HOW TO DRIVE CLTV:
A GUIDE TO FOSTERING BRAND EVANGELISM

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Synopsis:

- The relationship between CLTV and brand evangelism

- How to increase CLTV to drive revenue, client retention, and growth

- How to leverage brand evangelism to increase CLTV

In today's competitive environment, retaining clients has proven to be more cost-effective than acquiring new ones, hence the importance of understanding and prioritizing client lifetime value (CLTV).

Efforts to retain clients have led B2B organizations to invest in **demand generation** and **lead nurturing**, which improve the buyer experience but also raise the cost of client acquisition considerably. In fact, as of 2023, the average client acquisition cost for a B2B organization has surged to $536, according to **Userpilot's data**.

"The increase in client acquisition costs underscores the growing importance of CLTV as a metric for businesses aiming to strike a balance between acquiring new clients and nurturing long-term, profitable relationships with their existing client base—an ongoing challenge that has been brought to the forefront as organizations continue to see a significant slowdown in their pipeline velocity."

— Larysa Zakirova,
Chief Operating Officer

Click on the blocks below to navigate to the four main areas this guide covers:

CLTV ADVANTAGES

HOW TO CALCULATE CLTV

HOW TO IMPROVE CLTV INDEPENDENT OF BRAND EVANGELISM

5 STEPS TO CULTIVATING BRAND EVANGELISM TO DRIVE CLTV

What is client lifetime value (CLTV)?

Client lifetime value (CLTV) is the predicted net value a business expects to derive from a client throughout their engagement, accounting for purchases, retention, and associated costs. As a key metric, it helps assess client-centric strategies and long-term profitability.

What is brand evangelism?

Brand evangelism refers to the enthusiastic and voluntary advocacy of a brand or product by loyal clients. These individuals actively promote and defend the brand, often sharing their positive experiences and recommendations with others. As such, brand evangelists play a crucial role in building brand awareness, credibility, and trust, as their authentic endorsements can have a significant impact on attracting new clients and fostering a strong brand community.

THE ROLE OF BRAND EVANGELISM

Fostering brand evangelism can be instrumental in maximizing client value. When clients become evangelists, they not only contribute to immediate sales but also play a pivotal role in long-term brand growth. Loyal advocates are more likely to engage in word-of-mouth marketing, social media endorsements, and recommendations to colleagues, expanding a brand's reach.

This organic growth can significantly enhance CLTV as it leads to higher retention rates and increased client spending over time, as well as reduced client acquisition costs (CAC). Therefore, investing in strategies that foster brand evangelism, such as exceptional client experiences, personalized engagement, and community-building efforts, can prove instrumental in driving business success.

The role of brand evangelism in the B2B sales funnel

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Awareness:
Brand evangelists create awareness through word-of-mouth recommendations, social media shares, and online reviews.

Referrals:
They may refer potential leads to your business, expanding your reach to a wider audience.

Trust building:
Their advocacy lends credibility to your brand.

Community building:
Evangelists engage with your online communities, fostering communication and trust by extension.

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Education:
Evangelists can assist in educating potential buyers by sharing their experiences and insights, helping leads make informed decisions.

Webinars/Events:
Evangelists participate in webinars or events as guest speakers, adding credibility and drawing in prospects.

Content amplification:
Evangelists can amplify your content by sharing it, driving traffic to your website.

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Case studies:
Evangelists participate in case studies or testimonials that showcase how your solutions have benefited their businesses.

Social proof:
Evangelists' testimonials and success stories act as powerful social proof to validate your offerings.

Advocacy programs:
These programs reward evangelists for bringing in new business or promoting add-on products.

Feedback loop:
Evangelists can be engaged for quality feedback on the buying process, post-purchase experience, and product improvement ideas.

This guide explores strategic approaches that foster client loyalty and advocacy to enhance your brand's growth, impact, and equity.

