

E-BOOK

Reducing customer turnover using artificial intelligence

A guide for sales managers

INTRODUCTION

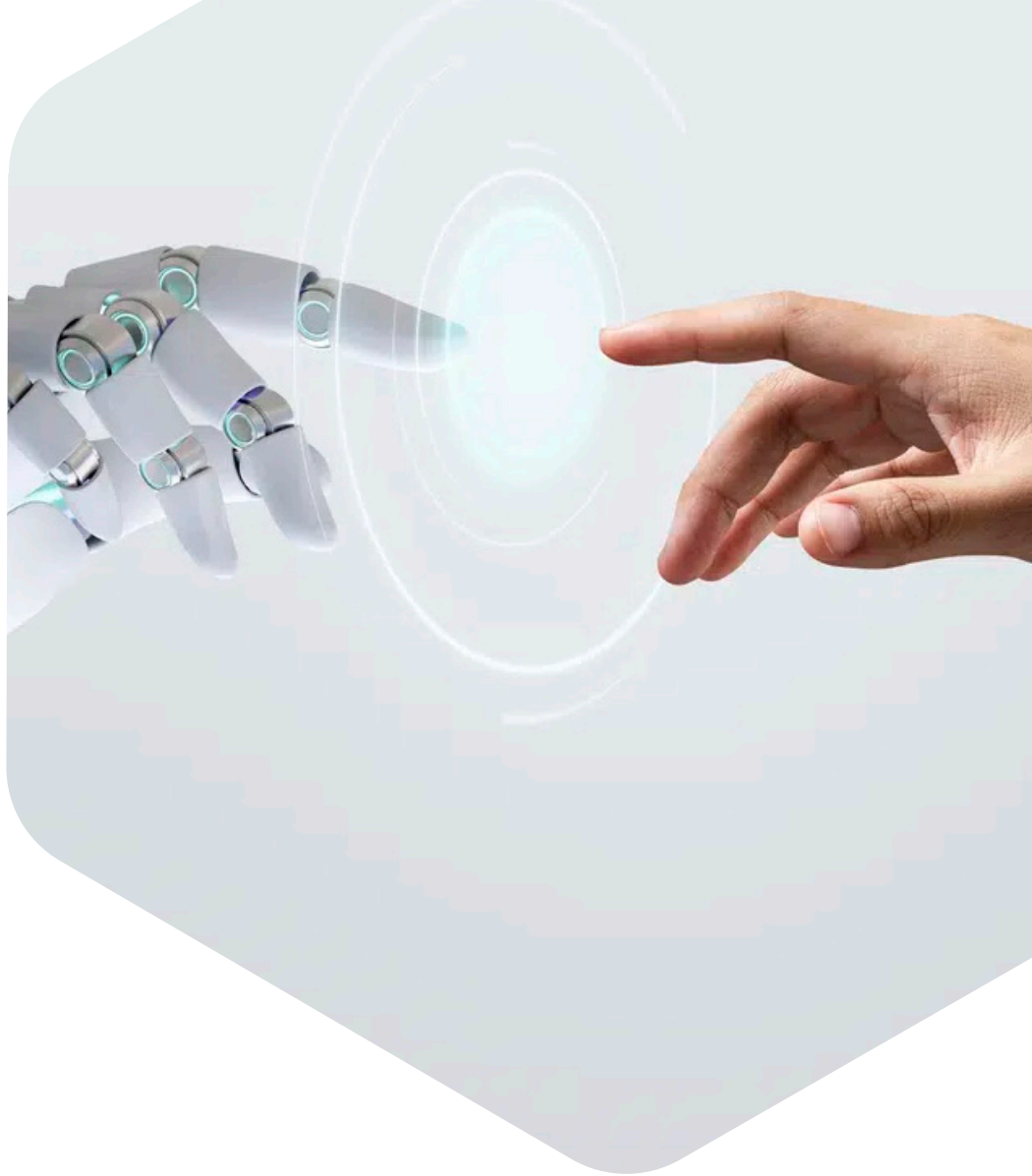
Customer turnover is a big issue for companies, and certainly for their sales managers. This is because it is not only important to acquire new customers, but also to retain existing ones. Did you know that attracting a new customer costs up to 4 times more than retaining a current customer? A lost customer not only translates into lost sales, but can also have a serious negative impact on your company's reputation. And this is exactly where artificial intelligence (AI) comes in.

