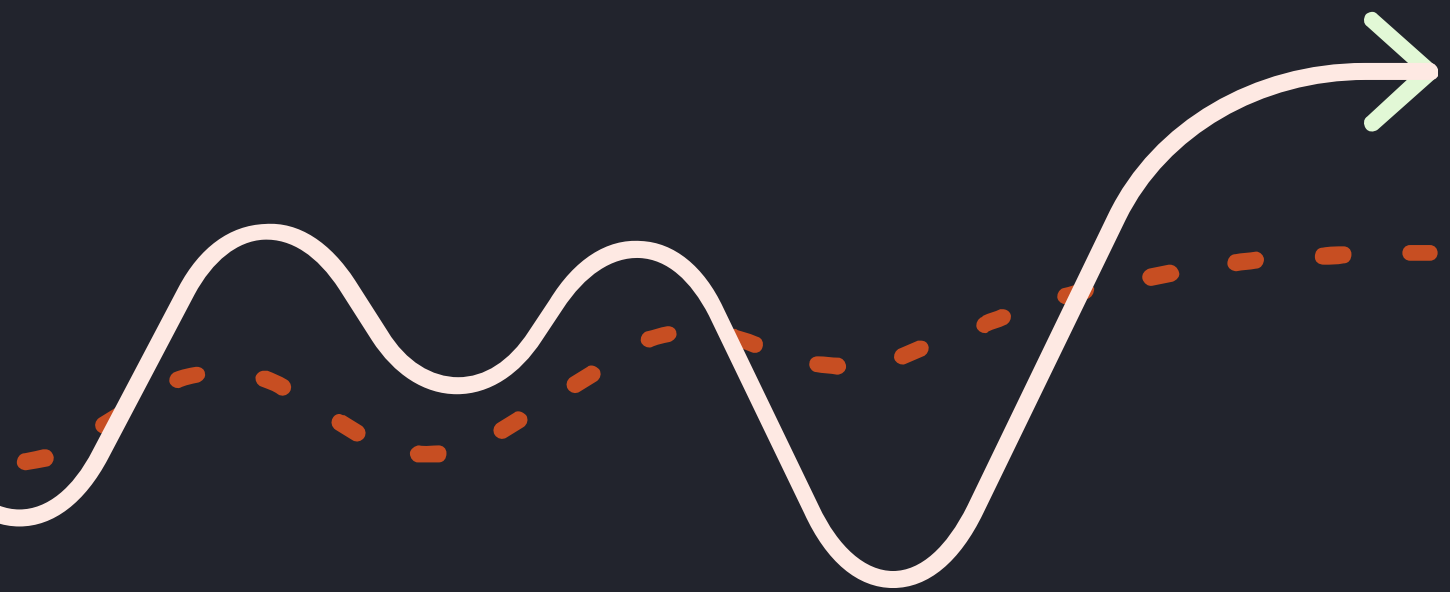


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# Customer Lifetime Value Playbook

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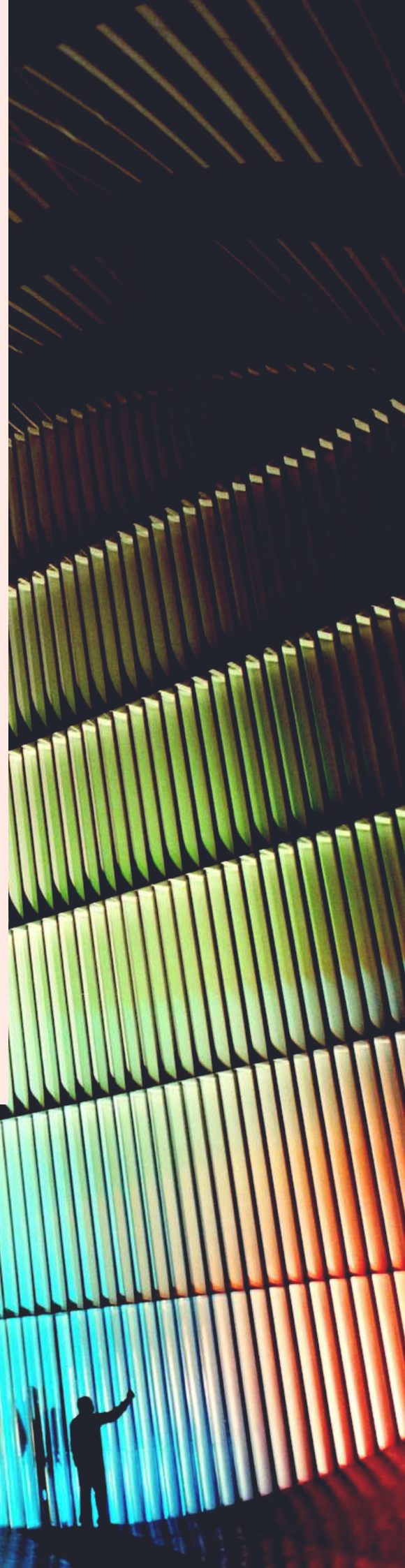
Creating a winning customer lifetime value (CLV) strategy is crucial for businesses to achieve sustained growth and success. Existing customers are often a company's most valuable asset, and growing the value of the existing customer base is more cost-effective than new customer acquisition. Delivering customer value in each stage of the customer lifecycle is a key differentiator that can set your business apart from the competition.

