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

2.6x

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.

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

▶ Customer Action ● Business Response

Customer Action	Business Response	Statistic
Customer completes transaction.	They receive an automated response that the purchase has been completed, including personalized recommendations for other products.	84% — 84% of customers report that personalization impacts customer retention and loyalty.
Customer exceeds consumption limit.	"They receive an upgrade plan with higher consumption limit and the overage fee is waived.	89% — 89% of customers say a great customer experience is key to driving brand loyalty.
Customer calls customer service.	They are promptly assisted and offered a clear plan or options for resolution based on up-to-date customer information.	81% — 81% of customers are more likely to do repeat business with a company after a good service experience.
Customer upgrades mid-cycle.	They are quickly issued the new product via an "instant on" experience.	94% — 94% of customers who have a low-effort service experience will buy from that same company again.
Customer receives a discount promotion for another product.	They receive promotions based on previous purchases and customer data.	68% — 68% of customers say coupons generate loyalty.