AI allows companies to better understand and predict customer behaviour, with the logical consequence of reduced customer turnover. For instance, AI tools allow customer data to be analysed, giving sales managers key insights. Based on these insights, they can adjust their sales strategies and better serve their customers, increasing customer satisfaction and customer loyalty.

Customer attrition can occur for a variety of reasons. Some red flags are poor service, high prices, lack of product innovation... AI can help your business address these problems by analysing and predicting your customers' behaviour. For instance, AI can identify patterns in customer behaviour and predict when a customer will turn their back on your business. Based on this information, your sales managers can launch a charm offensive.

Another benefit of AI is offering personalised experiences. In fact, by analysing customer data, AI can segment customers based on their preferences and behaviour. This allows you as a company to offer custom-made products and services that perfectly match your customers' needs.

As a matter of fact, AI tools can also be used to improve the efficiency of sales teams. Automating certain tasks, such as lead generation and qualification, gives your sales team more time to focus on building customer relationships and closing deals. **Efficiency is key, and AI is here for it.**



1. Objective of the book

In this e-book, we will delve deeper into how **AI can be used to reduce customer turnover** and improve the efficiency of sales teams. Various AI applications and techniques will be covered, as well as best practices for implementing AI in companies' sales processes. We hope this guide will be a valuable resource for sales managers interested in using AI to retain customers and improve sales performance.

2. Introduction to Artificial Intelligence (AI) and how it can help reduce customer turnover

Artificial Intelligence (AI) is undoubtedly one of the most exciting developments in technology in recent decades. AI now has numerous applications, including improving processes, reducing costs and increasing revenue. But one of the most promising applications is reducing customer turnover. Because to be honest, what company does not benefit from this.

Customer turnover can occur for a variety of reasons. Dissatisfaction with products or services, lack of communication, no sense of customer needs and preferences, competition from other companies... It's a tough world out there. In short, customer loss is a big problem for many companies. Not only does it cost a lot of time and money, but it can also **lead to a negative reputation and reduced customer satisfaction**.

Fortunately, AI comes to the rescue. For instance, **AI can be used to analyse large amounts of data and provide key insights about customer behaviour**. This allows companies to offer better products and services that perfectly match their customers' needs. The logical consequence? Improved customer satisfaction and stronger loyalty.

In addition, AI can help **predict future sales opportunities**. By **analysing historical data and identifying patterns**, AI tools such as machine learning models can help companies make better predictions about future sales opportunities. With these insights, sales teams can better focus on hot leads and streamline their sales process.

AI can also help automate certain tasks, such as lead generation and qualification. The result? **Increased sales team efficiency** as well as **a reduction in the cost of the sales process**. So your sales team has more time to build customer relationships and improve the quality of their sales calls. Talking about a win-win situation...

Clearly, AI is a powerful tool for companies looking to reduce customer turnover. In this e-book, we cover the various ways in which companies can use AI to optimise their sales processes and retain customers.