In this guide, we will provide you with valuable insights and practical tips on how to create a winning CLV strategy. This guide will help you drive business growth through increased sales to existing customers and reduced churn, and help you use your resources more efficiently. Whether you're a scaleup or an established enterprise, this guide will equip you with the knowledge and tools you need to get more value out of your current customer base.

So, if you're ready to take your customer lifetime value to the next level and create a winning CLV strategy, let's dive in!

# How to get more out of your current customer base

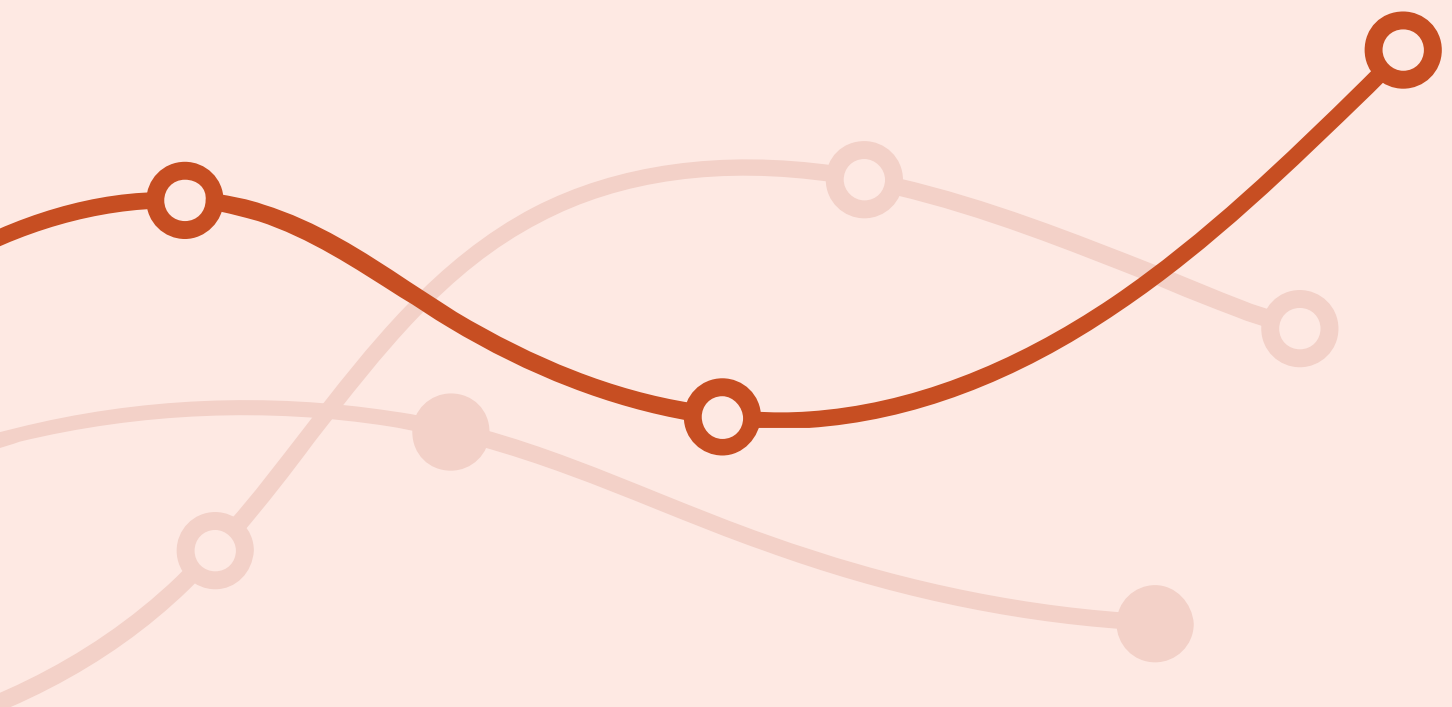
One of the key ways to get more out of your current customer base is to use data to target the right actions to the right customers. By leveraging customer data, you can identify customers with the highest potential to grow, or the highest probability to churn; segment your customer base, and tailor your sales and retention efforts to meet their unique needs and preferences. This targeted approach can drive short-term up-sales and cross-sales, reduce churn, and ultimately increase your CLV.



