

# Churn Management

## Fighting Churn and Retaining Customers

### Challenges

How many customers do you lose every year? What is the value of those customers? What does it cost to acquire the same number of new customers? Do you wish you could identify at an early stage those customers you are at risk of losing?

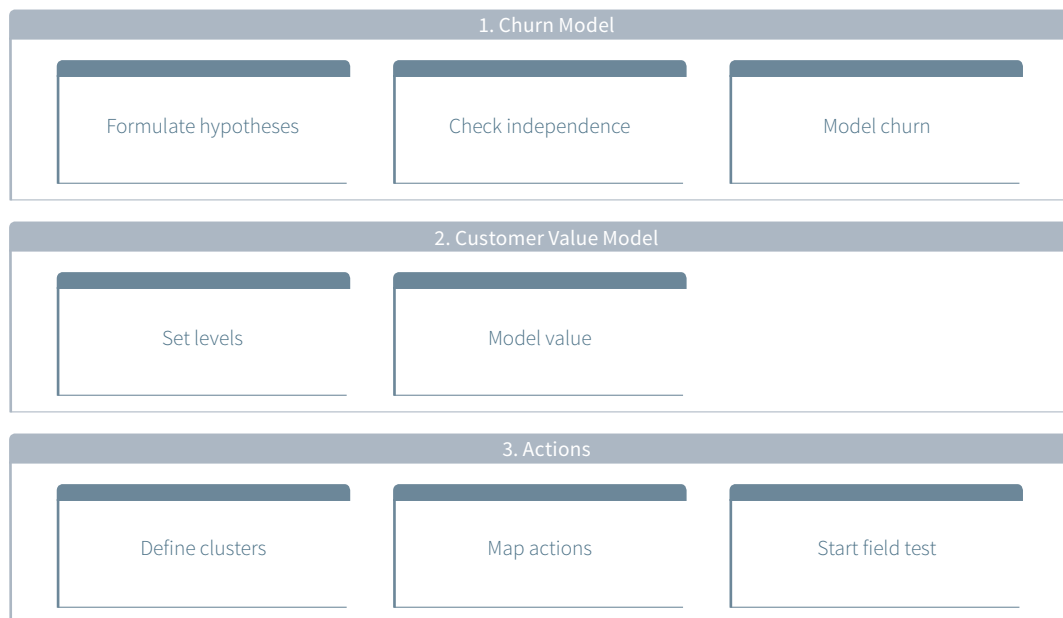
A variety of influences on the insurance markets have led in recent years to increasing mobility among customers and declining customer loyalty. These influencing factors can be attributed, for example, to the increasing transparency of the market, a result of offerings partly becoming more homogenized, or to new regulatory requirements. The current economic climate meanwhile additionally encourages both price sensitivity and competition.

The effect of this development is that, every year, more customers are switching their insurance provider. This generates ever

higher costs, partly due to the increased administration involved, and partly to the expense and effort that has to go into acquiring new customers. There is additionally a risk that the battle for acquisitions will cause the portfolio quality to deteriorate (discounts for bad risks) and the cost of maintaining the existing portfolio at some point renders further growth impossible.

### Our Approach

Churn management is a way of systematically fighting customer attrition. With its help, customers who are at risk of churning are identified early on and a decision is made based on customer value as to what actions, if any, are to be taken to retain the customer. The key elements of the Synpulse churn management approach are shown in the following diagram.



Source: Synpulse

## Benefit

- ☪ The cost and effort of acquiring a new customer is up to five times that of retaining an existing one. Investing in churn management helps to cut costs.
- ☪ It is only with systematic churn management that actions to promote loyalty and retention work effectively and wastage is largely eliminated. Different actions can be taken to suit different customer groups and values.
- ☪ A customer who remains with an insurance company for a long time is more likely to go to the same company for other products.
- ☪ A lower churn rate cuts the amount of time and money invested in administration, and above all in sales and marketing, which frees up new capacities.
- ☪ Every customer is at one and the same time an advertisement for the company. The longer customers remain loyal to the same company, the stronger and more credible they are as a reference.

Churn management helps to make savings in various areas and unleashes potential for further, and above all qualitative, growth. Customer satisfaction additionally grows, and interacting with customers is a valuable way of gaining new market insights.

## Expertise

The Synpulse approach to churn management is suitable for the life, non-life and health insurance sectors and has already been applied successfully in many cases.

With the structured and systematic churn management approach, which sets out both procedure and deliverables as a framework, Synpulse ensures that you see high-quality project results in the shortest possible time.

Churn management is one of the elements of the Synpulse Customer Focus Program. Other topics include:

- ☪ Customer loyalty
- ☪ Customer value model
- ☪ Multi-channel management Contact management
- ☪ Lean client relationship management Affinity groups
- ☪ Worksite marketing
- ☪ Cross-channel management
- ☪ Lead and campaign management
- ☪ Client account planning Customer interaction/360° view
- ☪ eBusiness
- ☪ Controlling/KPIs
- ☪ B2C CRM
- ☪ SSW Evaluation «B2B CRM» / MS Dynamics