3. AI vs BI reporting: better safe than sorry

Business Intelligence (BI) is a well-known concept in the business world and has received a lot of attention in recent years. BI is a process of collecting and analysing data to gain key insights into business processes and performance. BI reporting allows businesses to make decisions based on facts and data, rather than intuition or conjecture.

| | BI | AI |
|--------------------------------|---|--|
| Concept | Collecting and presenting data in a simple, readable way. | Mimicking human intelligence and behaviour to support organizations with data-driven decision-making. |
| Focus | Answering questions about past performance. | Making predictions about the future based on data from the past. |
| Techniques used | Traditional statistical approaches and large amounts of spreadsheet-based data. | Advanced Machine Learning and Deep Learning algorithms. |
| How it helps businesses | Data visualization and comprehensive overviews of historical data. | Predictions about customers, competitive positions and market changes, in addition to added intelligence in machines (e.g. for image recognition). |
| Key terms | Reporting, data warehousing, matrices, dashboards. | Predictive analysis, forecasting, natural language processing (NLP), image recognition. |

Although BI reporting plays an important role in decision making, it has its limitations. This is because **BI tools focus on the past** and can only report on what has happened, not on what is going to happen. **Predicting future trends and customer behaviour** is therefore a major challenge.

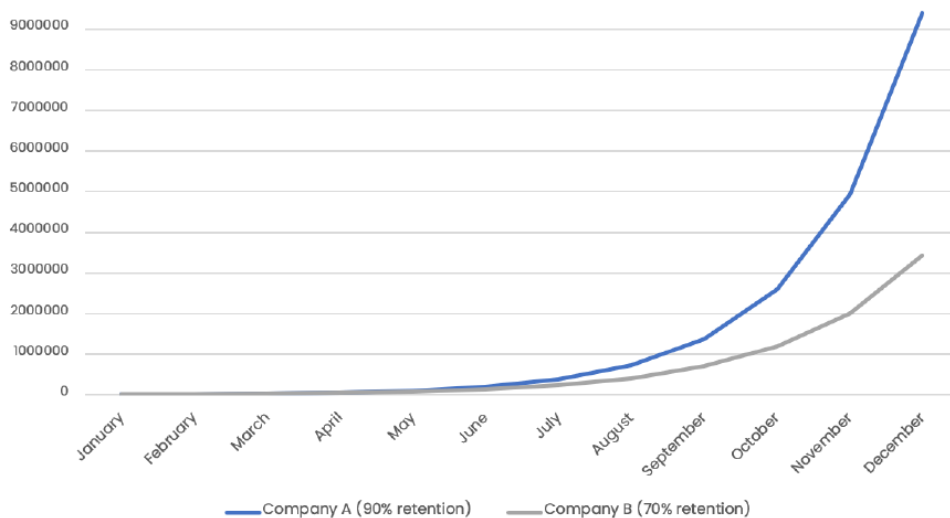
Another problem is that **BI reporting is not accurate enough** to predict human behaviour. This is because traditional BI tools are statistically oriented and therefore unable to recognise and predict patterns and trends in human behaviour.

This is where AI comes in. This is because AI is able to **recognise complex patterns and identify and predict patterns in human behaviour**. Thanks to AI, companies can therefore make better decisions and reduce customer turnover.

Prevention is better than cure, which is why it is important to proactively prevent customer turnover. AI can help companies detect problems that could lead to customer turnover before they actually occur. Thanks to AI's analytics and customer behaviour predictions, companies can optimise their sales and marketing activities and ensure customer retention.

2. Understanding customer turnover

1. Customer turnover is more than losing customers



This table shows the positive effect of AI on customer turnover.

When we talk about customer turnover, we often think of customers who no longer want to do business with us at all. But customer turnover can take many forms and goes far beyond a classic, complete breakdown.

For instance, some customers are making fewer purchases, which may indicate that they are no longer satisfied with the products or services your company offers. This can lead to the long-term loss of these customers.



Another example of customer turnover is when the value of a specific contract drops. This can happen when the customer decides to purchase fewer services than originally planned, or when the customer switches to a competitor for some of the services. This can negatively affect your company's revenue and makes it difficult to recover this lost revenue.

One thing is clear, any type of customer turnover can damage customer relationships and erode trust in the company. This can have a negative impact on the company's image, which in turn can deter new customers. Therefore, it is essential to reduce customer turnover.