When diving into the customer data you should aim to understand customer behaviour rather than demographics to better understand their potential. This allows you to target the current sales and retention activities to the customers with the most potential or highest churn probability. To identify the highest potential customers based on behavioural patterns, good places to start are the customers' purchase history and product usage analytics.

By targeting your ongoing sales and retention activities - be it sales calls, marketing emails or support content on your website - to customers with the highest potential you can get more value out of your customer base without investing a single euro more. Better addressing the needs of your highest potential customers will quickly result in increased cross-sales and reduced churn. However, understanding your customers also has more strategic potential.

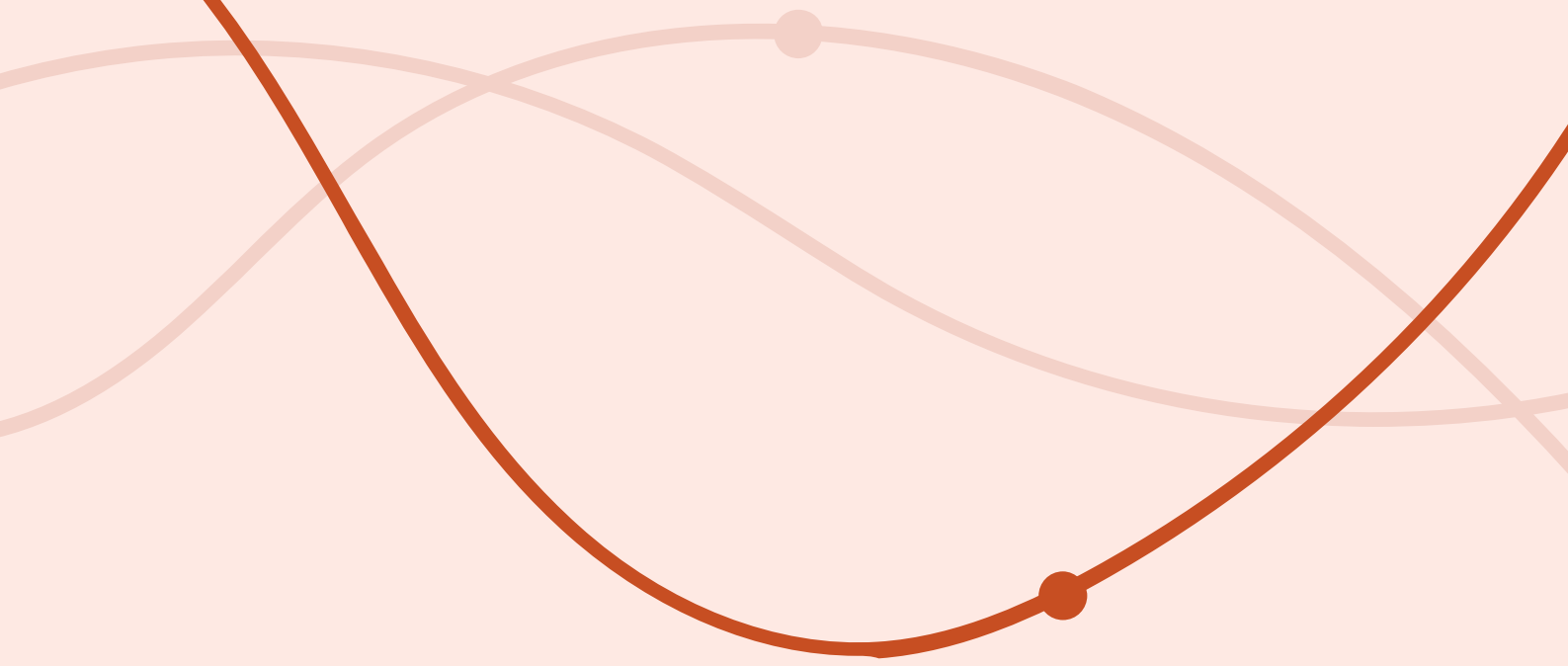
In the next sections of this guide, we will provide you with practical tips and best practices for creating a winning CLV strategy that delivers long-term results.





