
How well do you know your customer lifecycle?

It is one of the most widely accepted rules of business: it is cheaper to retain your customers than to spend time, effort and money attracting new ones. In fact, experts estimate that it costs five times more to attract a new customer than to **keep an existing one**. This is particularly important when 80% of an organization's revenue comes from 20% of customers.

For senior business executives, including customer experience, marketing and sales professionals, a lack of visibility into the customer lifecycle can make the cost of customer retention difficult to confidently calculate. In fact, without a proper understanding of the customer lifecycle, companies will face lost revenue as the lack of timely insight makes it nearly impossible to effectively target customers at their most valuable moments, such as knowing when a customer is considering whether to renew or not.

Customer experience is where organizations are competing. Forrester Research reveals that **72% of business leaders** view improving the customer experience as their top priority, with price and product becoming the brand differentiator by 2020, according to **Walker**. Today, knowing your customer lifecycle isn't a 'nice to have' – it's a must-have competitive advantage.

This practical guide has been written to help you understand the nuances of your engagements with customers, and the questions you should be asking and answering at each stage of the customer lifecycle. In doing so, you'll discover the value of data to provide customer insights you should be incorporating into your daily decisions.

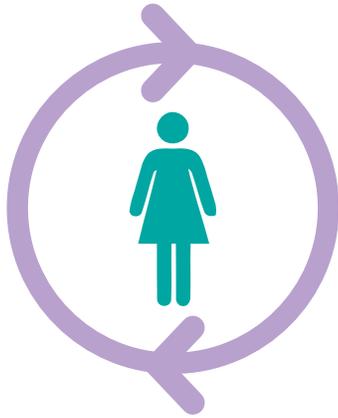
In an age of buzz words, we have also briefly highlighted the difference between traditional "reporting" and advanced "analytics," and the level of insight that comes from applying these two distinct types of approaches or tools on your data. This is important, especially if you're considering buying new software to upgrade your decision-making capabilities.



Create your Customer Lifecycle

There are many ways to look at a customer lifecycle, with sales, marketing and customer experience professionals using a range of different models that comprise of any number of stages. Although there are a variety of methods to map and classify the customer's journey, I prefer to incorporate seven steps because it allows for more granular detail, enabling us, and you, to make decisions with greater insight into each stage in the customer lifecycle:





Over the course of the customer lifecycle, you will naturally collect a lot of data on prospective and current customers, such as contact details, interests, revenue generated, billing frequency, etc. However, it's likely that only a small fraction of your data is incorporated into your organization's decisions process. Yes, you may have insight on individual customer touchpoints, but that's not enough. Without a complete view of a buyer's journey where these touchpoints are linked, you will struggle to meet your performance objectives.

The most significant challenge to developing a complete customer lifecycle based on the customer's buying stages is data. Data often resides in different places across the IT estate, in different systems, and is owned by different functions. In addition, many organizations tend to organize data by product lines or channels and, therefore, struggle to get an overall view of their customer's buying behaviour.

It's essential to centralize your data to create a 360-degree view of the customer that becomes the "one source" of customer insight, i.e., a single view of the customer that everyone in the business agrees on, trusts and can access. In doing so, you will be able to ask and answer a host of questions that will propel your organization forward.

“ Organizations that have developed a single view of their customer engagements retain an average of 89% of their customers, compared to 33% for organizations with weak customer lifecycle visibility. ”

Examples of Customer Lifecycle Questions

Customer Lifecycle Stage	Reporting / Analytics	Questions to answer at each stage of the customer lifecycle
<p>Awareness Create interest in your brand, your products and services</p>	Reporting	Which channels are the best for cost effectively creating brand awareness?
	Reporting	What types of campaigns resonate well with our prospect base?
	Reporting	What types of customers should sales reps spend the most time on trying to acquire?
	Analytics	What target accounts should generate the highest revenue?
	Analytics	Which regions should we target next using our current portfolio?
	Analytics	How will adding 10 more sales people in under-performing regions affect revenue?
<p>Research Attract and bring potential buyers into your sphere of influence</p>	Reporting	How big should our pipeline be to achieve our revenue target?
	Reporting	Which leads are currently engaged with us?
	Reporting	Which leads are actively seeking a product like ours?
	Analytics	What is the probability of closing leads in our pipeline?
	Analytics	Who are the most influential people in an organization we should engage in order to shorten the sales cycle?
	Analytics	Which leads are most likely to become a paying customer?
<p>Select Engage decision-makers and influencers on why they should buy from you</p>	Reporting	Do we know how our sales leads want to be engaged, email, social media, etc., and with which content?
	Reporting	When is the best time to engage sales leads (people) with content?
	Reporting	What is our success rate when engaging people with our marketing campaigns?
	Analytics	Who, and how, are the most important people influencing the buying decisions of our customers?
	Analytics	Which sales opportunities will not convert and why?
	Analytics	How will increasing our conversion rate by 5% impact our bottom line?
<p>Buy Win buyer approval, sign contract and, if needed, plan for implementation</p>	Reporting	What is stopping a prospective customer from buying?
	Reporting	What, and when, will customers likely buy from us?
	Reporting	Why do our customers buy from us repeatedly?
	Analytics	What is the right price point to ensure we are profitable with the customer?
	Analytics	How much revenue will we earn over the next five years from adding this customer?
	Analytics	How much inventory do we need for the approaching holiday season?

