



Exceed expectations. Create lasting customer relationships.

Why reducing churn is key to driving customer lifetime value

Customer retention used to be a service problem. Now, with consumer expectations of brand interactions at an all-time high, there is a hyperfocus by marketers and customer experience practitioners to improve overall customer experiences. And rightfully so. Preventing customer churn is critical to that mission. Delivering relevant, timely, and contextually appropriate personalized experiences is critical to preventing customer churn. So, how can brands across industries achieve this? The answer is a mix of utility, usability, value, accountability, and empathy. This doesn't happen overnight, or by accident; it's built through relationships over time.



The gap between customers and brands is growing

The gap between customer expectations and actual experience is growing larger every day.

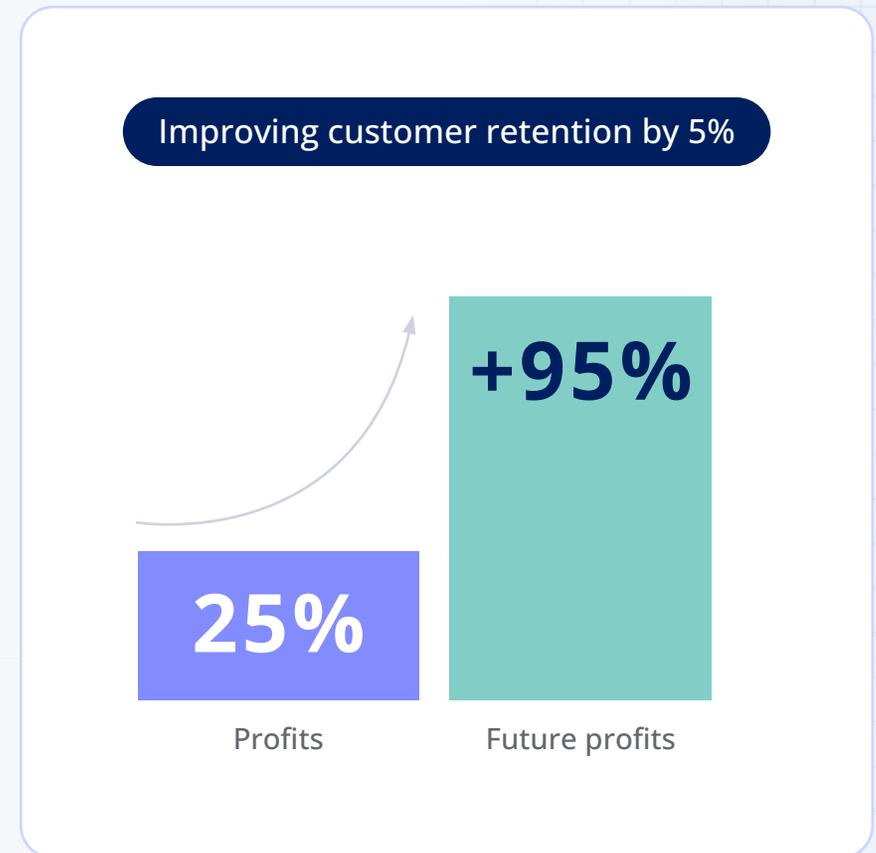
The rise of agentic tools introduces a new layer of complexity and amplifying the risk of misalignment while trying to personalize experiences. Brands now not only have to manage what customers want, but also how these autonomous systems interpret and compare data.

While a few leading brands have succeeded by adopting AI-driven solutions – building connections that bring them closer to customers – most brands haven't made that leap yet. Ultimately, the organization that knows the customer, demonstrates that it cares about them, and makes it simple to do business, wins.

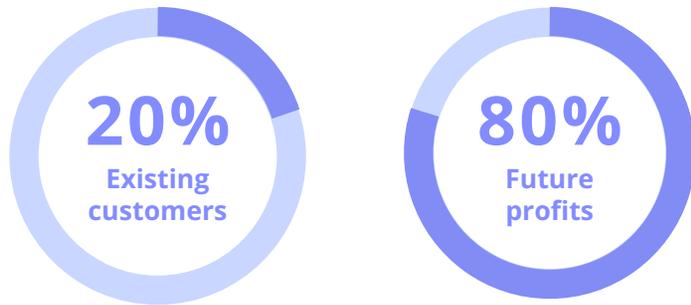
Most customers encounter hundreds of marketing messages daily across a variety of channels. And while those programs are often personalized, they still aren't relevant enough to cut through the noise. Demonstrating that your company understands and empathizes with customers' needs is paramount; and that requires real-time, one-to-one personalization. Personalizing at the one-to-one level is vitally important when it comes to keeping customers happy in the long term – and long-term loyalty translates directly into customer lifetime value (CLV).



A 2025 research by Bain and McKinsey showcased that by merely improving customer retention by 5% can increase profits by 25% to 95%



A projection featured in Gartner’s Customer Experience Research for 2025-26 cites that 80% of future profits will come from just 20% of existing customers showcasing how loyal customers deliver long term growth.



Most marketers are familiar with the kinds of messages seen in the first two columns of the picture below – they’re the kinds of sales offers and messages that dominate most of today’s marketing programs.

Unfortunately, they’re also the kind of communication that fatigue people very quickly, leading to disengagement and, ultimately, to customer churn. To fix this, it’s critical that marketing programs include more of the “high empathy” types of messages included in the columns on the right, which are focused on servicing, retaining, and nurturing customers, instead of simply pushing products. Aligning the message with an individual customer’s context is the key to improving KPIs like customer satisfaction, lifetime value, Net Promoter Score, and retention rate.

