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## Quick Guide to Measuring Your Member Churn Rates

*This is an extra resource to go along with the original article:  
[3 Mistakes That Increase Member Churn \(And How to Fix Them\)](#)*

## Quick Guide to Measuring Your Member Churn Rates

How do you know if you have an unusually high churn rate? First, measure it. Once you know where you sit you can figure out what's causing members to leave.

Here's a quick guide to help you calculate and reduce your churn.

### The Member Churn Rate Formula

Churn is defined as the amount of customers lost over a certain period of time.

It's calculated based on the number of customers lost divided by your total customers. This gives you a measurable percentage, known as your [churn rate](#).



This gives you a statistic you can compare over time as you analyze your growth.

### How to Calculate Your Lost Customers

To find your total customers lost, you would use this formula:

$$\text{Total Customers (Last Period)} + \text{New Customers (This Period)} - \text{Total Customers (This Period)} = \text{Total Customers Lost}$$

Take a look at your CRM data and determine how many customers (new and returning) you added for a previously set period.

This could be last quarter or within the last 6 months, or it could be from the start of your business if your business is still new. Typically, businesses will calculate either a monthly or annual churn rate. But there are no hard and fast rules.

Let's say you wanted to measure your churn rate quarterly, and you had 100 total customers (new and recurring) last quarter.

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Your **Total Customers (Last Period) = 100.**

Now look at your data to determine how many new customers you have added in your current time period (this quarter, this month, etc.). Let's say it's 30.

Your **New Customers (This Period) = 30.**

Next, determine how many total customers you have as of your current time period (new and recurring). Let's say it's 110.

Your **Total Customers (This Period) = 110.**

Putting that all together, you have this formula:

**Customer Lost Formula —  $100 + 30 - 110 = 20$**

Your total customers lost is 20.

Now plug it into your churn rate formula (customers lost divided by total customers from last period):

**Churn Formula —  $20 / 100 = 0.2$**

Your churn rate is 20%.

### What's a "Good" or Ideal Churn Rate?

There's no magical number when it comes to a good or bad churn rate, because it all depends on what you're measuring.

If you have 1,000 customers with a 5% churn rate for the year, for example, you're only losing around 50 customers annually, which isn't the end of the world.

It's not great, but it won't run you out of business.

But if you had a 5% churn rate *every month* with 1,000 customers, you're losing 460 customers (nearly half!) every year. That's a much bigger deal.

As a guideline, you want to **keep your annual churn rate below 5%**, which gives you a monthly churn rate around 0.4%.

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Just be sure to factor in how many customers you have (a 5% churn rate for 10,000 customers may have more financial implications than a 5% churn rate for 1,000 customers), as well as the average churn rate for your industry.

[Here are some statistics for churn rates by industry](#) (these are updated regularly, below is just an example).



Churn rates are different for [SaaS companies](#) than they are for other types of membership.

## What to Do If Your Churn Rates are Too High

If you notice that your churn rates are abnormally high, or higher than you want, there are a few places to start looking.

First, **send out some customer satisfaction surveys.**

These can be to current customers as well as past customers. The goal is to spot trends or common concerns that may lead or have led to frustration.

Next, **look at your website.**

Look at your Google Analytics (or other analytics tools) and see if there are areas of your site that are preventing users from signing-up, accessing their accounts, or otherwise engaging with your business.

Do a [speed test](#) as well as a [mobile-friendly test](#), and make sure you have a [membership platform](#) or [plugin](#) that is supporting your member needs for accessibility.

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Then, **focus on the customer experience.**

If customers have complained about or mentioned specific areas that are causing them trouble (customer service, website accessibility or bugs in your product), create a strategy to address those concerns.

Focus on engaging customers to improve their experience with your business. Communicate. Show that you're listening.

Even if it means big or small changes to your operations, find ways to show customers that you care and they should give you the room you need to adjust while staying loyal.



## Need Help Building a Marketable Membership Site?

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