



# From churn to cheerleader

How to make customers fall  
(and stay) in love with you





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## INTRODUCTION

# The \$136 billion question: Why do customers churn?

Churn happens despite your best efforts. Customers who have never voiced a word of complaint can still slip away without saying goodbye, or even taking an exit survey. Suddenly, your team is making up for lost revenue instead of going after new growth.





This isn't a rare problem, of course: It's estimated that churn [costs](#) U.S. businesses \$136 billion a year.

But you can't think of churn as an inevitable force. It's not gravity, electricity, or whatever makes the line you're standing in at the grocery store move the slowest.

## Churn can be conquered

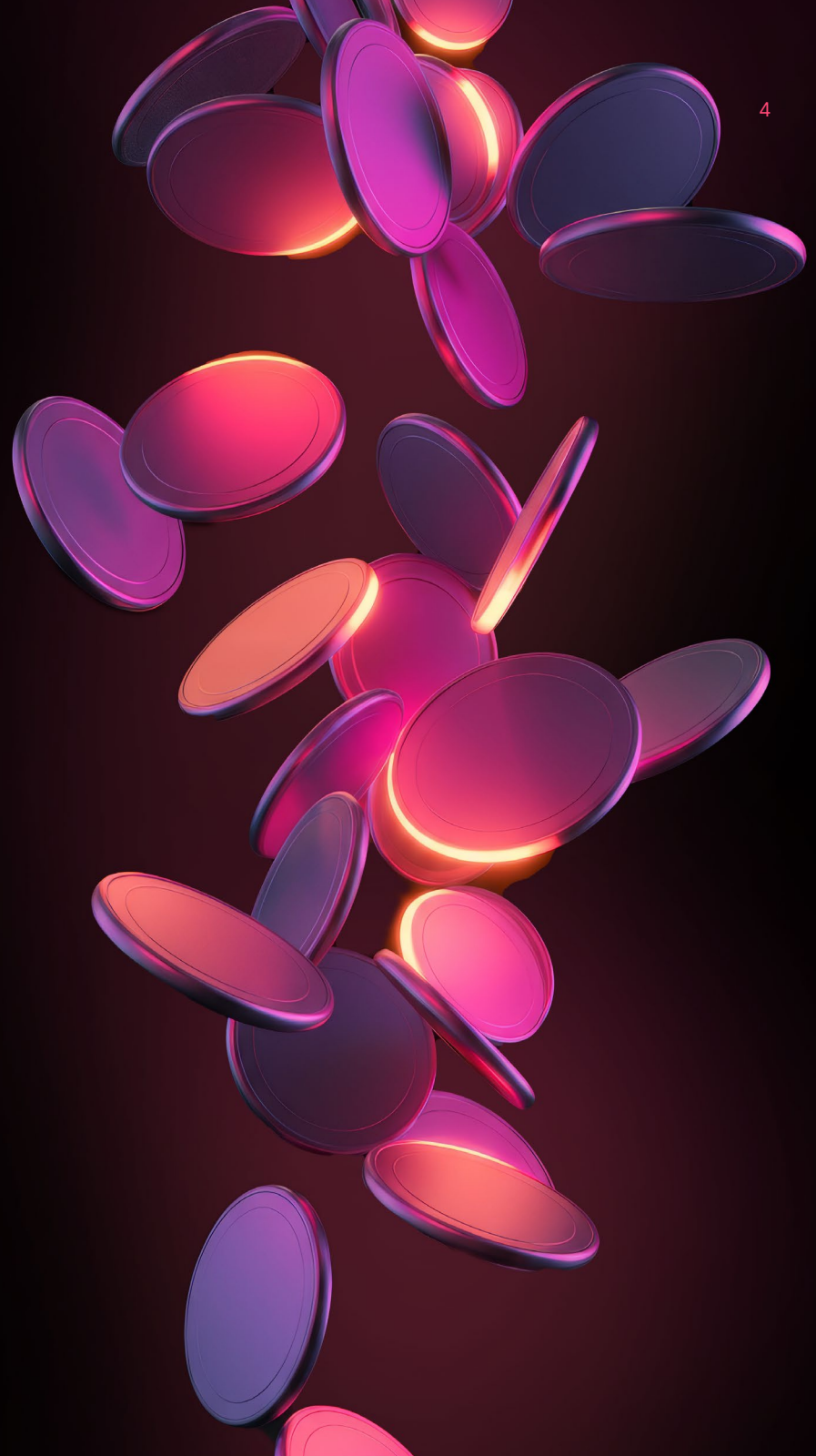
**The secret:** Stop waiting for customers to tell you they're unhappy. By the time they raise that red flag, it's likely too late.