But this can be difficult to achieve when enterprises have dozens of applications in their customer engagement stacks, most of which don’t communicate with each other, rely on different sources of insight, and have data lags that can last for hours. They simply can’t keep up in a digital ecosystem where customer clicks are measured in milliseconds, individuals regularly navigate across applications, and audiences interact in multiple channel channels at the same time.

THE RIGHT ACTION IS CRITICAL TO CUSTOMER SATISFACTION

Most of the messages consumers see daily

Acquisition Converting new customers	Switch now for free	Earn 5% the next year
	Cross-sell Expanding current relationships	Save \$300 when you upgrade
Service Supporting daily customer needs	Get your free device inspection	Get real-time travel alerts
Retention Keeping valuable customers profitable	Free unlimited talk or text	Automatic cash-back match
Nurture Keeping the brand top of mind	Everything you need to know about 5G	Free personal finance classes
Resilience Safeguarding their financial state	How to make pay arrangements	You qualify for a payment holiday

3 tips for customer retention success

1 PRIORITIZE A PREEMPTIVE APPROACH TO RETENTION

Traditional retention strategies tend to be reactive. A reactive strategy engages the customer only after something has gone wrong. Instead, think about applying a pre-emptive retention strategy.

To build and maintain great customer relationships, you need to be able to anticipate and resolve “moments of need” with intelligence, speed, and agility.

Pro-active retention

Keeping high-value customers profitably



2 CALCULATE THE NEXT BEST ACTION

Once you know there’s a problem (or a need), then what? What’s that customer’s value to your business? What will satisfy them? When do they need it? And how much are you willing to invest to fix that problem?

The goal is to lean into the moment, leveraging data from the current experience to calculate that customer’s next best action: one that will best balance their needs as a consumer with your own needs as a business. Retention pros are leveraging AI to predict which service tasks, retention plans, and sales offers a customer is most likely to want, based on their propensity to take action – and then delivering those to the customer, before they even think about leaving.

Retention actions

- Often optimized for **Customer Retention, Churn, NPS, or Profit Margin (ARPU)**
- Massive impact on **Revenue Retention**
- Significantly **under-indexed** in traditional outbound programs (<5%6)
- Can be triggered in **real-time** or **queued**, based on customer context or problem



3 REAL-TIME CONTEXT IS KING

While we want to be as proactive as possible, the truth is that some customer problems will always slip through the cracks, and you'll have to solve that issue on the spot if you want to retain your customer's business. The key is doing it in real time, rather than trying to decide what's best hours or days beforehand. The real-time approach requires constant redecisioning – meaning that you're constantly taking data from the current experience and using it to decide what to say next. That requires a lot of precision and advanced analytics, but organizations that do it right increase their save rates by more than 85%.*

*<https://www.pega.com/customers/achmea-marketing>

Cross-industry examples:

Communications	Free unlimited talk or text <i>(incentives)</i>
Financial services	Automatic cash-back match <i>(Rewards)</i>
Insurance	Download, drive and save <i>(Usage -based)</i>
Airlines	Earn 60,000 bonus miles <i>(Rewards)</i>
Healthcare	Get your no-cost flu shot today <i>(incentives)</i>



“With Pega, we’ve moved from a focus on sales, to a focus on incremental value. For us, it’s about doing the right thing to drive value in the long run, and that approach has led to a 20% increase in incremental value in the last year alone.”

Dr. Esra Taylor, Sr. Director, SMB Marketing, Etisalat



Telenet, a leading provider of connectivity and entertainment services in Belgium, sought to help residential and business customers navigate new digital connectivity options – while retaining them even in the face of constant marketing pressure from competitors. The company set audacious goals: to reduce churn and increase offer acceptance rate.

With Pega’s AI-based Customer Decision Hub™, Telenet now has a “single-brain” system that responds in real time to customer needs. The platform understands the context behind every customer interaction and anticipates next-best-action solutions, based on the company’s wide catalog of options.

Besides enabling predictive models for every individual customer, the platform collects granular data that facilitates high-touch, always-on marketing with minimal staff time.

THE RESULTS

So far, Telenet has achieved:

- 75% increase in offer acceptance
- 33% increase in cross-sell
- 20% reduction in churn



Etisalat has been the dominant telecom provider in the United Arab Emirates since 1975, with 120% wireless market penetration. Etisalat uses Pega Customer Decision Hub™ as its centralized decisioning engine. Leveraging built-in predictive and adaptive machine learning models, Etisalat can identify each customer’s unique context, understand what offers and actions would add value in the moment, and provide personalized experiences across inbound, outbound, and agent-assisted channels.

ETISALAT WAS ABLE TO ACHIEVE:

- 3X increase in conversion rate
- 20% increase in incremental revenue
- 15% reduction in customer churn

The time to act is now.

To learn more about how you can use next best action to retain your customer relationships – including a proven formula for success – download our whitepaper.



About Pegasystems

Pega provides the leading AI-powered platform for enterprise transformation. The world's most influential organizations trust our technology to reimagine how work gets done by automating workflows, personalizing customer experiences, and modernizing legacy systems. Since 1983, our scalable, flexible architecture has fueled continuous innovation, helping clients accelerate their path to the autonomous enterprise. [pega.com](https://www.pega.com)