ENHANCE CLTV AND ROI WITH STRATEGIES THAT SUPPORT LONG-LASTING CLIENT RELATIONSHIPS WITH OUR PLAYBOOK ON THE RELATIONSHIP FUNNEL →

5 ADVANTAGES OF A HIGHER AVERAGE CLTV

1. Ensuring sustained revenue streams

> *"A high CLTV is indicative of clients that have the potential to be long-term partners rather than one-time purchasers. If nurtured appropriately these clients will continue to engage with your company over an extended period, consistently signing renewals, potentially in combination with cross-sells and up-sells."*

— Larysa Zakirova,
Chief Operating Officer

Securing a steady stream of revenue from loyal clients helps to relieve pressure on teams to drive a high rate of conversions or client acquisition. Boosting client retention by 5% increases profits by 25-95% (**Hubspot, 2022**), which also supports the well-established **Pareto principle**, which states that around 80% of a business's profits come from 20% of its client base.

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2. Cost-effectiveness and competitive advantage

By having a roster of high-value clients, organizations are able to focus their budget allocation on strategies to improve their support and experiences while offering tailored solutions to meet the evolving needs of high CLTV clients. This is typically more cost-effective than only focusing on the resource-intensive process of acquiring new clients. After all, existing clients are 50% more likely to try new products and spend 31% more, on average (**Forbes, 2022**).

Prioritizing CLTV can also operate as a cyclical process, facilitating efficient resource allocation. It entails investing in clients with projected high value, ensuring their loyalty, and delivering personalized experiences and tailored solutions. This cycle is then reiterated to continuously optimize outcomes.

> *"A greater average CLTV provides a competitive advantage by allowing organizations to invest more resources into improving the quality and relevance of their offerings. This can also include research and development, client support, and innovation to maintain a strong position in their industry."*
>
> *— Larysa Zakirova,*
> *Chief Operating Officer*

3. Improved business stability

Economic fluctuations and market challenges are less likely to significantly disrupt revenue when an organization has a roster of long-term, high-value clients. It is important to note, however, that this also implies investing more in client retention. This is crucial for ensuring a stable base for investing in growth initiatives to withstand market uncertainties.

4. Growth potential

Satisfied clients are more likely to renew contracts, request additional services, or expand their partnerships with a company they feel loyal to. As a result, investing in high CLTV clients has the potential to support organic growth through repeat business and referrals. Indeed, 94% of consumers are more likely to make another purchase after a positive experience (**Salesforce, 2022**) and businesses have a 60-70% chance of selling to an existing client while the probability of selling to a new prospect is only 5%-20% (**Marketing Metrics, 2022**). This, combined with referrals, can contribute to substantial growth.

5. Data-driven decision making

A roster of high-value clients represents an opportunity for quality data-driven insights. This feeds into informing your understanding of their needs and challenges to deliver high-quality, personalized experiences. By leveraging this data, businesses can fine-tune their solutions and services, develop targeted marketing strategies, and enhance their client support, ultimately strengthening client relationships and loyalty. In fact, 66% of clients expect brands to understand their wants and needs (**Salesforce, 2020**), and 60% of buyers reported that they would become repeat clients after a personalized buying experience (**Twilio Segment, 2021**)

DISCOVER HOW TO DRIVE OUTCOMES WITH PERSONALIZATION THROUGH ABX STRATEGIES ⟶

CALCULATING CLTV

Below are the formulas and variables used to calculate CLTV, as well as the crucial factors that contribute to a client's lasting impact on success.

1: Basic CLTV formula

The simplest way to calculate CLTV is by using the following formula:

CLTV = (

Average purchase value
The average amount a client spends on your products or services during a single transaction.

×

Purchase frequency
How often, on average, a client purchases from your business within a specific time frame. It is calculated by dividing the total number of purchases by the number of unique clients.

)×

Client lifespan
The average number of years a client continues to do business with your company. It is essential to use an accurate estimate for this value.

