

Customer retention metrics

Here's a list of essential metrics for you to track your customer retention performance. It's essential that you have a clear understanding of their definitions, so you'd know which ones to use for your specific case and why you track them in the first place.

Metrics	Definition	Formula
Customer retention rate	The percentage of existing customers who remain customers after a given period	$\left[\frac{(\# \text{ Customers at End of Period} - \# \text{ Customers Acquired During Period})}{\# \text{ Customers at Start of Period}} \right] * 100$
Churn rate	The rate at which customers stop doing business with a company over a given period of time	$\left[\frac{(\# \text{ Customers at the start of the month} - \# \text{ Customers at the end of the month})}{\# \text{ Customers at the start of the month}} \right] * 100$
Revenue churn rate	The amount of revenue lost from the former customers over a certain period of time.	$\left[\frac{(\text{MRR at Start of Month} - \text{MRR at End of Month}) - \text{MRR in Upgrades during Month}}{\text{MRR at Start of Month}} \right]$
Repeat Purchase Rate	The percentage of customers that have returned to buy from a company again	$\frac{\text{Number of Returning Customers}}{\text{Number of Total Customers}} * 100$
NPS Score	A customer satisfaction benchmark that measures how likely customers are to refer your business to others	$\% \text{ of Promoters} - \% \text{ of Detractors}$

Customer Satisfaction Score	A key performance indicator that tracks how satisfied customers are with your organization's products	$(\# \text{ of positive responses} / \# \text{ of responses}) * 100$
Customer Engagement Score	A metric that evaluates the engagement of customers and free trial prospects	$CES = (w1 * n1) + (w2 * n2) + \dots + (w\# + n\#)$
Customer Retention Cost	The total cost of retaining a customer, including customer success, engagement, training, and tools.	$CRC = \text{Amount Spent on Customer Retention} / \text{Number of Active Customers}$