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4 Ways Winning Companies Reduce Customer Churn



by Chip R. Bell

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"People don't want to buy a quarter-inch drill bit. They want a quarter-inch [hole](#)." Harvard Business School marketing professor Ted Levitt reminded the world that customers do not buy products and services; they buy the expectation that a problem will be solved or a need met through their purchase.

His philosophy shifted the focus from organizational offerings to customer solutions. It ushered in the pursuit of zero defects and fair pricing. But organizations quickly learned that quality objects and outcomes at a reasonable price had to reflect the voice of the customer. Even if you could genetically engineer a six-sigma goat, if your marketplace was a rodeo, your customer likely preferred a four-sigma horse.

The pursuit of excellence shifted to a focus on the customer's experience. Today, over seventy percent of customer defections are due to the quality of their [experience](#). But what are the forensics behind their untimely departures? Here are four major culprits and techniques to curtail their negative impact on customer turnover.

1. Customers perceive you are indifferent to their patronage.

Customers today need tangible signals that you sincerely want them as customers. Never let a customer think you have too many customers. It can be as simple as thanking customers for their business at the point of sale or as complex as designing CRM processes to become more customer centric. For instance, when companies ask for feedback (e.g., through surveys) and there is no indication that customer feedback is used or even considered, it signals indifference. What does the inability of customers to easily reach a human communicate?



When John Longstreet was general manager of a large Texas hotel, he had a guest tell him, “I have stayed here many times, and everyone seems too busy with their jobs, not with their guests. I won’t be back.” Longstreet called an all-hands meeting to work on simple ways to remind guests of their importance, like thoughtful notes on the guest room pillow, or remembering guests’ previous drink order in the restaurant. Treat every customer like today is their birthday.

2. It is a hassle and effort to do business with you.

Today’s customers have a very low tolerance for bureaucracy. In fact, all your processes (the hoops customers jump through to get a need met) are totally extra in the customer's mind. They prefer never to complete a form, be put on hold, be made to wait, or be required to comply with your policies. To your customers, those are all excess baggage. It means your "baggage" should always be emotionally and physically comfortable, clearly explained, and make total sense to customers.

When the CEO of a major hospital hired a consultant to take an “empathy walk” through the hospital and report detailed observations, she got an earful of missed opportunities, broken promises, and inane procedures that had long overstayed their

relevance. Recognizing leaders were largely blind to their patients' experiences, the CEO held her key leaders responsible for working a day a month in a department other than their own and making recommendations based on their "new eyes." As the ancient adage states," A guest sees more in an hour than the host in a year."

3. Your frontline employees are ill-equipped, ill-prepared, or uninspiring.

Customers want to deal with people who care about the brand they front. Obvious pride from the front line says they work for a purpose greater than just getting a paycheck. When they lack the expertise or authority to solve customers' problems, it communicates that leaders are uninterested in their customer-facing ambassadors. It takes a commitment to careful selection, obvious support, and effective training. It takes leaders who encourage, inspire, and affirm. But most importantly, it requires a commitment to an excellent customer experience.

Shep Hyken's company, Shepard Presentations, has a strong customer service vision, "Always be amazing!" It is the core of his brand. He worked with one of his employees to live that vision until it became clear she would not or could not. He gave her two options: "You can be amazing... or go home." It became the title of his best-selling book. Leaders of great organizations should hold associates accountable to "be amazing or go home."



4. Customers do not receive the result they expect.

The advent of a checklist approach to supervision often leaves the front-line laser-focused on their assigned task but not thinking about the final goal. It is the medical assistant who thinks his job is done when he faxes a request to the lab (a task), rather than ensuring the lab receives the request (a result). Employees need clear instructions in the "what," but they also need precision about the "why." Start with the end in mind and help associates learn that tasks are a means to an end, not an end. Create a clear line of sight to customers for every employee, not just the customer-facing staff.

A janitor was spotted constantly sweeping the factory floor at Deluxe Checks. Asked about his job, he pointed at the overhead mission banner that read: "Zero defects; 24-hour turnaround." Confused, the visitor sought a connection. "These giant printers run around the clock and generate a fine layer of dust," he said. "Unless I keep sweeping it, if an operator slips and falls, we fail on our promise."

Customer churn costs U.S. businesses \$3 trillion per [year](#). And it costs seven times as much to acquire a new customer as it does to retain an existing one. The good news is a 5% decrease in customer churn can boost a company's revenue by 25–95%. Learn the specifics behind why your customers are leaving and find innovative ways to reduce turnover.

About Chip Bell



Chip R. Bell is a renowned keynote speaker and the author of several award winning, best-selling books. Global Gurus in 2025 ranked him for the eleventh year in a row in the top dozen keynote speakers in the world on customer experience. He is also senior advisor with On3, Inc., a company that specializes in mobile based, AI-driven field learning programs, as well as an instructor with Fuel (myfuel.io). He can be reached at www.chipbell.com.