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Report reveals insights on how to define, measure and track customer lifetime value

The Chief Marketing Officer (CMO) Council has published a new report titled *Humanizing* + *Analyzing Relationships To Drive Revenue, Retention And Returns* and details the challenges and best practices for segmenting customers and defining, measuring and tracking customer lifetime value (LTV).

The insights are based on a survey of over 150 brand leaders and in-depth interviews with executives from Informatica, PepsiCo, Electrolux and RedBubble.

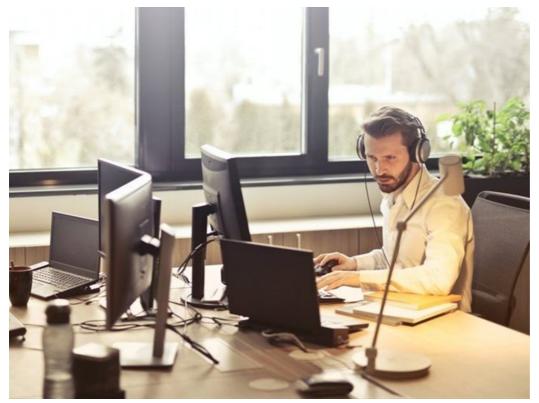


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Humanizing + *Analyzing Relationships To Drive Revenue, Retention And Returns* highlights the importance of understanding LTV in order to inform strategic business decisions and marketing budget allocation.

The report found opportunity for improvement:

- 47% of marketers track LTV slightly well or not well at all
- 68% rate their LTV-to-CAC (customer acquisition cost) ratio as average, below average, or very poor
- 44% are slightly effective or not effective at segmenting and targeting customer sets with the most potential for longterm value

"More sophistication with LTV can help companies focus their marketing programmes and budgets and respond to shifting markets," said Donovan Neale-May, executive director of the CMO Council. "Our study found that a majority of CEOs, chief revenue officers, sales leaders and line-of-business executives want to see quarterly LTV to help them make better strategic decisions."

LTV is an indicator of how well a company identifies and nurtures profitable, long-term customer relationships. The biggest challenges for organisations include:

- Aggregating the right data for a robust view of the customer
- Shifting from assumptions to predictive knowledge of the customers' needs
- Identifying the moments of opportunity to deliver delight and differentiation
- Listening for customer cues beyond how they respond to an engagement tactic
- Meeting the customer in real-time

The full report is available for <u>download</u>.

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