Research shows that early intervention can [prevent](#) at least **11%** of churn. Each instance of churn prevented means more predictable revenue, greater upsell opportunities, and reduced acquisition costs. Hubspot, for example, [found](#) that increasing customer retention by just 5% can increase company revenue by up to 95%.

This guide is about stopping churn before it starts.

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## Churn costs **\$136 billion** a year



## CHAPTER 1

# Find churn-worthy points of failure

There are some types of churn you can't control, like a budget cut or a competitor with a better fit. But you can address customers who are simply frustrated with your product or service.

Long-running customer research shows that only one out of every 26 customers with a complaint will speak up. The rest will simply move on.



The challenge is to find and remove the friction points that are tripping up the silent sufferers. This process is essential to building long-term growth and revenue predictability. Knowing the root causes of churn is a strategic insight that leads to better retention and higher customer lifetime value.

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## Only **one out of every 26** customers with a complaint will speak up.

Some common warning signs include:

- Slow completion of onboarding/dropoff during onboarding
- Slow time to first value
- Underuse/unuse of valuable features
- Over reliance on support
- Disengagement/less time spent in the solution

Each of these is a fixable point of friction. Addressing them can turn a churn-ready customer into a satisfied cheerleader for your company. Here's how to do it.



## Step 1: Get the full story on customer experience

If you rely on what your customers actively tell you about their experience, you're only getting part of the story (remember the silent 25 out of 26). The other chapters can only be seen by studying quantitative, qualitative, and visual data.

### Three essential types of customer experience data

**Quantitative:** Numeric data that can be directly observed and measured

**Qualitative:** Data that involves sentiment and feeling, collected through user feedback

**Visual:** Video records of customers interacting with your solution

Every click, hesitation, and abandoned workflow tells a story. If users drop off mid-onboarding, ignore a valuable feature, or rageclick text that should be a hyperlink, they're experiencing friction.

This data not only helps reduce churn but also helps identify growth opportunities. It shows precisely where to look for upsells and expansions, and can guide your product roadmap to focus on what customers most want and need.

### Pendo helps collect this evidence through:

- **Predict**, which lets RevOps teams build accurate, continuously retrained churn and upsell models that deliver predictions directly to reps in your CRM
- **Analytics** with AI-assisted insights showing where people click, hover, and hesitate
- **Listen**, which enables in-context feedback and boosts response rates
- **Session Replays**, with AI-assisted highlights to see your users' relevant actions in real time.

Once you deploy these tools, you can track behavioral trends over time. You'll see what behaviors correlate with at-risk, satisfied, and super users.

**Shareworks** x  **pendo**  
by Morgan Stanley

### Evidence gathering in action

Shareworks by Morgan Stanley used Pendo to uncover exactly where users were getting stuck. That data enabled changes that boosted adoption and guided future development.

## Step 2: Make onboarding your first fix

Surveys [show](#) that onboarding is the third most important factor that influences churn, right after product fit and lack of engagement.<sup>4</sup> If a new user doesn't feel motivated and optimistic during the onboarding process, it's easy for them to drop off and seek a more user-friendly alternative.

By contrast, great onboarding reduces the time-to-value (TTV), which directly affects retention rates and customer lifetime value. Done right, it makes a timid new user excited to explore your solution. What if your onboarding could empower and even delight your customers?

