

# 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 long-term 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 [download](#).

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