ITERABLE

Please Don't Go

Building an Effective Winback Campaign

Table of Contents

As marketers, we all know the feeling of building a customer relationship, hoping they'll make another purchase, then, instead, they go silent.

Because your marketing team has dedicated so much time and effort to building up the relationship—onboarding, follow-up promotions, customer support, etc.—it's a gut-punch when a customer ghosts.

What can you do to bring them back? While breakup songs may work for angsty teens, marketers have their own way to get customers back: **the winback campaign.** Winback campaigns are designed to nurture and rebuild customer relationships back to their former glory.

So put down the boombox, step off their front lawn, wipe the single tear from your cheek, and get ready to learn how, with the right winback campaign in place, you could get back—and even create repeat customers out of—those who've gone silent.

If You Leave Me Now

Starting from the beginning, it's crucial to understand what causes a customer to lose interest in the first place.

What is Customer Churn?

Customer churn can refer to customers who have completely stopped interacting or unsubscribed. In this context, however, we're focusing on **customers who haven't been engaging with your brand as much as they once did.** They're still connected to your brand in some capacity, but their investment is dwindling.

To measure customer churn, brands refer to the **churn rate,** which is the percentage of customers who stop utilizing a service within a specific time period. If you have a total of 100 customers and within 30 days you lose 10 of those customers, your churn rate, within that time period, is 10%. You get it.

$$\text{Churn Rate} = \frac{\text{\# of customers lost during the same time period}}{\text{\# of customers at the beginning of the time period}} \times 100$$

Source: **Zendesk**

Depending on your business, "losing a customer" can be anything from lack of engagement to infrequent purchases to a complete unsubscribe and disconnect from your brand.

Defining churn for your business is just the first step of building a winback. Now that we have a sense of what a churned customer is and how to calculate customer churn rate, we want to look at the *why*.

Why do Customers Churn?

Every brand knows that just because a customer buys from you once, doesn't mean they'll buy from you again. But why not?

Retention Science lists four main causes of customer churn:
- Poor customer service
- Limited value-added
- Marketing communications don't satisfy needs
- No brand loyalty

As customers churn, some brands may switch to focus on acquiring new customers versus trying to keep existing ones. Let's delve into the differences between the two to clarify where brands should spend their dollars.
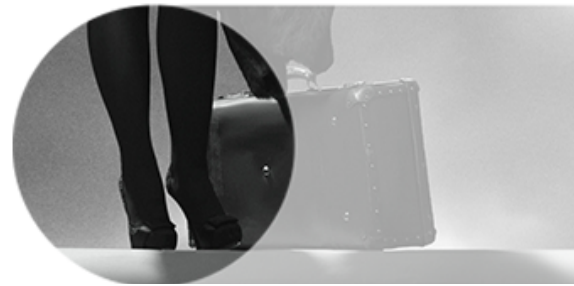
You'll Take Away the Biggest Part of Me

Retention has always been important for increasing customer LTV, but the way different brands approach retention is often dependent on the brands' business models.

Retention vs. Acquisition

In our previous exploration into **new-customer discounts** we found a study from professors K. Sudhir and Jiwoong Shin in the **MIT Sloan Management Review** highlighting two key metrics when determining how your brand should approach customer retention.

Flexibility is how easy it is for customers to switch to a competitor.

Profitability is measured by concentration in customer value, or, how much of your brand's margins come from a small percentage of customers.

Brands with low flexibility know their customers aren't going anywhere—they're in for the long haul. And, for brands with a low concentration in customer value, this means all customers are contributing equally to the bottom line—there isn't as much pressure to keep the big spenders.

Also, **acquisition costs more than retention.** Even still, brands continue to dedicate an unbalanced amount of time and resources to attracting new customers.

According to the **Harvard Business Review,** 10 years ago, without the right technology in place, "[brands] reasonably worried that prioritizing customers could threaten short-term earnings, causing investors to rebel."

Now, however, as a result of the **digital transformation** impacting most businesses, new technologies are allowing companies to start shifting their focus. Combining the what and why of churn with an understanding of customer retention gives us the foundation to start building our winback campaigns.

44%

44% of companies have a greater focus on customer acquisition vs. 18% that focus on retention

Acquisition costs more than retention
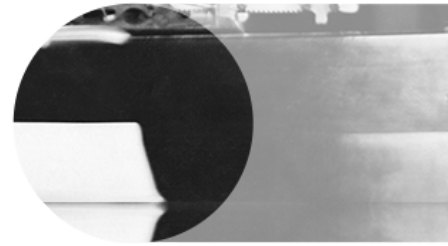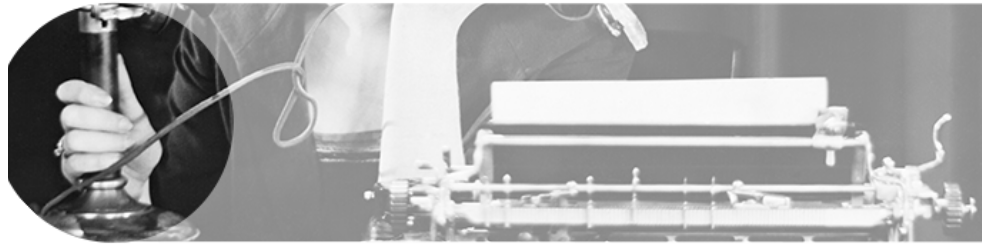
We've Come Too Far to Leave It All Behind