### Pendo helps fix your onboarding with:

- **Analytics** to quantify friction in the onboarding experience
- **Session Replays** to view the experience in action
- **In-app Guides** that help customers through the process and make it more enjoyable

These guides can do more than just highlight a potential sticking point. You can also use them to encourage, congratulate, and cheer on your customers. Never underestimate the value of positive reinforcement.

Improvements in the onboarding experience are simple to measure, too. First, use analytics to identify the percentage of customers reaching key milestones. Use this as a benchmark. After you implement interventions, measure your percentage of successful completions again and compare it to the benchmark.



### Better onboarding in action

UserTesting switched to Pendo's In-app Guides to shepherd users through onboarding and to their first "Aha!" moment. This in-context, personalized approach improved onboarding completion by 29%.



## Step 3: Streamline your support process

Customers appreciate a responsive and friendly support team. Though your customer success (CS) reps are an essential part of retention, you can empower customers to rely less on support. If users are flooding your inbox with tickets, it's important to adjust the support process so customers can find their own answers more quickly and conveniently.

Proactive support improves customer experience, reduces costs, and improves efficiency. It also frees customer success teams to focus on upselling and expansion instead of triage.

## Think of Pendo as your digital customer success manager.

Think of Pendo as your digital customer success manager. Here's how you can use it to promote proactive support:

→ **Predict** can surface evidence-based churn predictions and recommend the next best actions directly in the CRM, enabling CS reps to intervene early and confidently

→ **Analytics** can identify most-clicked support topics to see where users are struggling

→ **Session Replays** can pinpoint problem areas within your product

→ **In-app Guides** offer proactive support directly in your solution

Guides don't have to be text only; they can take the form of video content, a graphic, or a whole branching journey through multiple resources. What's important is users can access highly relevant information directly inside your product.



### Proactive support in action

Warehouse management solution SkuVault used Pendo Analytics to spot friction points and In-app Guides to provide 'micro-training.' Their efforts decreased knowledge-based support tickets by 44% and permanently answered 26% of frequently asked questions. SkuVault's customers have a more efficient, self-serve support experience, and the customer success team has more time to focus on revenue-enhancing tasks.

