

CULTIVATING CUSTOMER LIFETIME VALUE

How do you decide which customers are your most profitable? For recurring revenue businesses, that signals a major opportunity gap. Take a look at one strategy businesses are using to fill it.

CUSTOMER LIFETIME VALUE (CLV)



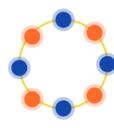
CLV: Profitable Brand Loyalty

This is a metric of a customer's net present value of all cash flows—costs and revenues.

MORE THAN 75% of North American senior executives say CLV is a highly or extremely valuable indicator.

INCREASING RETENTION AND SATISFACTION

Retention and satisfaction are key to driving long-term results; a CLV-supported strategy works to increase both at every available opportunity.



Retention

On average, 80% of a company's future profits come from 20% of its existing customers.



Satisfaction

A "totally satisfied customer" contributes 2.6x as much revenue as a "somewhat satisfied customer."

CHALLENGES TO ADOPTING CLV STRATEGY



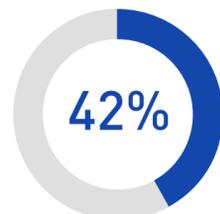
Inaccurate data



Inflexible technology or processes



Not knowing what to include in calculations



42% of North American senior executives do not regularly calculate CLV.

MAXIMIZING CLV THROUGH CUSTOMER INTERACTIONS

Recurring revenue models establish a lifetime of customer interaction points, each providing an opportunity to win or lose revenue and loyalty. Here's how to take advantage of them.

▶ Customer Action ● Business Response

Nearly 50% of U.S. businesses have either adopted or are planning to adopt recurring revenue models.

