collect retention data without taking action. Consistent measurement combined with practical improvements produces the best results.

An example in practice

A small subscription box company tracked new subscribers carefully but rarely measured cancellations. When it calculated monthly churn, it discovered that many customers cancelled after the second month. Customer interviews revealed that early boxes did not match expectations. The company improved product selection and onboarding communication, and churn fell substantially over the following quarter.

A cohort view

A useful way to see retention clearly is to group customers by the month they first bought, then track what share of each group is still buying after three, six and twelve months. Comparing these groups shows whether improvements to onboarding, service or communication are actually helping newer customers stay longer than earlier ones.

A simple retention sheet

You do not need specialised software to begin. A spreadsheet listing each customer, their first purchase date, last purchase date and total purchases is enough to calculate retention rate, repeat purchase rate and purchase frequency. Update it monthly and add a column noting the reason whenever a customer leaves.

Retention for service businesses

Service businesses can track retention through renewals, repeat projects and the share of revenue from existing clients. A rising share of revenue from returning clients usually signals a healthy, trusted business; a falling share suggests clients are not coming back for further work, and is worth investigating.

THE TAKEAWAY

Measuring retention reveals whether customers continue to value your business. **Calculate your current retention or repeat purchase rate, identify which customer groups stay longest and review retention data regularly alongside customer feedback.**

BEFORE YOU CLOSE THIS ISSUE

Your Action Plan

Turn what you have read into the next thirty days.

Your next 30 days

Week 1: Measure retention. Calculate how many customers from a year ago still buy from you, and how often customers return.

Week 2: Ask why. Contact five customers who stopped buying and five who stayed, and ask what made the difference.

Week 3: Stay in touch. Create a simple post-purchase follow-up and a regular way to keep in contact with past customers.

Week 4: Win back. Send a thoughtful message to customers who have not bought in a long time, with something genuinely useful.

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