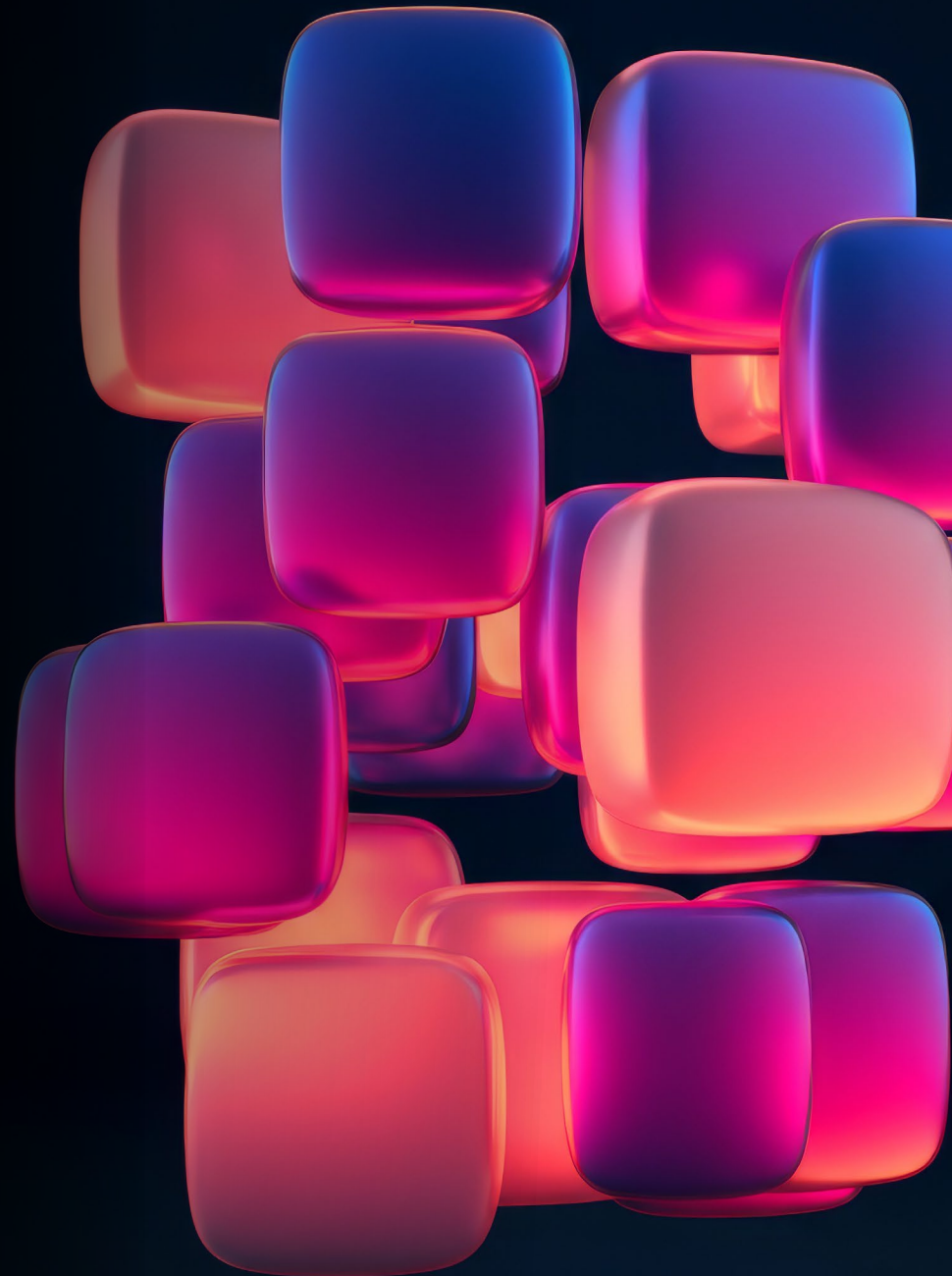
## CHAPTER 2

# Determining account health to predict and reduce churn

From the outside, it might look like some customers just vanish without a warning. If you're looking at the right data, however, you can spot the warning signs. Instead of sending retention emails after the fact, you can intervene before they're fully gone.

Understanding account health helps reduce churn and enables more accurate revenue forecasting, which is crucial for strategic planning.

When you combine customer usage data, engagement patterns, and behavioral insights with AI-driven analytics, it's easier to identify and track warning signs. The next few pages will walk through a step-by-step process for determining account health and taking action.



## Step 1: Define 'healthy customer'

Before you can identify at-risk users, you need a baseline of what a happy customer looks like. These users have a higher customer lifetime value (CLV), more upsell and cross-sell potential, and a higher retention rate.

What habits and behaviors do you see in your top performers? Maybe they spend more time on a specific feature, or log on more frequently, or have more frequent but shorter sessions.

The more information you can gather during this definition-setting stage, the better. Create a solid definition of success that can help you define unhealthy customer behavior and serve as a gold standard for what you want your customers to be.

### In your definition, make sure to:

- See what top-performing users have in common
- Identify key engagement metrics like login frequency, feature adoption, and task completion
- Set benchmarks for these metrics. Where are the thresholds for super users, happy customers, and those who are at risk?

**HackerRank**  x  **pendo**

### Defining a healthy customer in action

HackerRank, a technical hiring firm, worked with Pendo and ChurnZero to create comprehensive health scores and trigger alerts. The program achieved a 49% reduction in at-risk customer churn, directly contributing to increased revenue.

## Step 2: Track the warning signs

Customers rarely send an angry email when they're frustrated with a SaaS solution. The signs are usually more subtle, but still measurable: Fewer logins, underutilization of features, or a sudden dip in usage.

With a solid definition of a healthy customer, it's easier to identify warning signs and intervene. This increased visibility helps reduce churn, increase predictability, and drive revenue performance.