If your customer isn't making any additional purchases, isn't opening your emails, and has checked-out without actually checking out, it could be time to unleash a winback strategy. You don't want to lose them after all of the effort that went into acquiring them in the first place.

Unlike re-engagement campaigns, **winback campaigns** refer more to the desire to reignite a customer's relationship with the brand as a whole versus with an individual marketing channel. When we talk about winback campaigns, we're talking about holistic ways to rebuild customer loyalty and, as a result, increase LTV. Increased revenue from loyal customers is most likely because loyal customers will continue to make purchases, and need less convincing to do so.

Maintaining customers and building trust and loyalty is everything for a brand, so creating strategic winback campaigns are vital to your brand's success.

Harvard Business Review

"Loyalty leaders grow revenues roughly 2.5 times as fast as their industry peers.

Who Do You Want to Win Back?

One of the hardest parts of designing a winback campaign is determining who you should try to winback. Not every customer who churned is open to coming back.

As the **Harvard Business Review** points out, casting too wide of a net could do more harm than good. "Many companies try to regain every lost customer, but this can sap marketing dollars; **firms will be more efficient if they focus on people whose prior behavior suggests a predisposition to return."**

In the same article, V. Kumar, a marketing professor who focuses on "win back strategies" at Georgia State University, highlighted three main reasons why companies should try to get churned customers back:

1. These people have **demonstrated a need for the service,** making them far better prospects than random names on a cold-call list.
2. They are **familiar with the company,** eliminating the need to create brand awareness and educate them about the offering and thus reducing the cost of marketing to them.
3. Recent technology, particularly more-sophisticated customer databases, allows companies to **draw on information about how people used their service the first time around** to craft more successful win-back offers and to identify and go after the most profitable defectors.

When considering who to target for winback campaigns, consider the reasons they left in the first place. Maybe they were looking for lower prices, maybe they needed better customer service.

You should also examine how the customer interacted with your brand in the past. If they popped onto your site, purchased, and left, maybe they were already in the one-and-done mindset. But, if they dug around your site, interacted with multiple pages, and explored content, they could have been interested in a long-term relationship.

Putting yourself in your customer's shoes to understand what they were looking for when they first interacted with your brand can help set the stage for creating a personalized winback campaign.

Customers that are more likely to return are those who:

1. Have referred others
2. Have never complained
3. Have had complaints that were satisfactorily resolved

Getting Personal with Winbacks

Because the ghoster (yes, that makes you the "ghostee") was already a customer, it's likely (hopefully) that you have some data collected from their first go-around. This data could include their email open rates, the time of day they're more likey to open marketing messages, their zip code, etc. Customer information is invaluable when it comes to crafting a personalized winback campaign.

Say, for example, your customer historically never opened emails but was a big texter—huge fan of the ol' SMS marketing message. They were an awesome customer, never complained and purchased a couple of times. Now that they're giving you the silent treatment, rather than sending a re-engagement email, which you know they aren't likely to open, you could send an SMS to grab their attention. Going beyond digital channels, brands can incorporate direct mail into a winback campaign as well. **Bite Squad,** a food delivery app, for example, used an automated trigger to send this postcard, via snail mail, to customers who hadn't used their app in two months. Bite Squad saw an 18% redemption rate.

Building a personalized winback campaign revolves around paying attention to how a customer is interacting with your brand to determine your next steps. If you're inundating customers who are teetering on the edge of ghosting with irrelevant emails, you'll push them over the edge. But, if you send them content when and how they want it, you could bring them back.

Stitcher sends fans personalized push notifications to increase the chances they'll enage and return to the app. Source: **Stitcher.**
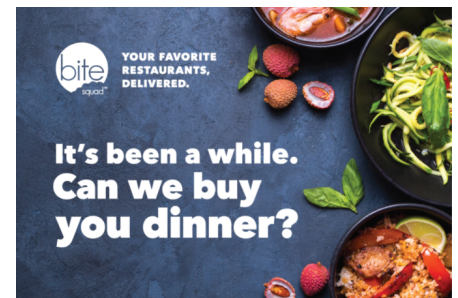
By integrating Inkit with their CRM, Bite Squad was able to automate their non-digital winback campaign. Source: **Inkit.**

9

> Personalization on winback campaigns is imperative to catch the attention of a user that's become dormant in some way. You must stand out from the noise and standardize messaging.
>
> First-party data points give you insight into the individual allowing you to target messaging directly to them. Past engagement and purchase behaviors allow you to further establish your relevance as a brand as well as their need for your product or service.

