

Scaling Retention and Expansion

How to diagnose customer risk, intervene where it changes the outcome, and prioritise expansion.

Theory session

Intermediate

Running case: LumenCart



Where this session sits

2.2 built the capacity to win revenue; 2.3 keeps and grows it

MODULE 1

Growth Architecture
and Market Entry

MODULE 2

**Commercial Engines
and Expansion**

MODULE 3

Strategic
Scaling Choices

SESSIONS IN THIS MODULE

2.1

Designing Product-Led Growth

Usage signals, self-serve conversion and when sales steps in

2.2

Connecting Revenue Capacity Systems

Forecasting capacity, coverage gaps and hiring decisions

2.3

Scaling Retention and Expansion

Diagnosing risk and prioritising expansion

YOU ARE HERE

What this session explains

Treating churn as a diagnosable event rather than a rate

01

Net revenue retention decomposes

Expansion, contraction and churn are three separate movements with separate causes.

02

Churn has reasons, and they differ

A single save offer treats every reason as the same problem.

03

Intervention timing decides the outcome

The cancel screen is late, but it is not too late.

04

Expansion is prioritised, not broadcast

Value and readiness together decide who to approach.

What net revenue retention measures

The single number that says whether the base grows on its own

WORKING DEFINITION

Net revenue retention is this period's revenue from last period's customers, divided by what they generated then — combining expansion, contraction and churn into one figure that shows whether the existing base grows without new customers.

1

Above 100% is compounding

The base grows even with zero acquisition. Slack consistently exceeded 140%, which is what made its growth durable.

2

It hides its own components

110% could be strong expansion masking heavy churn, or modest expansion with almost none. The two need different responses.

3

Gross retention is the floor

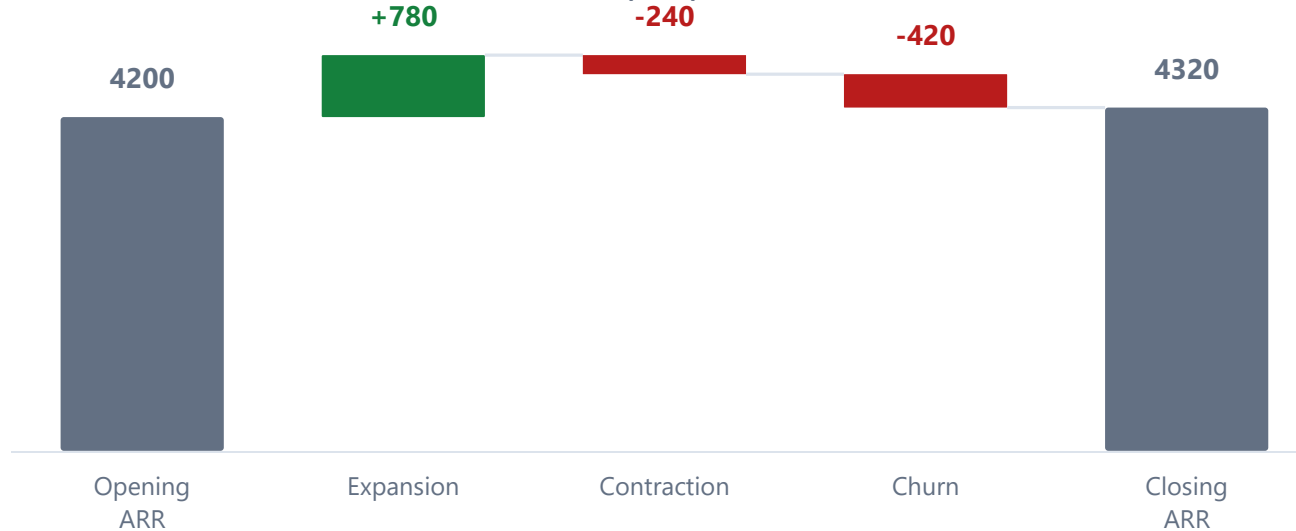
Churn and contraction only. It cannot exceed 100%, and it is the honest measure of whether you keep customers.

Skok, D. (2013). SaaS metrics 2.0. For Entrepreneurs.

Four movements inside one number

The same NRR can be produced by very different behaviour

FROM OPENING TO CLOSING RECURRING REVENUE (£000)



NRR of 102.9%. Healthy on the surface — and £660k was lost and replaced, which is a different business from one that lost £100k.