This is possible thanks to the use of AI technologies. AI enables companies to recognise and predict patterns in customer behaviour, allowing them to take proactive measures to prevent customer turnover and improve their relationships with customers.

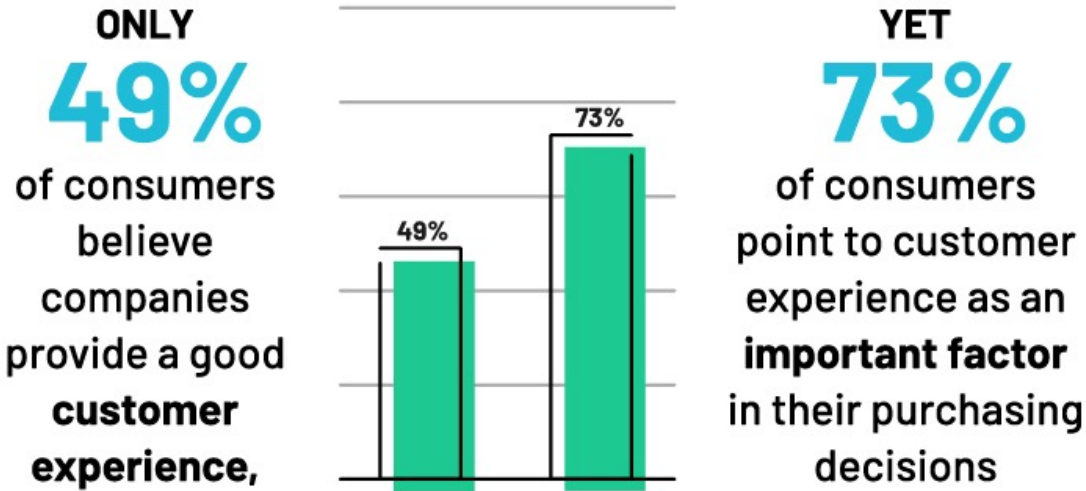
Clearly, reducing customer turnover should be a priority for any company that wants to be successful in the long term.

2. Reasons why customers buy less or leave

There are numerous reasons why customers make fewer purchases or even leave altogether. Some reasons are easy to identify, while others are more complex and require more research. In this chapter, we will discuss some of the main reasons for customer turnover.

1. Poor customer experience

A **bad experience** is one of the main reasons why customers make fewer purchases or even leave altogether. This is because **customers expect a smooth and hassle-free experience when buying products or services**. When the experience does not meet their expectations, it can lead to frustration and dissatisfaction. Examples include long waiting times, poor customer service, unclear communication and lack of empathy



Source: PwC: "Experience is everything: Here's how to get it right" - 2018



2. Competition

Another important reason is **competition**. If there are other companies offering similar products or services, this can logically lead to customer loss. This is especially the case if the competition offers **better prices, quality or customer service**.

3. Changes in the customer's personal situation

But changes in the customer's personal situation can also lead to customer loss. This can range from moving to another city to a change in their financial situation.

4. Dissatisfaction with quality

If the quality of your products or services does not meet expectations, it can lead to fewer purchases or complete customer loss. This is the case when your products do not meet specifications, if they are frequently defective or wear out quickly. Then it stands to reason that customers will be less inclined to buy these products.

5. Poor value for money

If the price of products or services is not commensurate with their quality, it can lead to fewer sales. This is because customers want value for money and if they feel they are paying too much, they will shop elsewhere.

In short, there are numerous reasons why customers buy less or stop buying altogether. It is therefore hugely important for companies to understand these reasons and try to avoid them.

3. Cost of customer turnover

Customer turnover is a problem that can have a big impact on a business. Besides the logical loss of revenue, there are numerous other costs associated with the loss. In this chapter, we will discuss some of these costs and show how artificial intelligence (AI) can help mitigate them.