2: Advanced CLTV formula

For a more comprehensive CLTV calculation, you can use the following formula:

CLTV = (

Average purchase value
The average amount a client spends on your products or services during a single transaction.

×

Purchase frequency
How often, on average, a client purchases from your business within a specific time frame. It is calculated by dividing the total number of purchases by the number of unique clients.

)/

Churn Rate
The rate at which clients stop doing business with your company within a specific time frame. It is usually expressed as a percentage or as the inverse of the client lifespan (1/Client Lifespan). For example, if your average client lifespan is 5 years, the churn rate is 20% per year (1/5).

Variables to consider when calculating CLTV

Client acquisition cost (CAC)

This represents the total cost of acquiring a new client, including marketing and sales initiatives. You should subtract CAC from the CLTV to determine the net profit from a client.

Discount rate

To account for the time value of money, it's common to discount future cash flows when calculating CLTV. This rate reflects the cost of investing the same money elsewhere.

Market/Client segmentation

Consider **segmenting** your clients based on their behavior, demographics, or other relevant factors. CLTV can vary significantly between different client segments.

Client retention efforts

The effectiveness of your client retention strategies, such as loyalty programs or personalized marketing, can impact CLTV positively. The performance of these can be measured against average client lifespan.

Client satisfaction and feedback

Happy clients tend to have higher CLTV. Collect feedback and take measures to improve client satisfaction. Consider incentivization to support this strategy.

Market trends

External factors like market trends, competition, and economic conditions can also influence CLTV.

Remember that while CLTV is a valuable metric, it is only as accurate as the data and projections used in its calculation. Regularly update your calculations and adjust strategies accordingly to maximize client lifetime value.

TALK WITH A DEMAND EXPERT TO DRIVE YOUR CLTV, NURTURE RELATIONSHIPS, AND REDUCE CHURN WITH HIGH PERFORMANCE PROGRAMS CRAFTED TO MEET YOUR UNIQUE NEEDS ⟶

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2 STRATEGIES TO INCREASE CLTV INDEPENDENT OF BRAND EVANGELISM

1. Cross-selling and upselling

Cross-selling and upselling are critical initiatives that can be activated by strategies that drive interest in existing clients to purchase additional products or services. As a result, these strategies can boost CLTV by maximizing each client's potential value. In fact, 72% of sales teams that upsell and 74% that cross-sell report a 30% increase in their revenue (**Hubspot, 2022**). Here are some examples of how to implement these tactics:

- **Custom solutions:** Cross-sell customized solutions or packages that address specific pain points or needs of the client.

- **Scalable upgrades:** Upsell clients on scalable solutions that accommodate their growth and evolving requirements.

- **Education:** Offer additional training and educational assets to enhance the value and increase the client's efficiency in using the product or service.

- **Consultation:** Offer additional training, consulting, or professional services to enhance the value of the core product or service.

- **Product bundles:** Bundle related products or services together at a discounted price to encourage upsells.

- **Recommendation engines:** Implement recommendation algorithms to suggest complementary or higher-tier products or services based on client behavior and preferences.

- **Tiered pricing:** Offer different pricing tiers with varying features or benefits, encouraging clients to upgrade.

2. Loyalty programs and incentives

Loyalty programs and incentives are designed to reward and retain clients, which can extend their lifetime value. While this started as a predominantly B2C tactic, its popularity in the B2B space continues to increase with an average of 39% of B2B marketers using loyalty programs to improve CLTV (**Aberdeen, 2022**).

Indeed, B2B client retention is 27% higher among those with an implemented loyalty program (**Customer Loyalty Institute, 2022**), and companies with top-performing loyalty programs were able to boost revenue from clients who redeem points by 15-25% annually (**McKinsey, 2021**).

- **Volume discounts:** Create loyalty programs that offer clients discounts based on the volume of business they conduct with your company.

- **Referral programs:** Encourage clients to refer other businesses to your services in exchange for discounts, extended contracts, or other incentives.

