

# Customer Retention & Loyalty Programs — Workbook

This workbook turns the course into action for your own business. Work through one section per module, computing your real retention numbers, designing a loyalty program that fits your margins, and drafting the win-back and feedback systems you will launch. By the end you will have a complete retention plan backed by your own data, ready to put in front of your team.

## Retention Metrics That Actually Matter

Compute your true churn, retention, and lifetime value figures so every later decision rests on real numbers.

### Worksheet: Your Core Retention Numbers

Pull the figures from your sales or subscription data for the most recent full month and fill each field. Use the formulas from Module 1: retention rate =  $((E - N) / S) \times 100$ .

Customers at start of period (S)

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New customers gained during period (N)

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Customers at end of period (E)

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Retention rate (%)

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Churn rate (%)

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Implied annual churn (%)

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### Worksheet: Lifetime Value Calculator

Enter your averages, then compute LTV using  $AOV \times \text{frequency} \times \text{lifespan} \times \text{gross margin}$  (or the subscription formula). Finish by computing your LTV-to-CAC ratio and judging it against the 3:1 benchmark.

Average order value (\$)

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Purchase frequency per year

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Average customer lifespan (years)

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Gross margin (%)

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Customer lifetime value (\$)

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Customer acquisition cost (\$)

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LTV-to-CAC ratio

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### Exercise: Build Your First Cohort Table

Export your orders with customer ID and order date, then construct a cohort retention table in a spreadsheet and chart the curve.

- Which month-cohorts will you compare, and how many months of history do you have?
  - At what month does your retention curve flatten, or does it keep falling?
  - Do newer cohorts retain better or worse than older ones, and what changed between them?
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### Checklist: Metrics Foundation Ready

- Computed monthly churn and retention rate with N excluded
- Calculated LTV using gross profit, not revenue
- Calculated LTV-to-CAC ratio and noted whether it clears 3:1
- Built at least one cohort retention table
- Identified whether the retention curve flattens
- Chosen where the team will see these numbers monthly

## Diagnosing and Reducing Churn

Find out why your customers leave, fix the involuntary losses, and accelerate the first-value moment.

### Worksheet: Churn Driver Breakdown

Estimate or pull the share of churn from each source. Split involuntary from voluntary, then rank voluntary reasons by both count and lost revenue.

Involuntary churn share (%)

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Top voluntary reason #1 and its lost revenue

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Top voluntary reason #2 and its lost revenue

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Top voluntary reason #3 and its lost revenue

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Most expensive churn reason by revenue

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Quickest churn reason to fix

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### Exercise: Design Your Cancel-Flow Survey

Draft a one-question exit survey with 5 to 7 mutually exclusive reasons plus an optional comment, and decide the save offer for each branch.

- What 5 to 7 cancellation reasons will you offer as choices?
- What targeted save offer matches each reason while protecting your margin?

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- Where in the cancel flow will the survey appear so response rates stay high?
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### Exercise: Find Your Activation Event

Compare retained and churned customers' first-week behavior to identify the action that predicts retention, then plan to drive every new customer toward it.

- What early action did retained customers take that churned ones did not?
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- How will you confirm this correlation holds across more than one cohort?
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- What welcome sequence or onboarding nudge will push new customers to that action?
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### Checklist: Churn Reduction Set Up

- Enabled card-updater and a dunning retry sequence
- Added a one-click update-payment link
- Launched a cancel-flow exit survey with coded reasons
- Mapped a save offer to each top churn reason
- Defined the activation event from cohort comparison
- Drafted a welcome sequence that drives time-to-value down

## Designing Loyalty Programs That Work

Choose a loyalty structure that fits your business, set reward economics that stay profitable, and add a referral channel.

### Worksheet: Loyalty Program Blueprint

Decide your program model and its mechanics. Use your purchase frequency and margin from Section 1 to justify the choice.

Chosen program type (points, tiers, paid, punch, value)

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Why this fits your frequency and margin

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Earn rule (how customers accumulate value)

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Reward rule (what they redeem and at what threshold)

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Platform or tool you will use

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Point expiry and any earning exclusions

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### Worksheet: Reward Economics Check

Run the earn-and-burn math to confirm the program is profitable. The net gain per customer should be positive after subtracting reward cost.

Target reward rate (% of spend)

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Average annual customer spend (\$)

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Reward liability per customer (\$)

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Expected spend lift from program (%)

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Extra gross profit from the lift (\$)

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Net gain per customer after reward cost (\$)

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### Exercise: Design a Two-Sided Referral Program

Structure a referral offer that rewards both the advocate and the new customer while staying below your CAC.

- What reward goes to the referrer and what to the new customer?

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- At what point does the reward trigger, and how will you verify a real purchase?

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- At which peak-happiness moment will you ask loyal customers to refer?

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### Checklist: Loyalty Program Ready to Launch

- Selected a program model matched to frequency and margin
- Confirmed reward economics produce a positive net gain
- Set point expiry and margin-protecting exclusions
- Chosen a loyalty platform and configured earn/burn rules
- Designed a two-sided referral offer below CAC
- Planned the moment and channel to ask for referrals

## Re-Engagement, Feedback Loops, and Measuring Impact

Win lapsed customers back, build a closed-loop feedback system, and prove the revenue impact of your retention work.

### Worksheet: Win-Back Campaign Plan

Define your lapse windows from your average time between purchases, then plan the message and offer for each stage.

Average time between purchases (days)

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At-risk window and its message/offer

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Lapsed window and its message/offer

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Dormant window and its final offer

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Tool or platform running the automated flow

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Suppression rule after the final attempt

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## Exercise: Stand Up Your Feedback Loop

Decide which survey metric fits each moment and how you will close the loop so feedback drives change.

- Where will you use NPS, CSAT, and CES across the customer journey?

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- Who follows up with detractors, and within what time window?

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- How will you ask promoters for reviews or referrals while they are enthusiastic?

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## Worksheet: Retention Impact Forecast

Model the revenue impact of a one-point churn improvement on your base so retention can earn budget.

Current customer base size

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Current LTV (\$)

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Target churn reduction (percentage points)

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New estimated LTV (\$)

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Added lifetime gross profit across the base (\$)

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Estimated program cost and resulting ROI

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## Checklist: Measurement and Loops Live

- Defined lapse windows from real purchase-gap data
- Built an automated win-back flow with escalating offers
- Chose NPS, CSAT, and CES placements across the journey
- Assigned detractor follow-up within 48 hours
- Built a retention dashboard with the core metrics
- Forecast the revenue impact and set a monthly review cadence

## Your Action Plan

1. Week 1: Compute your churn rate, retention rate, and LTV, and build a starter cohort table.
2. Week 1: Turn on card-updater and a dunning retry sequence to stop involuntary churn.
3. Week 2: Launch a cancel-flow exit survey and begin coding the reasons by count and revenue.
4. Week 2: Identify your activation event and draft a welcome sequence that drives toward it.
5. Week 3: Choose a loyalty model, run the reward economics, and confirm a positive net gain.
6. Week 3: Configure the loyalty platform and a two-sided referral offer below your CAC.
7. Week 4: Define lapse windows and build an automated win-back flow with escalating offers.
8. Week 4: Place NPS, CSAT, and CES surveys and assign detractor follow-up within 48 hours.
9. Week 5: Build the retention dashboard with the core metrics and set a monthly review day.
10. Week 6: Forecast the revenue impact of a one-point churn cut and present the ROI to your team.