1. Acquisition costs

Acquisition costs are **the costs a company incurs to bring in new customers**. This includes **advertising and marketing costs, salaries** of sales staff and other operational costs. When customers leave, these costs have to be incurred again to acquire and retain new customers.

Thanks to AI, companies can better understand the reasons behind customer turnover and take proactive action to retain customers. In addition, AI can also help identify the most valuable customers to focus their marketing and sales activities on them.

2. Lost revenue

When a customer leaves, not only the current revenue is lost, but also the future revenue it would have generated. This can have a major impact on a company's long-term revenue.

Thanks to AI, companies can perform predictive analytics to determine which customers could potentially leave. By proactively targeting these customers and providing solutions to solve their problems, companies can effectively prevent them from leaving, thus securing future revenue.

3. Reputation costs

When a customer leaves, it can also damage your company's reputation. After all, dissatisfied customers may **share their experiences**, with dire consequences.

Here, too, AI comes to the rescue, because it gives companies the necessary tools to better understand customer feedback and take action to solve problems. Indeed, AI identifies trends and patterns in customer feedback, allowing companies to make targeted improvements to their products and services and enhance their reputation.

4. Customer replacement costs

Replacing a customer can be expensive, as it means that as a company you have to incur **acquisition costs** again to bring in new customers and invest in building a relationship with the new customer.

Thanks to AI, companies understand their customers better and are able to provide solutions when a problem arises. With the logical consequence that someone decides to remain a customer after all.



4. Measuring customer turnover

But just how big is the problem? That is the key question par excellence, because measuring is knowing. So one of the most important steps to reduce customer turnover is to measure the problem.

Indeed, sales managers need to know why customers leave and how often it happens so they can take targeted action. In the past, customer turnover was measured by surveys, interviews or by tracking sales figures. But with the rise of artificial intelligence (AI), there are plenty of new ways to measure and predict it.

| First booking month | No of new bookings | Month 0 | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 |
|---------------------|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|
| January | 154 | 100% | 71% | 65% | 61% | 62% | 61% | 55% | 57% | 56% | 55% | 52% | 0% |
| February | 816 | 100% | 50% | 37% | 38% | 37% | 33% | 34% | 30% | 32% | 27% | 0% | |
| March | 740 | 100% | 47% | 42% | 30% | 30% | 27% | 30% | 27% | 25% | 0% | | |
| April | 600 | 100% | 49% | 35% | 33% | 25% | 27% | 21% | 21% | 0% | | | |
| May | 423 | 100% | 37% | 31% | 28% | 25% | 23% | 21% | 0% | | | | |
| June | 877 | 100% | 39% | 28% | 25% | 22% | 20% | 0% | | | | | |
| July | 429 | 100% | 35% | 23% | 21% | 21% | 0% | | | | | | |
| August | 274 | 100% | 37% | 25% | 22% | 0% | | | | | | | |
| September | 357 | 100% | 36% | 23% | 0% | | | | | | | | |
| October | 447 | 100% | 37% | 0% | | | | | | | | | |
| November | 426 | 100% | 0% | | | | | | | | | | |
| December | 536 | 100% | | | | | | | | | | | |

1. Using AI to analyse customer behaviour

AI technologies such as machine learning and deep learning make it possible to process and analyse large packs of data. Thanks to this deep analysis of customer data - such as purchase history, search queries and website interactions - AI can provide insight into customer behaviour and the factors that lead to customer turnover.

For example, if a customer stops visiting a website or physical shop after viewing a specific product, this may indicate a problem with that product or with the user experience on the website or physical location. With this knowledge in mind, you can immediately jump into action and get rid of potential stumbling blocks.

2. Predictive analytics

By the way, AI can also predict the future. Or at least **perform predictive analysis**. In this kind of analysis, AI combines historical customer data with current customer interactions. The result? A prediction about which customers are likely to leave. This allows your sales team to take targeted actions, in the form of personalised offers or extra support, for example.