- **Tailored support:** Provide personalized support and account management to long-term clients, showing your commitment to their success.

- **Gamification:** Add a gamified element to loyalty programs to make earning rewards more engaging and fun. This tactic can also be employed earlier in the funnel to target specific accounts in a creative and memorable way.

Incorporating these strategies can be a powerful way to boost CLTV beyond brand evangelism. Remember that the key to success lies in providing genuine value to clients while also demonstrating a clear understanding of their needs and preferences.

Additionally, ongoing monitoring and adjustments based on data analysis can play a vital role in optimizing these strategies for long-term client retention and profitability.

DISCOVER HOW TO TACKLE BUYER SCRUTINY WITH DEMAND IN AN INCREASINGLY COMPETITIVE ENVIRONMENT $\longrightarrow$

MONITORING AND MEASURING BRAND EVANGELISM

Monitoring brand evangelism is a critical aspect of understanding and nurturing the relationship between a brand and its most passionate advocates. A variety of metrics and strategies can be employed to effectively gauge brand evangelism:

Referral rates

Tracking the rate of new clients acquired through referrals can be a direct measure of brand evangelism. The success of referral programs can then be quantified in terms of conversion rates and client retention.

Net promoter score (NPS)

NPS is a widely used metric that assesses client loyalty and brand advocacy by asking a simple question: "On a scale of 0 to 10, how likely are you to recommend our brand to a friend or colleague?" Those who score 9 or 10 are considered promoters and are indicative of brand evangelism. Calculating and tracking NPS over time can also give you a clear picture of brand advocacy trends.

Client reviews and testimonials

Positive client reviews and testimonials on platforms such as G2, Trustradius, Google, and industry-specific websites can serve as an indicator of brand evangelism. Analyze the frequency and sentiment of reviews to assess the impact of brand advocacy on your reputation.

Client engagement metrics

High levels of client engagement on social media, such as likes, shares, comments, and participation in brand-related discussions, can signify brand evangelism.

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Client surveys and feedback

Conduct regular **surveys** to gauge client satisfaction and the likelihood of recommendations. Open-ended questions can also provide valuable qualitative insights into why clients are enthusiastic about your brand.

Client loyalty programs

Analyze the participation rates, redemption rates, and overall success of loyalty programs. Highly engaged members are more likely to be considered brand evangelists.

Competitive benchmarking

Compare your brand's advocacy metrics with those of your competitors. This can provide context and help identify areas for improvement.

User-generated content (UGC)

Clients creating and sharing content related to your brand is another strong sign of their enthusiasm. Monitor the volume and quality of UGC on social media, blogs, and other online platforms. This could include photos, videos, blog posts, and social media posts created by clients. Consider encouraging clients to use hashtags to help with tracking UGC across channels.

Social media mentions

Tracking brand mentions on social media platforms is a fundamental way to measure brand evangelism and perception. The number of times your brand is mentioned in a positive context, along with the sentiment of these mentions, can provide valuable insights into the level of advocacy your brand enjoys. Tools like social listening software can help automate this process and provide sentiment analysis through AI tools.

DETERMINE WHICH DEMAND KPIS ARE MOST IMPACTFUL FOR YOUR BUSINESS $\longrightarrow$

5 STEPS TO CULTIVATING BRAND EVANGELISM

Cultivating brand evangelism is a pivotal objective for B2B businesses seeking to forge enduring client relationships, foster advocacy, and drive growth in their specific industries.
Below are five essential steps designed to create a powerful synergy between your brand and your clients.

1. Building exceptional client experiences

Building exceptional client experiences begins with understanding that your clients are seeking tailored solutions to address their specific business challenges. Continuously improving and innovating your offerings to meet evolving client needs is therefore critical, particularly in the face of growing buyer scrutiny.