### Three key areas of interest are:

- Failure to complete a task/ mid-workflow abandonment
- Using fewer features over time/ ignoring new features
- Increased time between logins

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**Tracking this information—especially with **AI-assisted analytics**—makes it easier to proactively prevent churn.**



### Tracking warning signs in action

Cloud-based inventory management solution Cin7 used Pendo Analytics and Session Replay to track and identify at-risk behaviors. These insights helped power a 75% increase in conversions and a 143% increase in workflow usage, achieving a measurable revenue uplift.



## Step 3: Turn data and insights into retention

Of course, identifying and tracking warning signs isn't useful in a vacuum. The key is using this information to actively support at-risk users before they churn.

### You can reach customers before they check out for good by:

- Automating interventions: Create automated emails or other messages that trigger when the system sees a drop in key metrics
- Reaching out in-app: provide relevant, in-context support to keep users engaged
- Flagging at-risk accounts for customer success teams: Let the CS team add a human touch

Imagine the difference these efforts make from a user's perspective. They're feeling stuck and frustrated, drifting away from your solution but not gone yet. Suddenly, an in-app message guides them through the hardest part of their workflow. Further messages highlight features that make their work easier and faster. They move from a customer on the verge of churn to a contented user.



### Boosting retention in action

GetAccept noticed that a high percentage of their self-service customers were churning. They used Pendo In-app Guides to nurture customers who switched from a free to a paid plan, offering free onboarding. The intervention helped lower churn rates and increase engagement, improving overall account profitability.

## Step 4: Replicate your power users' behavior

Every product has its champions. These are the endlessly curious and inventive individuals who engage often, eagerly explore new features, and get the maximum value out of your solution.

These superheroes are the key to reducing churn in the long term. Find out what makes them special and help your other customers become more like them to increase upsells and drive predictable growth.

### How to find and replicate power users:

- Track feature usage to see which features your best customers use the most
- Map user journeys to see how engaged users find shortcuts and optimal workflows
- Deploy guides and nudges to the rest of your user base: "90% of power users use a specific filter at this point in the workflow. Want to try it?"

You can also use Pendo Listen to focus on groups of customers by specific features. For example, you can link your Salesforce data to Pendo, then target a feedback form directly at your biggest accounts. You can collect responses and use them to guide the next stage of development, focused on features that best serve your most valuable customers.



### Creating new power users in action

Keap provides a leading small business sales and marketing platform. They used Pendo Analytics to determine which features were underused, then deployed Pendo In-app Guides to boost visibility to customers who hadn't adopted the feature. The intervention led to a 9x increase in feature adoption, helping increase retention and drive revenue.

## CONCLUSION

# Love conquers churn

People leave a SaaS agreement for the same reasons they might cut ties with a romantic partner. Feelings of neglect, frustration, and confusion lead to disillusionment and disengagement.

While data may not save a romantic relationship, you can always apply an analytical approach to reducing churn.

By using automated churn prediction, analytics, AI, and in-app engagement, you can stop churn before it starts:

- **Find the friction points.** Remove roadblocks before they send users packing
- **Track early warning signs.** If a customer is disengaging, don't wait—step in
- **Automate the right interventions.** Use in-app guidance, personalized outreach, and proactive support to keep customers engaged

## And to permanently reduce churn in the long run:

- **Spot your power users.**  
Identify the behaviors common to your biggest fans
- **Identify healthy customers.** Set a benchmark that determines which customers need a nudge to become power users
- **Use in-app touches to promote power user habits.**  
Help all of your customers get closer to the ideal. It's easy to create in-app guides with Pendo, so you can quickly test different messages and optimize over time

With these interventions in place, you can reap the benefits of churn prevention: Improved forecasting accuracy, lower cost-per-customer, and increased customer lifetime value.



**Ready to conquer churn through the power of love (and churn prediction, analytics, in-app guides, automation, and AI-based insights)?**

Pendo is here to help. Request a demo to see what we can do for your users.

**Request a demo today**