Emily Clarkson
Director, CRM & Email

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Questions to Ask Yourself as You Build a Winback Campaign

Bite Squad and Stitcher are nailing it, sure, but based on everything we just said, we want to provide you with some questions to ask yourself as you embark on building your next winback campaign.

Once you've answered these questions it should be much easier to develop a winback campaign. You know what a churned customer is, what they've done in the past, what they're doing now, if there are other churned customers like them, and how those groups of churned customers like to be communicated with.

Now, you can personalize your messaging via preferred channels to welcome your ex-customers back into the fold.

1. **Defining Churn**
   - What inaction (or action) defines churn? Is it not opening emails or is it a full unsubscribe?
   - What timeframe qualifies this customer as churned? Are you looking at if they purchased or interacted in the past month? Three months? A year?

2. **Looking at the Churned Customer's Past Behavior**
   - Did they have a short initial session that resulted in a purchase? Or, did they browse, leave, return, then purchase?
   - Did they sign up for your newsletter or did they just enter their email address for a coupon?
   - Did they download your app or only use your mobile site?
   - Have they complained? Were their complaints resolved? Did they refer a friend?

3. **Looking at the Churned Customer's Current Behavior**
   - Is there a channel they're still engaged with?
   - Are they unsubscribed from one channel but still subscribed to another?
   - Are they receptive to abandoned browse or abandoned cart messages?
   - Is your app still on their phone or did they delete it?

4. **Segmenting Churned Customers**
   - Where are they located?
   - When was the last time they interacted with your brand?
   - What product(s) have they purchased?
   - How do they identify?

5. **Developing Cross-Channel Communications for Segments**
   - Does this segment, on average, historically prefer texts? Do they prefer emails?
   - Do they shop in-store or online more?
   - Do they redeem coupons on certain platforms versus others?

Some More Winback Winners

Curology

Curology, a skincare brand, understands the struggles of keeping their customers engaged. With short consideration and product usage timeframes, they needed to come up with a clever way to keep their customers engaged and winback those who have already churned.

Using historical data, Curology was able to determine which customers weren't engaging with their SMS messages and, based on that, would send follow up emails only to those customers. It would be overwhelming to also send emails to customers that were engaging with SMS, so segmenting users by platform preference gave Curology a leg-up.

A simple acknowledgement of channel preference increased Curology's engagement by 26% and revenue by 10%.

Opendoor

Opendoor, an online residential real estate platform, has the particularly tough challenge of dealing with a lengthy buying cycle—seven years. The lifecycle marketing team at Opendoor has to determine who is a serious buyer versus who is just browsing, to **deliver the right messages and maintain their customer relationships.**

For customers that are more likely to purchase again, the marketing messaging becomes highly incentivized and the window for making an offer will shrink. The goal is to get customers to stay engaged while their interest in buying is piqued.

Blockchain

To establish customer loyalty in the hopes of mitigating churn, **Blockchain,** a crypto trading platform, adds the teeniest dash of personalization to their marketing communications. Because identity and validity is so important, especially in the fintech sector, Blockchain decided to **add a small "VIP badge"** to all of the marketing communications sent to verified users. Not only does this ensure they are gathering secure and accurate information, it rewards the customer for verifying their identity.

A small personalized detail can make a big difference in the world of customer retention and winback campaigns.

You Can't Win 'Em All

Trying to win back every churned customer will be an uphill battle. You'll burn through your marketing dollars and burn out your marketing team. It's okay to be selective about who you reach out to and, using already-collected data, you'll be able to appeal to each individual ex- or soon-to-be-ex-customer to turn them back into customers.

With the right technology in place, your marketing team will be able to dissect historical data and determine which customers you should target with your winback strategies.

About Iterable

Iterable is a cross-channel platform that powers unified customer experiences and empowers marketers to create, optimize, and measure relevant interactions and experiences customers love. Leading brands, like Zillow, DoorDash, Calm, Madison Reed, and Box, choose Iterable to power world-class customer experiences throughout the entire lifecycle. Visit iterable.com for more information.

Trusted By:

Your data when you need it. Where you need it.

Integrate all your data silos with Iterable to orchestrate seamless campaigns and easily send messages across all the channels your customers prefer.

Understand your customers as the individuals they are.

Go beyond segmentation and really know your customers based on all their demographic, lifecycle, and behavioral data directly on the user profile.

Take away the busywork. Unleash your creativity.

Iterable AI helps you decide when to send a message and how often to engage—so you can focus on building engaging campaigns for customers.

Grow better with analytics and experimentation.

Get all the analytics you need to make better decisions and iterate more quickly through experimentation across the entire customer journey.

If you want to learn more about Iterable,please request a demo.

Request Demo