"Assigning dedicated account managers or client success teams enables you to provide personalized support and seamless experiences. These teams should proactively identify potential issues, offering swift and effective solutions. Consistency in branding across all touchpoints in the client experience is vital to establishing reliability and trust."

— Larysa Zakirova,
Chief Operating Officer

Furthermore, personalization, driven by data insights and client feedback, plays a crucial role in enhancing the client experience by providing customized solutions, pricing models, and service levels that align precisely with client requirements.

2. Fostering meaningful engagement through multiple channels

Effectively engaging B2B clients involves deploying a comprehensive omnichannel strategy. This may include communication through email, phone, social media platforms, in-person meetings, and participation in industry events.

Thought leadership is a linchpin in this approach. By producing and sharing informative and valuable content such as whitepapers, case studies, and webinars, you can position your brand as a trusted advisor and industry expert.

Beyond that, establish an open and transparent communication policy to encourage clients to share feedback regularly. Conducting feedback sessions and surveys helps gather insights into their evolving needs and challenges. Demonstrating your brand's responsiveness to this feedback reaffirms your commitment to their success.

3. Creating a sense of community and belonging

Establishing online forums and communities offers valuable spaces for your B2B clients to connect, share industry insights, and collaborate on shared challenges.

Active moderation and engagement from your brand are also essential to facilitate meaningful interaction and provide support when needed. Additionally, shared values and goals often drive successful B2B partnerships. Therefore, your interactions with clients should underscore these shared objectives, reinforcing the sense of partnership and shared purpose.

While building a community is a time and resource-heavy strategy, it has the potential to snowball into an effective brand evangelism program with the right care.

4. Encouraging and sharing user-generated content

Encouraging B2B clients to share their success stories and experiences with your solutions can be a powerful testimonial. Develop case studies that showcase the specific benefits and outcomes they have achieved through your partnership. Moreover, motivating clients to share their positive experiences on platforms such as LinkedIn or industry forums amplifies their message.

Sharing and commenting on their posts, not only strengthens the relationship but also helps broaden your reach. Collaboration with satisfied clients on joint content, such as webinars, whitepapers, or presentations, serves the dual purpose of highlighting their success and demonstrating your brand's ongoing commitment to helping them reach their goals. This can also be the starting point for fruitful partnerships.

5. Acknowledging and rewarding brand evangelists

In the B2B landscape, loyalty programs can be customized to offer exclusive access to premium features, priority support, or tiered pricing structures. Recognizing and celebrating client evangelists by featuring their success stories on your website, in industry publications, or in newsletters also serves as a tangible way to express gratitude.

In addition, exclusive access to industry events, specialized training sessions, or beta testing opportunities deepens the sense of connection between your brand and your clients as it underscores their value as key partners in your brand's journey.

KEY TAKEAWAYS

- Strong client relationships are the foundation of sustainable growth in B2B. They foster trust, loyalty, and word-of-mouth recommendations, provide insights into prospective client needs, and drive demand generation success.

- High CLTV indicates long-term, loyal clients who provide stable revenue streams, cost-effective marketing, business stability, growth potential, and data-driven decision-making capabilities.

- Strategies like subscription programs, cross-selling, upselling, loyalty programs, and incentives can boost CLTV.

- Fostering brand evangelism can also significantly enhance CLTV. Loyal advocates engage in word-of-mouth marketing, social media endorsements, and recommendations, reducing acquisition costs and increasing retention rates.

- To cultivate brand evangelism, focus on exceptional client experiences, meaningful engagement through various channels, creating a sense of community, encouraging user-generated content, and acknowledging and rewarding brand evangelists.

Our INFUSE demand experts are available to craft impactful demand programs to drive your CLTV and brand equity while leveraging brand evangelism and client-centric strategies to accelerate your growth.

CONTACT OUR TEAM AT letstalk@infuse.com TO BUILD AN EFFECTIVE STRATEGY FOR CULTIVATING HIGH CLIENT VALUE ⟶