

Allant's Roadmap to CLV: Getting Started

Data requirements & use case definition

- Customer transactions and other metrics
- Margin and marketing costs
- Define use cases

Customer lifetime value calculations

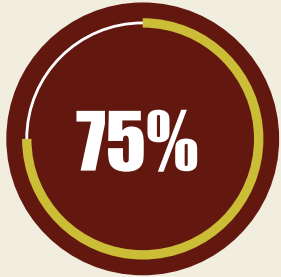
- Estimation of approaches
- Score customer profile and forecast success
- Select final model approach

Implementation test and roll-out

- Developing scoring code/process
- Define update cadence and on-going measurement strategy
- Install into production environment

THE VALUE OF CUSTOMER LIFETIME VALUE

Understanding the lifetime value of customers is a cornerstone-centric marketing approach throughout the entire customer lifecycle built on treating customers as assets and focusing on acquiring, developing, and retaining customers with high potential value.



More than 75% of North American Senior Managers say customer lifetime value is a highly or extremely valuable indicator of brand loyalty



Four Primary Uses of CLV

- 1 Reinforce customer advocacy
- 2 Nurture customer experience
- 3 Allocate marketing dollars
- 4 Optimize customer lifecycle

What is Customer Lifetime Value?

FOR PROSPECTS:

Customer Lifetime Value = Customer Future Value

Measures Profitability
Considers all revenues and costs of goods and services
Considers costs of all marketing efforts to the customer

Customer Lifetime Value = Present value of all future profits from a customer over the entire lifetime

Future Oriented
Considers entire projected customer engagement with the brand (time period differs)
Projects future value from historical behavior
Takes into account purchase probability at any given future time

FOR EXISTING CUSTOMERS:

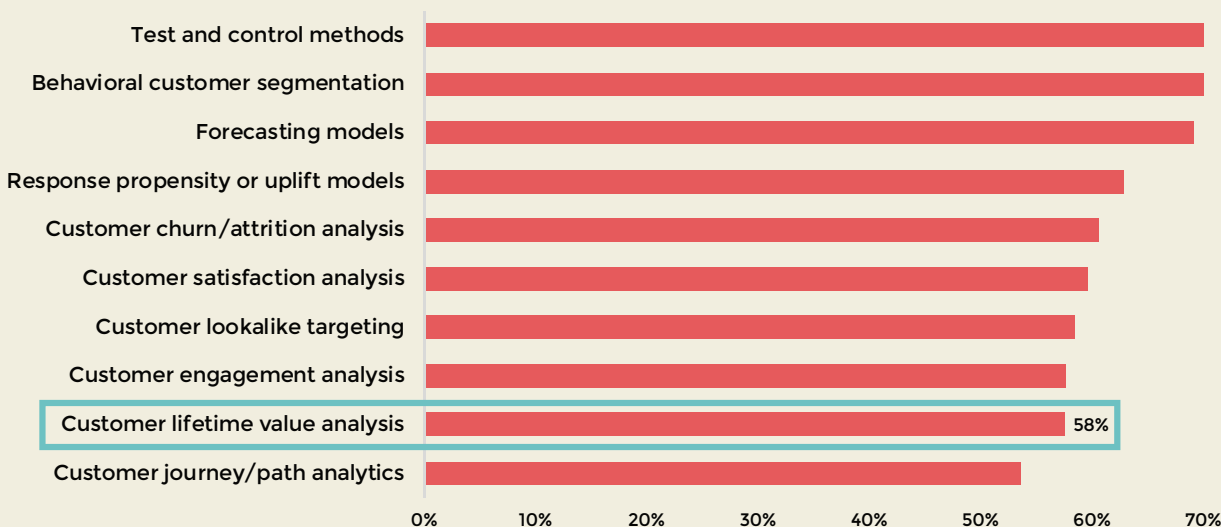
Customer Lifetime Value = Customer Current Value + Customer Future Value

Enterprise View
Considers the total customer relationship across the enterprise
Takes into consideration the purchase of bundled or stand alone services from across the enterprise (relevant in banking and telecom industries)

The best CLV model is the one your business stakeholders accept, understand, and use. **Period.**

58% of companies report using customer lifetime value

Of the following types of customer analytic techniques, which techniques does your organization currently use or plan to use?



No one method is going to be able to achieve results for contextual marketing and personalization, so the next step is to uncover the dependencies between multiple methods so that your analytics toolkit has the right mix of methods that achieve a wider range of applications.