# Creating a systematic CLV strategy

A systematic CLV strategy is a comprehensive framework combining customer needs and goals with your business goals in each stage of the customer lifecycle. It gives concrete guidance on which sales and retention activities to target to which customers, and outlines the technical and organisational capabilities required for systematically improving customer lifetime value.



Here's a step-by-step guide on how to create a systematic CLV strategy:

- 1 Conduct a customer journey mapping exercise** - This involves mapping out the various stages of the customer lifecycle, from purchase to onboarding to retention, then identifying customer needs in each stage and your business goal for each stage. Additionally, you should define the metrics you use to measure success in each stage, such as time-to-value, cross-sell euros and win-back hit rate.
- 2 Define sales and retention activities for existing customers and how to target them** - Once you have a clear understanding of your customer journey, their business goals and your own, you can define the sales and retention activities that will be most effective at each stage of the journey. This involves identifying high-potential customer segments, understanding their unique needs and preferences, and tailoring your sales and retention efforts accordingly.
- 3 Execute the CLV strategy by implementing scalable processes, and tools and developing competences** - To make your systematic customer value improvement part of your business, you need to implement scalable processes and tools

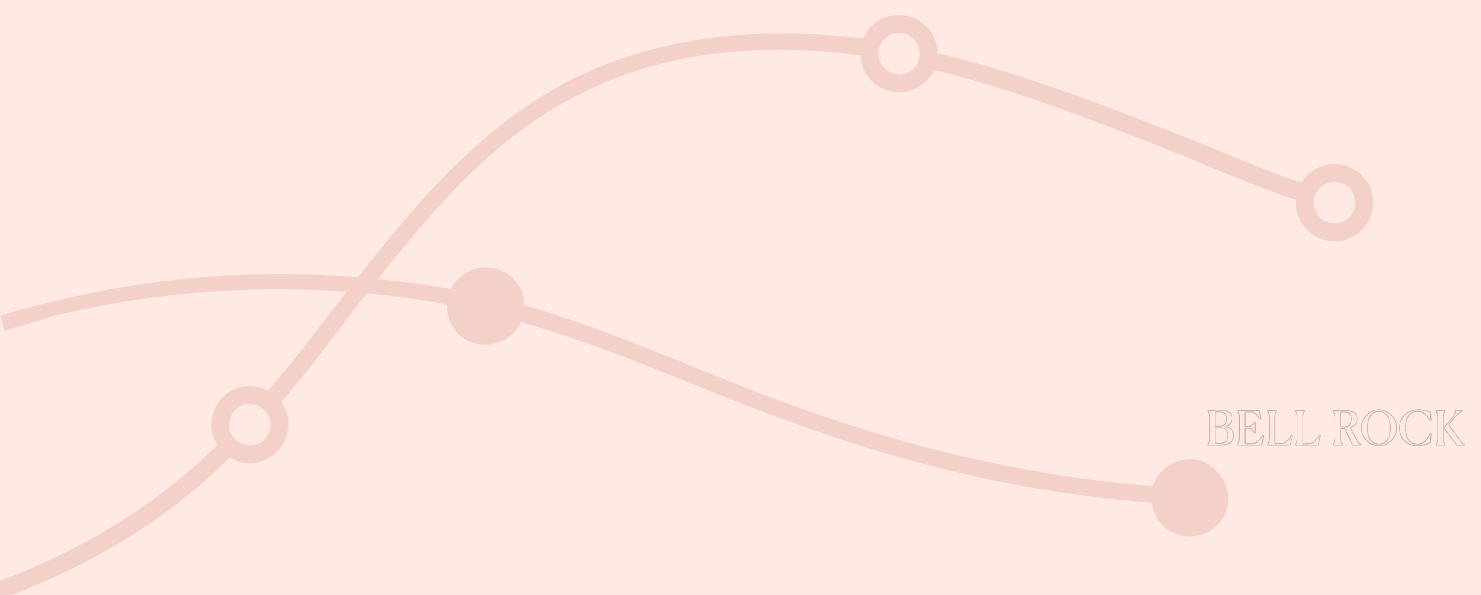
Here are some specific benefits you can expect to see from a well-executed CLV strategy:

**Increased cross- and up-sales** - By tailoring your sales and retention efforts to customer segments with the highest potential, you can increase the likelihood of selling additional products or services and get quick results

