



How to Use CX to Supercharge Your Customer Lifetime Value

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We've all heard the business mantra that it's more expensive to land a new customer than to keep an existing one—I'm betting you thought something along those lines as you clicked to read this article! But as every customer experience (CX) professional out there knows, just because retention is easier than acquisition doesn't mean that retention is easy. Brands like yours wouldn't build CX programs if that was the case.

I'm not here to tell you that retention is simple, but I am here to offer an Experience Improvement (XI) perspective not 'just' on retaining your customers, but how to build and optimize your experience strategy around a bigger goal I'm sure you're trying to achieve: driving customer lifetime value (CLV). Customer lifetime value is a core component of both CX and wider business success, and I think you'll find what follows helpful for your success in that arena.

GOING BEYOND SURVEYS

Surveys will continue to be an invaluable one-to-one customer conversation tool for gathering feedback, pinpointing what your customers think at every stage of their journey with your brand, and taking a closer look at your wider CX ecosystem. *But* they aren't the only source of data out there. In fact, their "status" as the primary source of VoC data continues to be challenged. Truly understanding

customer lifetime value stems from building a holistic, 360-degree view of your customer, and to make that happen, brands need to go beyond surveys.

To do that, you need to take a look at your non-survey data sources, including (but *definitely* not limited to!) location-tracking data, web searches, predictive analytics, employee listening, contact center/chat interactions, purchase data, social media,

and online reviews. Leveraging these and other sources helps close the gaps that pop up when organizations rely solely on surveys; they give you a keener sense of what makes your customers tick than surveys can alone.

Gathering all of this data will give you a huge edge in understanding the drivers of customer lifetime value, but it's only the first step. Once you've used these data sources to pinpoint important CX elements (like which competitors your customers shop with, for example), you can then put those

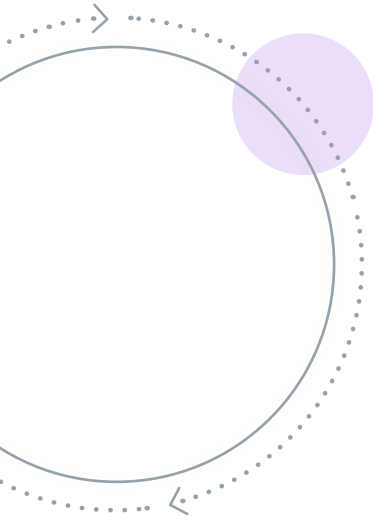
pinpointed elements up against a backdrop of your financial and operational data.

You can then take this integrated CX view of things to formulate actions that directly tie to CLV. This process is an involved one, but put the work in and you'll have a complete view of your customer. You'll truly understand who your customers are as people, not 'just' clientele, which is essential to building toward greater customer lifetime value! Quite simply, you will have the facts to make investment and process decisions that directly tie to CLV.



GETTING THE TEAM TOGETHER

I've been in the customer experience world for a long time now, and over the years I've seen a lot of brands and organizations that think customer lifetime value means making all of your plans around what customers want today in the hope they will stay until tomorrow. But does it really make sense to wed such short-term thinking to a long-term aspiration like "lifetime" value? Good brands may know what their customers want today, but the best-in-class organizations built their stellar reputations in no small part by intensely scrutinizing what their customers want not just today, but tomorrow. And next week. And next month. And next year.



Taking the long view is essential to maturing customer relationships that build lifetime value, and there are a few key ways to do that that many of my clients have found great success with. If you have an experience program running at your organization, you probably already know about the usual whiteboard discussions and regular program evaluations.

However, how much cross-team support does your initiative have? How many departments outside of the “usual suspects” like marketing, operations, and sales even know the myriad of customer stories and experiences that are being captured every day through an Integrated CX program? Desiloing not just CX results, but also stakeholding, is essential to ensuring that your program enjoys continued support and continues to receive the diverse data you need to build customer lifetime value.

Gathering cross-team support for your program doesn't stop at your customer-facing teams, either. Every department, no matter how far away it is from the front line, has some role to play in creating a great customer experience. Soliciting their input can create true Experience Improvement (XI) in ways a lot of brands never thought possible. This isn't a one-way effect, either; employees who are given a chance to

provide input on the customer experience will feel more confident that their work makes a difference, and thus be more motivated to contribute. I have said this before in other articles—take your CX stories and shout them from the rafters so everyone across the company is always focusing on the customer. This will drive CLV.

THE GAME-CHANGER

The other big best practice to keep in mind that a lot of organizations overlook? **Focus on outcomes, not scores.** There's been a tendency in customer experience for many years that raising scores should be the goal of every CX program, and while they're great for giving you a quick temperature check on how your initiative (and your company) are doing... that's actually about all they can do in terms of actual jobs to be done. Numbers alone can only tell you that shifts are happening, but they can't tell you *why* they're happening.

So, while I'm not telling you to ditch your Net Promoter Score or your OSAT, I will say that building customer lifetime value strategies requires an outcome-focused CX program. You can use the data sources and methodologies we've talked about to understand why customers feel the way they feel

about interacting with you, then build your improvement goals around quantifiable business outcomes that go beyond metrics. When you execute against these insights, you will be able to clearly articulate financial success—CLV has real financial value—and this will help you get additional CX investment to drive even more value for your company. Successful stories sell in the C-suite!

Looking Beyond Your Brand

There's one last element to incorporate into your CX program that will help you boost customer lifetime value, and that's understanding the competitive landscape. At first read, this might seem like an obvious tip, but one thing customer experience professionals need to know right now is that to customers, competition doesn't just mean the brands that are also in your vertical; the term now encompasses other *verticals* as well. In other words, customers are now expecting the best experiences they have at their neighborhood coffee shop to be the same quality as at their favorite home improvement retailer.

This notion is sometimes referred to as agnostic customer experience, and it only adds to the importance of having a great CX program in place. Understanding what experience ele-

ments customers crave at both your direct competitors and any service provider or retailer that they deal with requires using all of your Integrated CX sources and tools. I will repeat again—this allows you to execute against specific business outcomes, especially those that shore up retention.

The Value of a Lifetime Customer

In the end, what exactly does customer lifetime value refer to? In this context and with this paradigm, I believe that it means understanding who your customers are as human beings. It means leveraging your CX initiative to create bold, human, and invested connections that go beyond individual transactions and make customers feel appreciated on a more fundamental level.

I've also seen time and again that when brands take this tack with their CX program, their connections with customers become unbreakable, meaningfully improving experiences for people while also boosting their profile as industry leaders. Implement what I've outlined here into your own program, and I'll bet you can achieve the same outcome for your own customers, employees, and marketplace standing. Good luck!

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