3. Tracking customer satisfaction and loyalty

While AI technologies can be useful in measuring customer turnover, it is still important to collect direct customer feedback as well. This can be done by conducting regular surveys, collecting feedback and measuring customer satisfaction and loyalty. This way, as a company, you can quickly identify and solve problems before customers effectively leave. In addition, tracking customer satisfaction and loyalty can also help identify trends and patterns in customer behaviour.



3. AI's role in customer turnover

Artificial intelligence (AI) offers unprecedented opportunities to understand and predict the causes of customer turnover. Here, AI goes beyond traditional business intelligence (BI) by discovering trends and patterns in various data sources hidden from the human eye or classical statistical techniques. In this chapter, we discuss the role of AI in reducing customer turnover and how sales managers can benefit from the power of AI.

1. Identification of the causes of customer turnover

To solve problems, you must first be able **to identify** them. And that's where AI is a crack at it. Specifically, AI analyses data sources - such as **customer behaviour on the website**, purchase history and **customer service interactions** - and recognises trends and **patterns** in customer turnover. Based on these insights, companies can problem-solve and prevent customers from leaving.

2. Prediction of customer turnover

AI can also be used to predict customer turnover before it actually happens. By combining historical data with real-time data, **AI can make predictions** about which customers are likely to leave and why. Precious information, therefore, that makes **the difference between a success and a fail**.

3. Personalising marketing and sales & determining the Next Best Action

Companies can also use **AI to personalise their marketing and sales activities**. By analysing customer data, such as **purchase history** and search queries, AI can make personalised offers and recommendations that better meet the needs of your individual customers. In a world where everyone is overwhelmed by an oversupply of products and services, a personalised approach can ensure that your customers choose your company again and again - and more and more.

4. Improving customer service

AI is also key in **improving your customer service**. Indeed, **chatbots**, virtual assistants and other AI-powered technologies allow companies to handle queries quickly and efficiently and communicate proactively with customers. This has a positive impact on customer satisfaction and ensures that customers remain customers effectively. In addition, AI allows the creation of **personalised customer interactions**, such as automatically generated emails and offers that match the customer's specific needs and interests.

5. Linking with other Sales AI

Finally, AI can also **be linked** with other Sales AI systems. For example, **by integrating cross- and upsell detection, recommendation, credit score prediction and impact analysis with customer turnover prediction**, you get a more complete picture of the customer and can leverage more opportunities to proactively prevent departures.

4. Implementing AI to reduce customer turnover

We have since discussed how AI can help reduce customer turnover, so now it is time to explain how sales managers can implement this technology in their organisations.

1. Identify the right AI solution

There are several AI solutions available for sales managers who want to reduce customer turnover. It is important to choose the right solution that best suits your organisation's needs. Here, an out-of-the-box solution is preferable to custom development because it is less risky, costs less, gives faster returns and you can implicitly use best practices from other companies. Incidentally, there are also solutions available that are specifically designed for certain industries, such as retail or finance.

2. Create a roadmap

Creating a **roadmap for implementing AI** in your company is of great importance. This is because roadmaps help monitor the evolution and ensure that the process is streamlined. It is important to describe in this roadmap all the necessary steps to implement AI, including the necessary resources. In addition, it is also advisable to divide the roadmap **into several phases**, so that the project remains manageable and there is room for adjustments and evaluations.

Besides reducing customer turnover, it is also possible to use AI for other purposes within sales, such as **improving customer profiles, lead scoring and cross-selling**. It is therefore important to consider these additional possibilities when creating the roadmap. This will allow building on the AI solutions that have already been developed at a later date and get even more value out of this investment.

3. Collect the right data

In order to use AI to reduce customer turnover, it is of course important to collect the right data. Here, we are talking about customer data such as purchase history, **data from your ERP or CRM, customer service interactions and any website behaviour**. In addition, a good data infrastructure to collect and analyse this data is crucial.