Customer Lifecycle Stage	Reporting / Analytics	Questions to answer at each stage of the customer lifecycle
<p>Use Plan, train and help customers use your products and services</p>	Reporting	What is the current level of product/service usage with customers?
	Reporting	Which of our customers are having difficulty using our products/services?
	Reporting	Which of our products/services generates the highest volume of customers?
	Analytics	What is the right team mix of personalities, talents, and skills in our support team that will ensure customer success?
	Analytics	Are there users within a customer that are not using our product/service?
	Analytics	Which customers are ready to be approached, and when, with new up- and cross-sell opportunities?
<p>Experience Monitor customer experience with your products and services</p>	Reporting	Which of our customers are satisfied with our products/services?
	Reporting	Is our investment in customer success resulting in higher returns and, if not, what do we need to change?
	Reporting	How is our customer effort score changing over time?
	Analytics	How does our customer experience and customer success compare with our industry peers?
	Analytics	How much should we spend to service and retain a customer?
	Analytics	If we lose this customer, what impact will it have on the bottom line two years from now?
<p>Loyalty Convert your loyal customer into a brand advocate</p>	Reporting	What is our customer churn rate?
	Reporting	Which of our customers are the most profitable for us?
	Reporting	Which customers should we target for retention?
	Analytics	Which of our key customers are likely to not renew with us?
	Analytics	Which marketing campaign is more effective at reducing churn?
	Analytics	Which of our customers are likely to promote our brand?

Your Reporting and Analytics Journey

Not all of the above questions will apply to your organization, depending on the industry you operate in. However, it is worth reviewing how many of the questions you are able to answer for each stage of your customer lifecycle. Whatever your answer to that question, be it some, or none or all, it shouldn't stop you from leveraging reporting and analytics simultaneously because both data monetization tools will provide business insight that will deliver measurable value.

Once you have a complete view of your customer lifecycle, and the data to completely understand all of your connected customers' touchpoints, you'll be in a strong position to accurately determine and monitor the performance of your organization's customer engagements using key metrics such as:

- **Cost of Acquisition (CAC)** – The total cost of convincing a potential customer to buy your products or services. This metric is calculated by dividing the total costs associated with acquisition by total new customers.
- **Customer Lifetime Value (CLV)** – The total worth of a customer's spend with your company. This metric can be calculated as simply as multiplying the contract value by contract duration or as complex as determining the profitability of the customer multiplied by contract duration minus customer acquisition costs.
- **Customer Retention Cost (CRC)** – The cost of retaining and cultivating existing customers. There is no universally accepted standard on how to calculate this metric. One way is to take all customer success and account management team costs and divide by number of active customers.
- **Return on Marketing Investment (ROMI)** – The metric used to measure the overall effectiveness of marketing. This can be calculated in different ways; one of which is subtracting marketing costs from new sales divided by marketing costs.
- **Sales Cycle Time (SCT)** – This metric measures the amount of time it takes to close a deal from the initial point of contact – and it is a good number to determine the effectiveness of your sales operation. This is calculated by subtracting the date the opportunity closed from the date the opportunity was closed.
- **Average Cost of Service (ACS)** – This metric gives you the average recurring cost of the services needed to maintain a current customer, including cost of engineering, support, billing activities and all physical infrastructure and systems. This is determined by dividing recurring service expenses with all current customers by the associated recurring service expenses.

Understanding the details of your customer lifecycle is a competitive advantage. Organizations that have developed a single view of their customer engagements retain an average of 89% of their customers, as compared to 33% for organizations with weak customer lifecycle visibility. Now is the time to act.

If you'd like to know more, please don't hesitate to get in touch with us at marketing@rosslyndatatech.com

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Lance lives and breathes data and technology, always thinking of new and innovative ways of exploiting the latest such as analytics for the benefit of customers. Lance started his career – more than 20 years ago - at the height of the dot.com era, advising start-ups on business strategy, customer acquisition, alliance ecosystems, corporate affairs and brand management. Known for his aggressive “West Coast Offense” approach to marketing and communications, he subsequently moved to and worked in the United Kingdom and the emerging markets of Central and Eastern Europe where he successfully established in-house marketing organizations and launched products and services for award- winning companies such as Agilent, Dell, IBM, Intel and SAP.

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Ruby is passionate about helping people discover the value in their data, and she dedicates her time to creating, editing and curating resources that will inspire Rosslyn’s customers. Originally from an editorial background, it is still a source of pride for Ruby to consistently provide insightful, relevant and intriguing information to business professionals, whether that be via a blog, workshop, research paper, webinar, or even a tweet.

Today, Ruby is increasingly focused on delivering hands-on support to organizations, facilitating workshops and masterclasses to help users to understand analytics best practice and drive better decision-making through Rosslyn’s platform, solutions and tools.

Get Ahead

Rosslyn Data Technologies is passionate about empowering you to create business value. The global software company has developed an intelligent platform that automatically extracts, aggregates, improves and organizes data to support better, faster decisions and business process improvements. To learn more, please visit www.rosslyndatatech.com.

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