EXPANSION

More from the same customers

Seats, usage, tier upgrades, add-ons. Just Ingredients grew add-on revenue 121%.

CONTRACTION

Still here, paying less

Downgrades and reduced usage. An early warning that usually precedes churn.

CHURN

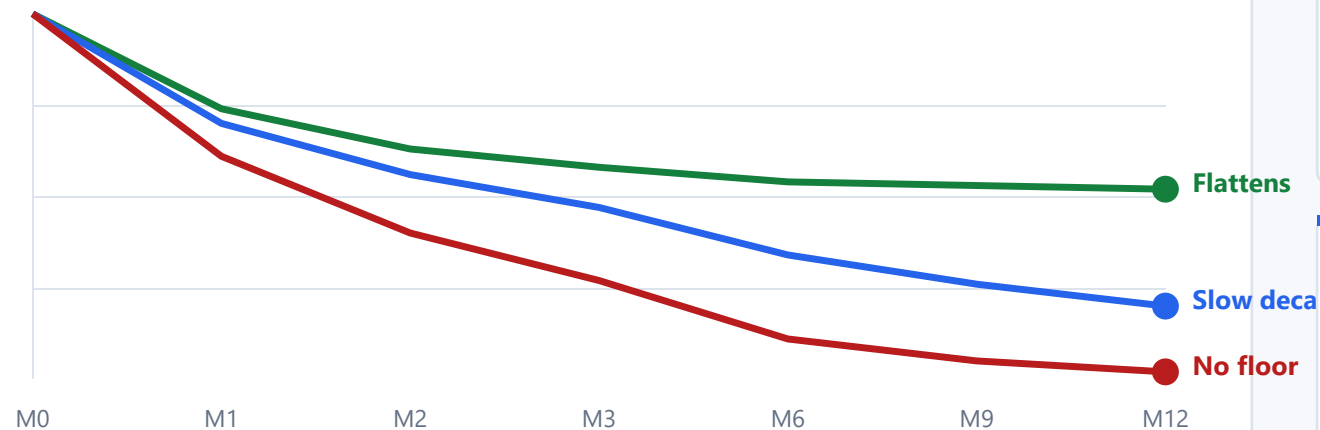
Gone entirely

Report gross retention alongside NRR, or strong expansion will conceal a leaking base.

Reading a retention curve

The shape matters more than the level

PERCENTAGE OF A COHORT STILL ACTIVE, BY MONTH
% OF COHORT ACTIVE



A curve that flattens means a core found durable value. One that reaches zero means nobody did — and acquisition can never outrun it.

WHAT TO LOOK FOR

A floor

The level where the curve stops falling is your real product-market fit signal.

WHERE TO INTERVENE

The steepest part

Most loss happens in the first weeks. That is an activation problem, not a retention one.

THE WARNING

Growth masks decay

Enough new customers keeps totals rising while every cohort collapses.

Churn is not one problem

Each reason has a different intervention, and a different owner

NEVER ACTIVATED

Left before reaching first value. Belongs to onboarding, not to retention.

VALUE NOT REALISED

Used it, did not get the outcome. A product or expectations problem.

PRICE OR BUDGET

Value understood, cost not justified. Packaging, not persuasion.

CIRCUMSTANCE CHANGED

Role, company or need moved. Largely uncontrollable — and worth identifying so it is not over-treated.

COMPETITOR

Moved to an alternative. The only reason that says something about the market.

WHY IT MATTERS

One offer cannot fit five reasons

Just Ingredients used adaptive logic to select alternatives according to the stated reason — 7.3% to 30.8%.

THE CHEAPEST DATA

Ask at the exit

A required reason field at cancellation is the highest-yield research in the business.

Matching the response to the reason

The cancel flow is late, but it is a decision point

Stated reason	A generic save offers	What actually fits
Too expensive	A discount.	A smaller plan or lower frequency — keeps the relationship without resetting the price.
Too much product	A discount.	Pause, or extend the delivery interval. The most common genuine fix in subscriptions.
Not using it	A discount.	Onboarding help, or an honest pause. Discounting an unused product buys a delayed cancellation.
Found an alternative	A discount.	Ask what it does better, and route the answer to product.
Circumstance changed	A discount.	Let them go cleanly, and make returning easy.

