

The Guide to Increasing Your B2B Customer Lifetime Value

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And if that isn't enough incentive to work hard to keep your existing customers on board, consider this: The cost to acquire new customers is anywhere from 5 to 25 times more than to retain existing customers.

It's time to take your Customer Lifetime Value (CLV) metrics seriously, focus on the ways you can keep customers happy and extend the length of your relationship.

What Is B2B Customer Lifetime Value?

In its simplest form, your CLV is the total dollar amount a B2B customer spends with your company during the lifetime of the relationship. It's also one of the key performance indicators (KPIs) you should be measuring and monitoring closely. It's that important to your profits.

When you calculate the average of your customers' CLVs, you can estimate the expected profit throughout a customer relationship.

To calculate Customer Lifetime Value, start by figuring Lifetime Value (LTV), which is a gross revenue number that doesn't factor in your costs and expenses: $LTV = \text{Value of an Average Sale} \times \text{Total Transactions in a Year} \times \text{Time as Customer}$.

To determine the return on investment (ROI), you need to factor in your costs of customer acquisition, marketing and sales efforts during the tenure of the relationship, operating expenses associated with a customer and, finally, product development and manufacturing costs. Then calculate your profit margin.

Your CLV is equal to $LTV \times \text{Profit Margin}$. For example, if the LTV is \$20,000 and your profit margin is 0.35, then $CLV = \$7,000$.

7 Ways You Can Increase Your B2B Customer Lifetime Value

Now that you can track CLV let's look at some of the things you can do to build customer loyalty, lower the churn rate and increase Customer Lifetime Value.

1. Ease the Onboarding Process

Getting new customers started on the right foot is critical. A poor onboarding experience may be responsible for as much as 53% of your churn rate. You can improve the onboarding process and make it an excellent experience by making it as easy as possible. Back it up with plenty of support such as tutorials, live chat, video, and more.

Have your sales reps follow up with new customers and monitor their success during the onboarding. Then review the results a couple of times a year to determine what you can do to improve the onboarding process.

2. Improve Customer Support

While good customer support is such an obvious way to keep customers happy, it continues to be a point of contention between companies and customers. Today's customers have high expectations. Here are a few ways you can boost your customer support:

- Keep your employees happy, and they will make more effort to keep customers happy—happiness rolls downhill.
- Track support response times and strive to keep improving.
- Monitor customer issues. If you identify an issue that's a consistent point of

trouble, you can work to solve that issue, so it stops recurring.

- Watch what customers are saying about you on social media. You may be able to identify problems that customers aren't bringing to your attention but are readily sharing online.
- Offer 24/7 omni-channel support designed to suit customer preferences. In other words, be where your customers go—social media, live chat, mobile, self-service, even texting. Maintain a knowledge base of help, tutorials, video and supporting documentation.
- Offer ongoing training for your reps to keep them current on product or service changes as well as customer response best practices.
- And most importantly, ask your customer for feedback after each support case has been resolved. It can be as easy as a one question satisfaction survey.

3. Build Deeper Relationships within Companies

These days, given the size and complexity of buying groups, your efforts to build deep roots within a company shouldn't be limited to the initial buying process. Your salespeople should be working to find more and new opportunities within a customer company—opportunities for cross-selling, upselling and upgrading products and services.

Try offering bundled products, temporary upgrades, free shipping to existing customers, and special trial pricing. Your objective is not to hound customers but to introduce them to extra savings and increased value.

4. Never Stop Testing Sales and Marketing

Since sales and marketing are ongoing expenses that cut into profits, you want to get the best return possible, and not only on the initial sale. You need to be running A/B split tests on your sales and marketing message. Does it convert? Does it build the right expectations in customers, so they are happy from the start? How are you attracting the customers with the greatest CLV?

5. Implement a Loyalty Program

Loyalty programs are not just for airlines and coffee shops. You can use loyalty programs to reward customers with cumulative benefits for staying with you. Among the possibilities, you can offer special customer discounts to incentivize ongoing sales.

6. Create an Awesome Customer Experience

Everyone wants to give customers a great experience. The question is, what does that look like? There's a simple solution: ASK. Talk with your customers; take their temperature periodically; and above all, LISTEN to what they say.

Invite them to participate in customer satisfaction surveys. Discuss their pain points. And don't simply collect feedback; analyze it, and act on it.

We talk a lot about building relationships during the sales process, but this should be an ongoing effort. If anything, it may be more important once they become customers. For one thing, it makes cross-selling and upselling easier.

Plus, the more you know, the more you can personalize the experience for your customers. Eighty percent of customers say they are willing to pay more for a better, personalized experience.

7. Keep the Value Coming

One of the best ways to keep customers happier, longer is to build value continuously.

Stay in touch through value-packed blog posts. Send occasional emails talking about best practices and customer successes. Do a quarterly digital newsletter. And from time to time, pick up the phone and call to share an insightful idea.

When you can educate your customers and boost their productivity, they get more out of your products and services.

And who doesn't want to hang around longer for more of that?

So focus on increasing CLV by making onboarding easy, improving customer support, building relationships, testing your sales and marketing techniques, implementing loyalty programs, and providing excellent customer experiences and value.

Call us at +1 813-320-0500 (US) or +39 06 978446 60 (EMEA), or contact us online for help with B2B lead qualification and more.

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