4. Train the AI solution

Once the data is collected, it is time to train the AI solution. Specifically, this involves using machine learning algorithms to analyse the data and discover patterns. It is **important to re-train this AI solution regularly** so that it always remains up-to-date and delivers the best results.



5. Testing and validating the results

A crucial next step is to test and validate the AI results before deploying them on a large scale. Here, it is important to compare the AI predictions with the real results so that you can be sure they are about accurate data. Data quality and a good data infrastructure are also very important. This is because these factors ensure that the AI solution can work correctly, without being negatively affected by noise in the data. Regular data quality checks and the implementation of a data governance framework is therefore the way to go.

It is also important to monitor how the AI solution is used and how it performs in practice. This is because real-time monitoring allows quick action to be taken in case of any deviations. A good example of this is setting alerts when performance drops below a certain level.

Last but not least, it is also important to **build in a continuous improvement process**. This can be done by regularly training the AI algorithms with new data, but also by testing new models and techniques. Only thanks to this continuous optimisation can the AI solution perform better and better. An important fact, then, because it allows you as a company to get the most out of the AI investment.

5. Data and AI on customer turnover

Data is the backbone of any AI application, and AI solutions for reducing customer turnover are no different. Companies often have access to large amounts of data that they can use to train and optimise their AI solutions.

This allows customers to work with data from **their billing system, CRM, ERP and any other systems**. This is already more than enough to take a big step towards an effective AI solution, because with this data, companies can, for example, predict customer churn and take actions to prevent it.

After the initial set-up, **further collection of data** that can increase the accuracy of the AI in the future is started. This can include both internal and external data, depending on the specific use case and data availability. External data can include, for example, **demographic data, social media data or data from external sources such as government agencies or industry associations**.

However, **collecting data** is only the beginning. Indeed, it is **very important to properly store, process and analyse** this data to gain valuable insights. This can be done by using advanced analysis techniques and data science methods, such as **machine learning and deep learning**.

An important aspect of working with data in an AI solution to reduce customer turnover is ensuring the privacy and security of customer data. Companies must ensure that the data they collect and use is always in compliance with relevant **laws and regulations and that the data is stored and processed securely**.

6. Challenges of using AI



While artificial intelligence (AI) offers many benefits in reducing customer turnover, it also brings some challenges.

1. Avoiding prejudice

A key challenge in using AI is that it **can lead to bias and discrimination**. This can happen when AI systems are trained with data that is unintentionally biased, such as a system based on **historical data where certain demographic groups were disadvantaged**. To reduce this risk, it is advisable to opt for an out-of-the-box solution. These solutions are based on data from a large group of users and are therefore less likely to be biased and discriminatory than custom-made solutions.

3. Finding the right data

Finding the right data to train AI systems is also a challenge. This is because it is important that the data is representative of the target group for which the system is deployed. **Training AI systems also requires time and resources**, making it important to make the right choices when selecting and training the systems.

2. Managing risks

Another challenge is managing the risks. Therefore, it is important **to identify how AI systems work and the potential risks**. This is because it may happen that an AI system makes wrong predictions, or that unintended side effects occur, for example. By identifying these risks, measures can be taken to reduce or prevent them. It is therefore advisable to first test the AI system in a controlled environment before deploying it on a large scale.

4. Maintaining human control

Another challenge is **maintaining human engagement and control**. It is important to remember that AI systems are only tools and human control is always needed to ensure that the systems are deployed appropriately.

7. Future of AI on customer turnover

Developments in AI are moving fast and the future looks promising for customer turnover prevention.

1. NLP (Natural Language Processing)

A key development in the field of AI is the **emergence of Natural Language Processing (NLP)**. This development enables AI to understand and process human language, allowing companies to better communicate with their customers. Using **chatbots and virtual assistants**, they can communicate with customers in a personal and efficient way and help them solve problems. Again, this can lead to improved customer satisfaction and reduced customer turnover.