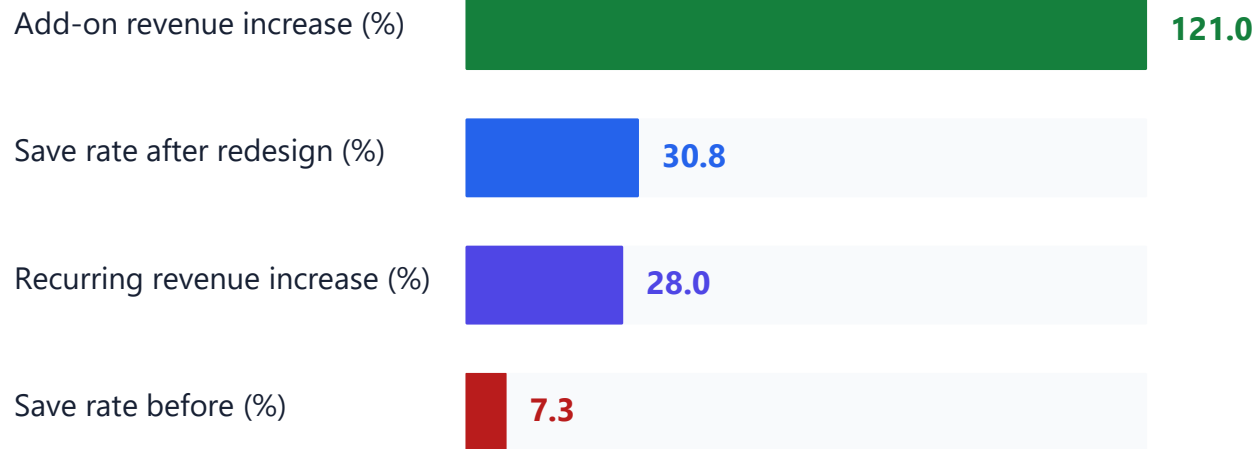
WHY ADAPTIVE LOGIC WORKS

Every row's generic answer is the same, which is why generic save flows plateau. The adaptive version asks first, then chooses.

What the redesign actually produced

Retention and expansion moved together, from the same work

REPORTED RESULTS AT JUST INGREDIENTS



6,000+ cancellation deflections in ninety days; recurring revenue up 28% over five months.

THE CONNECTION

Same journey, both outcomes

Lowering friction to change a subscription helps people stay and makes adding products easier.

THE REFRAME

Intent is information

A cancellation attempt is the most honest signal a customer ever sends.