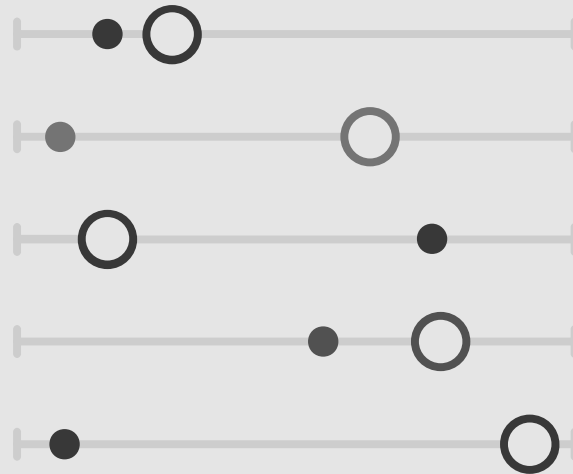
**Reduced churn** - By identifying and addressing pain points for your highest value and highest potential customers you can ensure the best customers stay with you and provide business long into the future.

**More efficient use of resources** - By focusing your efforts on high-potential customer segments and activities that are most likely to drive business growth, you will use your resources more efficiently and effectively.

In summary, a systematic CLV strategy is essential for driving business growth and maximizing the lifetime value of your customers. A strategic approach to customer value activities and a well-executed CLV strategy can bring a range of benefits that will help ensure long-term success and profitability for your business.







# Best practices for maintaining a winning CLV strategy

Creating a winning customer care model is just the first step. To ensure ongoing success, it's essential that you continuously measure results and improve your CLV strategy. Here are some best practices to follow:

## Emphasize continuous improvement

The best CLV strategy is those that are constantly evolving to meet changing customer needs and business goals. Make sure your team is always looking for ways to improve your CLV strategy, whether it's through customer feedback, new data sources, or emerging technologies.

## Measure success with metrics

Measuring the success of your CLV strategy is critical for understanding its impact and making data-driven decisions. Some common metrics to track include Net Promoter Score (NPS), Monthly Recurring Revenue (MRR) and Annual Recurring Revenue (ARR), churn rate, Customer Satisfaction (CSAT) and NPS, and

Cost-to-serve. Regularly tracking these metrics will allow you to identify areas for improvement and measure the impact of any changes you make.

### **Learn from successful examples**

Many companies have successfully implemented a winning CLV strategy and seen significant business benefits. Often the best examples can be found in industries which have a history of long customer relationships and subscription business models, such as operators, financial institutions and media companies. By studying these success stories, you can learn valuable lessons and apply them to your own business.

### **Understand the Differences Between Large and Small Customers**

There are some key differences between how you should approach customer care for large and small customers. For small customers, it's essential to have highly scalable ways for both customer understanding and analyzing customer potential. This means using digital channels and other tools to manage large volumes of data and deliver personalized sales and retention activities. For large customers, customer value activities are more based on qualitative customer understanding and relationships, taking a more personalized approach to customer care and building long-term relationships with key accounts.

In conclusion, creating a winning CLV strategy requires ongoing effort. By emphasizing continuous improvement, measuring success with metrics and learning from successful examples, you can create a CLV strategy that drives long-term growth and success for your business.

# Conclusion

A winning Customer Lifetime Value (CLV) strategy is essential for businesses that want to drive long-term growth and success. By targeting the right sales and retention activities to the right customers, you can drive short-term up- and cross-sales, reduce churn, and foster profitable long-term customer relationships.

Here are the main takeaways on how to create a winning CLV strategy:

- 1 Develop a deep understanding of your customers' value potential by analysing customer behaviour.
- 2 Collect quick wins in cross- and up-sales and churn reduction by targeting current sales and retention activities to the highest potential customers.
- 3 Combine understanding of your customers' journey and goals with your business goals and set metrics for each stage of the journey.
- 4 Define sales and retention activities and develop the required processes, tools and competences to implement at scale.
- 5 Constantly measure and improve the CLV activities and adjust your CLV strategy accordingly

By implementing a winning CLV strategy, you can increase cross- and up-sales and reduced churn in your current customer base, and use your resources more efficiently. And by continuously monitoring and improving your customer value activities, you can ensure you are growing the value of your current customer base and driving long-term growth and success.

If you need help building a systematic CLV strategy or with any phase within this process to get more out of your customer base, book a free consultation with us, and we'll go through your business case in detail.



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