2. Augmented reality

AI also offers increasing opportunities for the use of augmented reality. **Augmented reality is a technology that makes it possible to enrich reality with digital information.** This technology can be applied in various ways to improve the customer experience. For example, products can be presented virtually in the real world, giving customers a better idea of how the product looks and works. In addition, augmented reality can also be used to solve problems, such as providing **step-by-step instructions** on how to use a product or visualising solutions to technical problems. Thus, by using augmented reality, companies can offer a **personalised and interactive experience**, which can help retain customers and reduce customer turnover.

8. Conclusion

In this e-book, we discussed how artificial intelligence can be used to reduce customer turnover on the one hand and improve customer satisfaction on the other. We looked at the benefits of predicting customer turnover with AI and how it can be used to proactively communicate with customers. In addition, we discussed how other Sales AI applications can be linked to provide a more complete picture and more opportunities to prevent customer turnover.

We recommend that sales managers **develop a strategy** for using AI for customer turnover and implement it step by step. In doing so, it is important to ensure proper integration with existing processes and systems and to invest in **the right tools and training for employees**. Remember that customer churn is more than just conventional churn, and a focus on customer satisfaction is key to success in this regard.

With the right approach, AI can be a powerful tool to reduce customer turnover and improve customer satisfaction. We hope this guide helps you better understand the opportunities and challenges of using AI for customer turnover and helps you get started with this innovative technology yourself.

9. Annexes

1. List of recommended literature

Here are some recommended books and articles on AI and customer turnover that may be useful for sales managers:

"Predictive Analytics: The Power to Predict Who Will Click, Buy, Lie, or Die" door Eric Siegel

"The Business Value of Artificial Intelligence" door Andrew Burgess

"Customer Data and Privacy: The Impact of Artificial Intelligence and Blockchain" door Dimitrios Buhalis en Rohit Talwar

"The AI Advantage: How to Put the Artificial Intelligence Revolution to Work" door Thomas H. Davenport

"Customer Experience with Artificial Intelligence: Transforming Enterprises and Competitive Landscape" door Venkatesh Shankar en Adam Rapp

"The Impact of Artificial Intelligence - Widespread Job Losses" door Alison Griffin

"The AI-Powered Enterprise: Harness the Power of Ontologies to Make Your Business Smarter, Faster, and More Profitable" door Seth Earley

"AI Superpowers: China, Silicon Valley, and the New World Order" door Kai-Fu Lee

These books and articles provide in-depth insights into the application of AI to customer turnover and can help sales managers better understand the opportunities and challenges of AI in reducing customer turnover.

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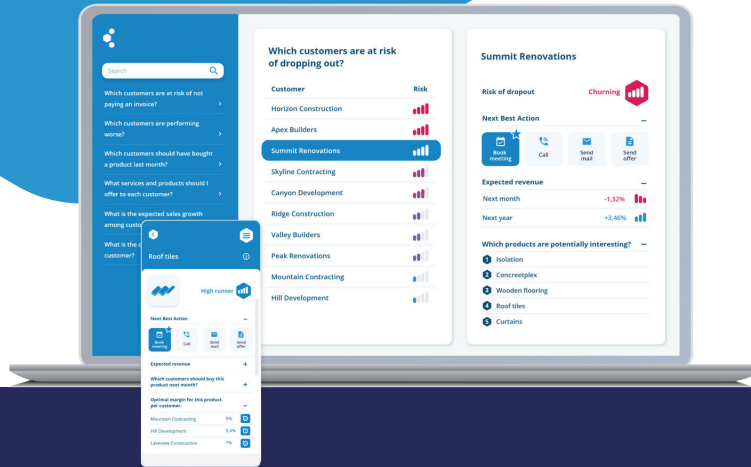
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