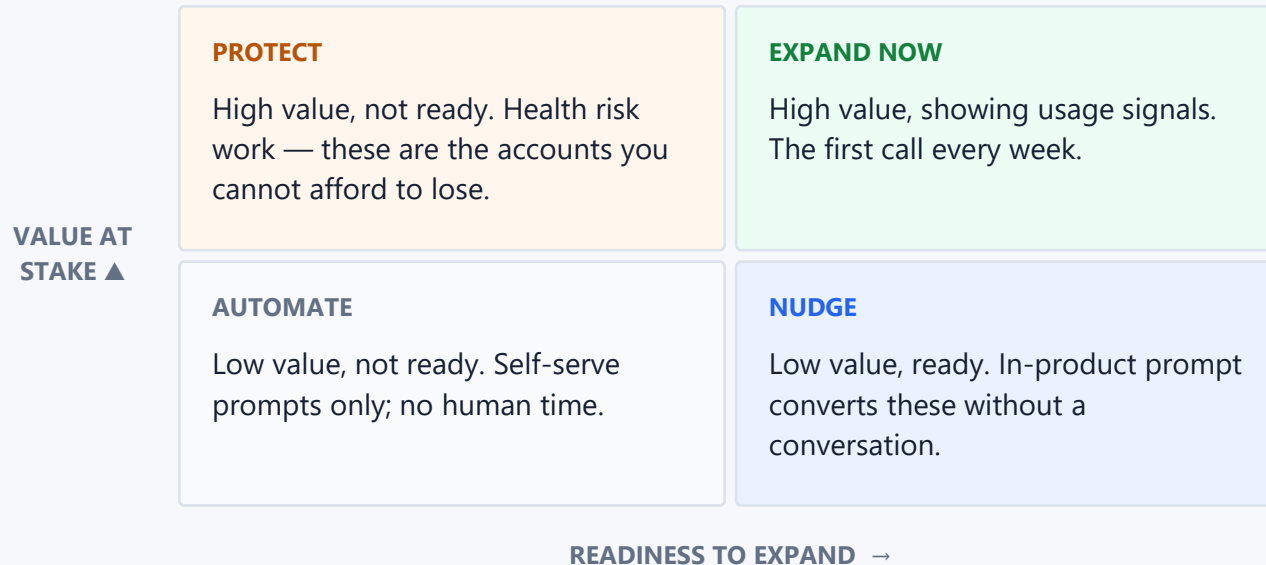
CAUTION

Do not trap people

Deflection must offer a genuinely better fit. Obstruction produces worse outcomes and regulatory attention.

Who to approach, and in what order

Value at stake against readiness to expand



READINESS SIGNALS

Behaviour, not age

Approaching a limit, adding users, increasing frequency. Not “it has been twelve months”.

THE SEQUENCING RULE

Never expand an unhealthy account

Upselling someone who is not getting value accelerates churn and damages trust.

COVERAGE

Match effort to value

Human attention for the top rows; in-product prompts for the rest.

Three retention programmes that do not hold

Each reports improvement and changes little

The universal discount

Looks like One save offer for every cancellation.

Why it fails It answers a reason nobody gave, and it trains customers to threaten leaving.

Fix Ask the reason, then choose the response.

NRR without gross retention

Looks like 110% NRR reported as health.

Why it fails Strong expansion in a few accounts can mask a base that is leaking.

Fix Report both, always, side by side.

Expansion before health

Looks like Upsell targets applied across the base.

Why it fails Selling more to someone not getting value accelerates the exit.

Fix Gate expansion on usage signals.

CASE STUDY

Just Ingredients

A forced platform migration turned into a retention and expansion programme.

Cancellation turned into a decision point

Adaptive logic matched the offer to the stated reason

THE SITUATION

Continuity under pressure

WHAT FORCED IT

Yotpo announced the sunset of its subscriptions product; migration to Skio in June 2025.

WHAT WAS AT STAKE

Continuity for thousands of subscribers and millions in monthly recurring revenue.

THE STARTING POINT

The cancel-flow save rate was about 7.3% in June.

THE REDESIGN

Cancellation as a signal

THE INTERVENTION

Splash screens intercepted cancellation; adaptive logic offered alternatives matched to the stated reason.

RETENTION RESULT

Save rate rose from about 7.3% to about 30.8%, with 6,000+ deflections in ninety days.

EXPANSION RESULT

Add-on revenue up 121%, and recurring subscription revenue up 28% over five months.

READING THE CASE

Retention improved when customer intent was treated as information rather than as the end of the relationship. A generic save message would not have produced this.

Drawn from the session case pack.

Bringing the theory to LumenCart

A retention and expansion system with owners

Step	What you build	LumenCart example
Report both measures	NRR and gross retention together.	NRR 104%; gross retention 86% — the base is leaking.
Capture the reason	Required at cancellation, in their words.	Five options plus free text; reviewed weekly.
Build adaptive responses	One per reason, not one overall.	Volume too low → smaller tier. Not using → onboarding session.
Find the curve's floor	Cohort retention by month.	Flattens at 61% by month four — the first three weeks are the problem.
Score expansion readiness	Usage signals, not tenure.	Two of: approaching rule limit, added a user, volume up 30%.
Route by value	Human attention only where it pays.	Top 40 accounts get a person; the rest get in-product prompts.

WHAT COMES NEXT

Module 3 takes this engine and decides where to point it next — experiments, markets and the operating model.

What to carry out of this session

1

Report NRR and gross retention together.

One number can hide a leaking base behind strong expansion in a few accounts.

2

Churn has reasons, and they need different answers.

A single discount answers a question nobody asked.

3

Read the shape of the retention curve, not the level.

A curve that flattens has found a core; one that reaches zero cannot be outrun by acquisition.

4

Treat cancellation intent as information.

Just Ingredients moved saves from 7.3% to 30.8% by asking first.

5

Never expand an unhealthy account.

Selling more to someone not getting value accelerates the exit.

Sources for this session

Primary references behind each concept

RETENTION METRICS	Skok, D. (2013). <i>SaaS metrics 2.0</i> . For Entrepreneurs.
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